HOUSE OF COMMONS DEBATES

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OFFICIAL REPORT

SECOND SESSION—THIRTY-THIRD PARLIAMENT

35-36 Elizabeth II

VOLUME III, 1987

COMPRISING THE PERIOD FROM THE TWENTY-EIGHTH DAY OF JANUARY, 1987
TO THE TENTH DAY OF MARCH, 1987

INDEX ISSUED IN A SEPARATE VOLUME

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

Available from Canadian Government Publishing Centre, Supply and Services Canada, Ottawa, Canada K1A 0S9.



HOUSE OF COMMONS

Wednesday, January 28, 1987

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

AEROSPACE INDUSTRY

CANADAIR—ABILITY TO CARRY OUT CF-18 FIGHTER AIRCRAFT MAINTENANCE CONTRACT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, yesterday the Winnipeg *Free Press* reported that Canadair, winner of the CF-18 maintenance contract after serious abuse of the tendering process, is now considering building a $20-million maintenance facility at Mirabel because it says it does not have enough space in Montreal to do the CF-18 work. In other words, after serious doubts were raised as to whether or not Canadair had the needed technology and personnel, we now learn that it does not even have the needed space or facilities to handle this critically important defence contract.

The question is how much will this cost Canadians? At the time the contract was awarded, the President of the Treasury Board (Mr. de Cotret) told Canadians that we would not pay another cent for the Government's decision to accept Canadair's bid over Bristol's clearly superior bid. The bill Canadians will now have to foot will run much higher if Canadair seeks government support for this new facility, as a company spokesman anticipates it will.

To add further insult to injury, just last week the Minister of Energy, Mines and Resources (Mr. Masse), in a speech to the Montreal Chamber of Commerce, was quoted as saying the following:

> By deliberately opting for Montreal in aeronautics, the Government is giving back—to the city one of its natural and historical roles—this is the background to the Progressive Conservative Government's decision last year to centre the aerospace industry in the Montreal region.

What does this say about the Government's commitment to other areas where the aerospace industry is important? How many other contracts will be finagled? I call upon the Minister of Energy, Mines and Resources to repudiate those remarks, and I call upon the Government to examine this tendering process—

• (1405)

Mr. Speaker: I regret that the Hon. Member's time has expired.

CAPITAL PUNISHMENT

CALL FOR EARLY REINSTATEMENT

Mr. Gordon Taylor (Bow River): Mr. Speaker, the people I represent are angry about the delays in reinstating capital punishment. It is no wonder. A beautiful teenaged girl from Standard, a married woman from High River, and a high school girl from Okotoks were all brutally assaulted and murdered. Two of them were covered with gasoline and burned, and the other was tied to stones and sent to the bottom of a lake. Now a peace officer has been murdered in cold blood.

More than 70 per cent of the people throughout Canada want the noose returned for those who deliberately plan and then kill another human being. There is no deterrent for planned murder now. Even when murderers are caught, we give them protection in the prisons, food and entertainment that working people cannot afford, and then let them out so that they can do it all over again. Where is the justice?

Our Deputy Prime Minister (Mr. Mazankowski) is taking steps to correct this, and the sooner the better. Capital punishment will not stop all murderers, but it will stop a lot, and certainly no murderer will have the chance to murder a second time. I hope that it will soon be well known in Canada that if you deliberately kill another human being, you, too, will surely die.

* * *

HEALTH

DIABETES RESEARCH—EFFECT OF CLOSURE OF RAT BIOBREEDING PROGRAM

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, rats are hairy little animals with beady little eyes that people generally dislike. That is the evident depth of thought that has motivated our scientifically incompetent Government to close the unique biobreeding rat program at the Department of Health and Welfare, even though the diabetic rats produced there are indispensable to diabetes research in Canada.

Ideology and incompetence share a happy marriage in the Government. Cut the deficit, privatize the rats, even if it cripples essential Canadian research on the world's third greatest killer of mankind. Thus continues the Government's march to minor league science even in health research.

S.O. 21

SPORTS

REUBEN MAYES CHOSEN NFL ROOKIE OF THE YEAR

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, it is a pleasure to rise in the House today to draw the attention of Members to the achievements of a Canadian sports hero. The people of my hometown are justifiably proud of Reuben Mayes, a native of North Battleford, who has inspired sports fans in a football career which began with the North Battleford Comprehensive High School Vikings and continued with the University of Washington Cougars.

We all expected great things from Reuben when he was drafted last year as a running back for the National Football League's New Orleans Saints. Last week, by a landslide vote, Reuben Mayes was chosen Rookie of the Year by the Professional Football Writers of America. He rushed for 1,300 yards in his first pro football season and has won acclaim throughout North America.

On behalf of The Battlefords, indeed of everyone in Saskatchewan, I congratulate this distinguished young Canadian, Reuben Mayes, and wish him continued success in what is clearly destined to be a brilliant football career.

* * *

AGRICULTURE

DAIRY CATTLE RESEARCH PROGRAM—CALL FOR CANCELLATION

Mr. Maurice Foster (Algoma): Mr. Speaker, the Tory approach to government is waste, scandal, incompetence, and cronyism, as we have seen during the past week. However, nothing typifies this more than the phoney research project on dairy cattle by Dreamstreet Redgen which will cost the people of Canada $55 million in a Scientific Research Tax Credit. Responsible people in agricultural research, such as Dr. Larry Milligan of the University of Guelph, have condemned the scheme and said that it has to be insanity to allow the Dreamstreet research program to go ahead.

It is really only a scheme to save big corporations millions of tax dollars and funnel millions of dollars from Canadian taxpayers back to the parent Dreamstreet tax shelter in the United States. Somewhere in the Government there is a guardian angel which allows this project to continue. Any honest, responsible Government would have cancelled it months ago.

SCIENCE AND TECHNOLOGY

CENTRE FOR FRONTIER ENGINEERING RESEARCH—NEED FOR SPECIALIZED LABORATORIES

Mr. Jim Edwards (Edmonton South): Three decades ago, Mr. Speaker, John Diefenbaker struck a resonant chord in the hearts of all Canadians when he evoked his vision of the north. The challenge and vast potential of Canada's frontier regions are as great today as ever.

The Government of Canada has a unique opportunity before it to help this country maintain its status as a world leader in cold weather technology. I am referring to the Centre for Frontier Engineering Research. This remarkable non-profit venture is doing pioneering research on the effects of low temperature environments on materials, design, and technology. This work is vital in increasing the productivity of the petroleum, mining, construction, and shipping industries. By improving our ability to work in cold climates, frontier research is indirectly helping us to reaffirm our sovereignty over the Arctic regions.

In order to further its research, the Centre needs a facility for cold regions engineering research which would include a low temperature structural laboratory and a downhole tubulars laboratory. The private sector and the Government of Alberta support the proposal. The assistance of the Government of Canada can make these specialized laboratories a reality. I urge the Government to support this centre of high technology excellence.

* * *

• (1410)

COPYRIGHT ACT

COMPREHENSIVE REVISION URGED

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, Canada's artists have been waiting since the fall of 1985 for action on a new Copyright Act. They are beginning to be very disturbed by rumours that the Government is backtracking on the excellent proposals for reform unanimously made by the Copyright Committee. In effect, we are hearing that there will not be a comprehensive new Act but only some minor plugging of loopholes.

[*Translation*]

There are rumors that the Government has no intention of including performers' rights in the expected legislation, even though this is a major concern for the cultural community and agencies such as *Union des artistes*. Painters and other visual artists who are already excluded from copyright also have claims to make.

[*English*]

The only way for the Government to put to rest these most unfortunate rumours is to bring in a Bill soon with the

important and comprehensive recommendations of the copyright committee in it. Canada's creative people deserve no less.

* * *

THE ECONOMY

JAPANESE BUSINESS GROUP'S FINDINGS

Mrs. Mary Collins (Capilano): Mr. Speaker, there is in Canada today an improved environment for foreign investment and a strong and co-operative spirit between federal and provincial Governments to encourage such investment. There is an improved labour relations climate. There is an increased emphasis on high technology industries. Are these claims from a Tory election handbook? No, that report card comes from across the Pacific, from the report released yesterday by the highly prestigious Keidanren, Japan's federation of economic organizations, following their 10-day trip to Canada last November when they visited many businesses and Governments across the country.

It has been 10 years since that group previously came to Canada. As a result of their recent visit, Mission Leader Kanao said they have found a new Canada. He predicted that with such improvements in economic and investment conditions there should be an increase of shipments of manufactured goods to Japan, more high technology joint ventures between companies of the two countries, and greater Japanese investment, particularly in Canadian manufacturing. We are honoured that those who have come to Canada with a clear view so quickly appreciate the opportunities available.

* * *

ENVIRONMENTAL AFFAIRS

HAMILTON HARBOUR POLLUTION

Ms. Sheila Copps (Hamilton East): Mr. Speaker, once again we see the City of Hamilton shafted by the Conservative Government. Can you imagine, Windermere Basin, part of the infamous Hamilton Harbour, which has been identified as one of the most polluted bodies of water in the Great Lakes, contains levels of hazardous PCBs up to 68 times what is considered safe.

The city, regional and provincial Governments are all prepared to commit millions of dollars for the clean-up, and the Minister of the Environment (Mr. McMillan) comes to Hamilton last week and says it is not a federal responsibility. The federal Government has the responsibility to follow up on the International Joint Commission's recommendations to clean up the Great Lakes. By ignoring this desperate situation in Hamilton Harbour he is forcing the people of Hamilton and the Province of Ontario to continue to drink water from Lake Ontario which is unsafe. I call on the Minister, if he is not afraid of the truth, to tell us why he held a private meeting with two Conservative Members of Parliament and ignored the Member of Parliament for Hamilton East in whose riding the Windermere Basin is found.

* * *

THE ECONOMY

ECONOMIC GROWTH

Mr. John Reimer (Kitchener): Mr. Speaker, Canada's economic indicators are looking better with each passing day. On the way up are housing and small business starts, building permits, consumer spending, international tourism, foreign investment, and the value of the Canadian dollar. On the way down are the Bank of Canada rate, the prime lending rate and mortgage rates.

Some of the indicators are nothing short of remarkable. Six-month mortgages are now available at 7.5 per cent, a rate unheard of since the 1960s and a fraction of the 21 per cent and 22 per cent being charged just five or six years ago. Clearly the foresighted actions of the Government deserve some of the credit. Initiatives such as the dismantling of the NEP and FIRA and the establishment of Investment Canada, together with deficit reduction and a spending control policy, have all added up to fiscal sanity and economic growth. We cannot stop now. We must do all we can to ensure that this welcome trend continues and that all regions of Canada benefit.

* * *

• (1415)

ENERGY

DEREGULATION OF NATURAL GAS INDUSTRY—EFFECT ON CONSUMERS

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, when Canada's Energy Ministers meet this Friday they should look at the Conservative Government's bungling attempts to deregulate the natural gas industry. Canadians will have the dubious pleasure of paying more for their own resources at home than will American consumers of exported Canadian gas.

Beginning February 9, the Manitoba Public Utilities Board will try to find out why Inter-City Gas Corporation expects residential consumers in Manitoba to foot the bill, $60 million a year, for its contract to buy gas from TransCanada Pipe-Lines for $3 per thousand cubic feet. At the same time, TCPL is selling gas in Houston, Texas, for $2.55 per thousand cubic feet.

Deregulation is not helping consumers. Consumers of natural gas in Manitoba and Ontario are paying $125 a year more than they should be. That costs $60 million in Manitoba and $600 million in Ontario. The Energy Ministers of Canada should look at this unfair and unequal situation.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—SUPPORT FROM U.S. PRESIDENT

Mr. Don Ravis (Saskatoon East): Mr. Speaker, last evening in President Reagan's State of the Union Address he pledged to conclude a "historic" free trade agreement with Canada, their largest international trading partner. This can certainly be seen as a positive indication of the Reagan administration's continued support of a trade enhancement deal.

Canada survives on trade. Over 30 per cent of our national income is generated by exports. As our most important trading partner, 78 per cent of our exports enter the U.S. market and 22 per cent of their exports enter through our borders.

No former Canadian Government has approached this 120-year-old problem in such a spirit of co-operation. Instead of co-operating with our closest and most significant trading partner, the previous administration chose to suffocate measures leading to a comprehensive trade agreement.

The Conservative Government is committed to further negotiate bilateral trade talks with our friends south of the border in order to ensure a framework which will create employment in every region in Canada and enhance our economic recovery.

* * *

DISASTERS

PUERTO RICAN HOTEL FIRE—BETTER INFORMATION SOUGHT FOR CANADIAN TRAVELLERS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, on New Year's Eve a tragic fire at the Dupont Plaza Hotel in San Juan, Puerto Rico, claimed the lives of 96 people, two of whom were from my riding. It is with the greatest sympathy that I express my regrets to their families. The origin of this fire presumably began over a bitter labour dispute between the union and management at that hotel.

I have a recommendation for the Department of External Affairs and the Department of Transport. I suggest to the Ministers that there be regulations requiring airlines and travel agencies to inform their customers of the regions of the world where terrorism or political or labour-management unrest exists. This would provide the Canadian travelling public with invaluable information when deciding where to holiday.

As a precautionary measure, Canadians deserve to be aware of violent disputes, and I strongly urge the Ministers to consider my recommendation.

* * *

THE SENATE

CONCEPT OF ELECTED SENATE SUPPORTED

Mr. William G. Lesick (Edmonton East): Mr. Speaker, a recent survey by the Canadian Press revealed that less than one-third of the 104 Senators attended regular sittings of the Senate during the fall session. This was out of 19 sitting days.

Exceptional circumstances such as ill health are understandable, but such a lack of enthusiasm from this predominantly Liberal body calls for a reassessment of the role of the Senate and potential Senate reform. It is time that serious consideration is given to the concept of an elected Senate, responsible to the voters of Canada for its action or inaction.

The people of my Province of Alberta have long supported the concept of a Triple E Senate, one that is elected, equal, and effective. Many Albertans are impatient for such change as they feel that Alberta's proper place in Confederation can only be enhanced by an elected Senate.

The Senate is indeed a necessary part of our Confederation and its purpose for existence is sound. However, the time has come for Senate reform and the accountability of the Senate to the people of Canada.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

ALLOCATION OF COD FISHING QUOTAS TO FRENCH VESSELS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. Last year French fishermen overfished off the coast of Newfoundland by about 21,000 metric tonnes of cod. The Minister may know that that is about nine million codfish. If one stretched those cod end to end, they would form a line from Newfoundland right across the ocean to Paris. Despite that, the Minister has authorized an additional quota of 15,000 metric tonnes. Surely it is enough for his Government to have sold out the forestry workers of Canada to the United States; why did he sell out our fishermen to France?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): First, Mr. Speaker, I am rather surprised that the Hon. Leader of the Opposition did not do his homework or at least read the

elements of the agreement that I announced yesterday. We have not offered any additional 15,000 tonnes of cod. In fact these amounts, which are provided for in the long-term agreement with France and the EEC, and as well the allocation in the 3PS area, are contained within the fishing plan which was announced last year, fully discussed and negotiated with representatives of the industry and the Governments of Newfoundland and the other Atlantic Provinces.

• (1420)

Mr. Turner (Vancouver Quadra): That is not what the fishermen are saying, or the Premier of Newfoundland. What the Minister has done is offered this gift to France in order to maintain cordial relations, so called, so that cabinet Ministers can continue to enjoy the cocktail circuit.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

REASON FOR GOVERNMENT ACTION

Right Hon. John N. Turner (Leader of the Opposition): Why would the Minister cut the Atlantic quota for Canadians by 10,000 metric tonnes and issue those licences to Frenchmen for 15,000?

Mr. Foster: Shame.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): The answer to that, too, Mr. Speaker, is very simple. In fact those licences were only issued so we could keep track of how many French vessels were blatantly overfishing—

Some Hon. Members: Oh, oh!

Mr. Siddon: —in a disputed zone under provisions approved by the Government of which the Right Hon. Leader of the Opposition was a part and which he endorsed as Prime Minister when he was Prime Minister for a short while.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): The Minister cannot substantiate that one whit.

GOVERNMENT POLICY

Right Hon. John N. Turner (Leader of the Opposition): I am going to try to make some sense out of this. I am going to go to the Deputy Prime Minister.

Mr. Johnston: Good luck.

Mr. Turner (Vancouver Quadra): May I ask the Deputy Prime Minister to try to get together with us and look at what has happened here? The French Government is claiming in effect the Gulf of St. Lawrence. That is like us claiming the Eiffel Tower. Yet the Government has authorized an adjudication before the World Court, sacrificing our sovereignty and the rights of our fishermen. Will the Deputy Prime Minister not overrule the Minister of Fisheries and Oceans and pull us out of this absurd deal with France?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Leader of the Opposition has asked three questions and made three incorrect statements, which shows how ill-equipped he would he to lead a Government of this country.

An Hon. Member: He has already proved that in the past.

Mr. Siddon: Absolutely, and we will prove it, too.

Mr. McKenzie: We saw what he did in Finance.

Mr. Siddon: The Leader of the Opposition has claimed that France—

Mr. Penner: Get rid of this Minister. He is a disaster.

Mr. Siddon: —lays claim to the Gulf of St. Lawrence. That is pure poppycock. It is not the case. In fact what we are doing by entering into a period of negotiation with France is to find for once and for all a solution to a problem created by a Government of which the Leader of the Opposition was a part.

CORRESPONDENCE BETWEEN MINISTER AND PRIME MINISTER

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, that answer was amusing coming from a Minister who would obviously have trouble walking and chewing gum at the same time.

Atlantic Canadians and, specifically, Newfoundlanders, have been brutally sold out by this Minister, whom they will never again trust. The Minister was sworn to uphold their interests. Why did the Minister of Fisheries and Oceans write to the Prime Minister on June 24, 1986, with respect to these negotiations and say:

I want to assure you that my goal throughout will be to manage our fisheries discussions with the French in a manner that does not jeopardize the cordial relationship between Canada and France—

Mr. Guilbault (Saint-Jacques): Shame!

Mr. Tobin: Who was putting presure on the Minister to go easy with France and brutalize Newfoundlanders?

Mr. Guilbault (Saint-Jacques): Shame!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): You know, Mr. Speaker, as is usual with members of the Opposition, they love to take quotes out of context. If the Hon. Member would wish to read the entire text—

Mr. Guilbault (Saint-Jacques): We will table the whole letter, don't worry.

Mr. Siddon: —he would realize that the Prime Minister said:

Your comments on the socio-economic importance of the cod fishery and the implications of the French claim are useful. I agree that in dealing with this

sensitive issue, we must weigh on the one hand the interests of Canadian fishermen and fishing communities and on the other our bilateral relations with France.

That is a completely responsible statement from the Prime Minister.

Mr. Tobin: Obviously the French hand was a heck of a lot heavier than the hands of the Newfoundlanders which were stretched out asking for help, because you turned us away.

• (1425)

STATEMENT ATTRIBUTED TO MINISTER FROM NEWFOUNDLAND

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my supplementary question is for the Deputy Prime Minister. This morning on VOCM's open-line in St. John's the Hon. Member for St. John's West said with respect to lack of consultation: "I can't see any legitimate defence of the fact that they were not present at this particular meeting. Let's just say that those responsible for this are certainly insensitive to the importance of the issue in Newfoundland and Labrador".

Clearly there is a split in the Cabinet over this issue. Will the Deputy Prime Minister declare this deal null and void, and fire the Minister of Fisheries, or will he leave the Hon. Member for St. John's West with no choice but to resign in protest against this bad decision for Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I am not about to interpret the words of my hon. colleague. However, I can assure the Hon. Member that there is no split in Cabinet over this affair.

Some Hon. Members: Oh, oh!

Mr. Siddon: From day one the Government of the Province of Newfoundland and Labrador, industry representatives, and other Atlantic provinces have known very well—

Mr. Tobin: Are you calling them all liars?

Mr. Siddon: —that our objective is to get France to agree to submit the unresolved boundary dispute to international arbitration so that we can stop once and for all their blatant overfishing of fish stocks which are for the benefit of the fishermen the Hon. Member represents, and which are being overfished to the extent of 20,000 tonnes per year, or $40 million. That is the opportunity we seek to turn to the advantage of Newfoundland, about which the Hon. Member is saying that its Government could not possibly address and that we should not possibly address that challenge.

REQUEST MADE BY NEWFOUNDLAND PREMIER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Deputy Prime Minister on the same subject. I know he has assumed an interest in this subject.

Will the Deputy Prime Minister confirm that the Premier of Newfoundland wrote to the Prime Minister just before Christmas and made it very clear in his letter that the Government of Newfoundland did not want any additional fishing rights given to France in one part of Canadian waters as an attempt to obtain a settlement of the dispute about St. Pierre and Miquelon? Will the Deputy Prime Minister confirm the existence of that letter? Will he tell us how it was possible that the Prime Minister of Canada could ignore such a request?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, of course the Government of Newfoundland does not want additional quotas given up to France in other parts of those waters, in particular the area known as 2J+3KL. But the Government has had to consider the possible advantage of eliminating once and for all the overfishing by France which is extracting from Canadian fishermen some $40 million worth of value per year in exchange for some possible modest offsetting contributions elsewhere.

There is no commitment, and the Government will not make any such commitment between now and the end of the year without the full support of Newfoundland and the industry.

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I return to the Deputy Prime Minister. The Minister of Fisheries has just said that a possible modest concession has been made. I point out to him that today the Premier of Nova Scotia said that that possible modest concession will cost Atlantic Canada $200 million. It may be modest to the Minister but it is not modest to the people of Atlantic Canada.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Since the Premier of Newfoundland has opposed this deal, since the Premier of Nova Scotia has opposed it, and since spokespersons for virtually every Atlantic Government are in opposition to it, can the Deputy Prime Minister explain to the House why the Government of Canada made a deal that pleases the people of France but is opposed by everyone in our Atlantic provinces?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I am sure the Leader of the NDP would want to understand the facts as they are in truth. In fact no fish have been promised to France beyond the end of the present year, and those which have been promised to France within this year fall within the groundfish plan which has been negotiated fully with other Governments.

Mr. Tobin: Bull!

Mr. Siddon: There is a small exception in the area to the very north. Those are surplus cod stocks which have never been fished by Newfoundland and which we do not believe France will fish either.

Mr. Tobin: Come on, what are you talking about?

Mr. Siddon: No commitments have been made. What we have done is we agreed to enter into—

Mr. Tobin: You don't know what you're talking about!

Mr. Siddon: —negotiation of the boundary issue. Those who are unwilling to negotiate are unfit to govern.

REQUEST THAT GOVERNMENT CANCEL AGREEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, it seems to me that the Party that now governs made a commitment to provinces all across Canada that when their interests were at stake they would be full participants in negotiations. It was this Government that cut Atlantic Canadian provinces out of the deal completely. That is what this Government has done.

Some Hon. Members: Hear, hear!

• (1430)

Mr. Broadbent: Furthermore, the Minister has said that there is a surplus of cod. There is not a surplus.

Mr. Speaker: Will the Hon. Member please put his question?

Mr. Broadbent: My question to the Deputy Prime Minister is this. Since this deal that the Government has made is of an interim nature, and is opposed by all the Governments in Atlantic Canada that have spoken on it, and the industry opposes it, the fishermen oppose it, no rational Canadian, except in the Conservative Party, is in favour of it, will the Government now cancel the interim agreement?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, it is the folly of this place and this Question Period that questions of this type are purely designed to distort and exaggerate—

An Hon. Member: Resign!

Mr. Speaker: Order, please. Hon. Members would expect me to comment that the observations of the Hon. Minister are of great interest to me, but most of the time in this Chamber if those observations have to be made, I have to make them. Will the Minister please answer the question?

Mr. Siddon: I agree with you absolutely, Mr. Speaker, as always.

We have agreed with France to sit down between now and the end of the year and negotiate terms of reference by which the boundary dispute, which is a long and unresolved irritant, would be referred to compulsory third-party arbitration. In exchange, we have agreed to negotiate interim fishing arrangements with France which would help us to curb the overfishing problem.

Mr. Riis: Stop negotiating for us.

Mr. Siddon: Both of those initiatives are to be negotiated by December 31. Both will bring benefit to Atlantic fishermen. If, in the process, the demands of France exceed that which Canadian fishermen and Atlantic Governments can support, there will be no agreement.

Some Hon. Members: Hear, hear!

STATEMENT MADE BY PREMIER OF NOVA SCOTIA

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Minister of Fisheries has said that he has cut back the cod quota for Canadian fishermen in the interests of conservation, then declares the cod surplus and gives them to the French.

An Hon. Member: That is right. Shame!

Mr. MacLellan: The Premier of Nova Scotia has said that Atlantic fisheries will lose at least $200 million. He talks about cordial relations with—

Mr. Speaker: Order, please. Would the Hon. Member please put his question?

Mr. MacLellan: Does the Minister say that the Premier of Nova Scotia does not know what he is talking about? Is this cordial relationship being paid for on the backs of Atlantic Canadian fishermen in the amount of at least $200 million?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): I do not intend to comment on the remarks of the Premier of Nova Scotia.

Some Hon. Members: Oh, oh!

Mr. Broadbent: Go ahead.

Mr. Siddon: He also has not had very much time to reflect upon the elements of this agreement.

Mr. Broadbent: Keep going, that's good.

Mr. Siddon: If the Opposition would quit floundering around and listen for a moment—

Some Hon. Members: Oh, oh!

Mr. Tobin: You are an expert on floundering.

Mr. Siddon: —I would like to reflect on the comments yesterday of a former Liberal candidate and staffer in Prime Minister Trudeau's office who said:

"The fact that they (the French) put their names on a piece of paper is a great step forward," said Brian Flemming, Halifax lawyer and admiralty law expert.

IMPACT OF AGREEMENT ON CANADIAN FISHERMEN

Mr. Russell MacLellan (Cape Breton—The Sydneys): My supplementary question is directed to the Minister of Fisheries. Is it true that, in making this agreement with France, the Minister has sold out the Canadian position by creating a floor

which will mean that Atlantic Canadian fishermen will never get a fair agreement from the international arbitration?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, that too is a rather senseless question.

Mr. Flemming, the former Liberal candidate and Trudeau staffer, Halifax lawyer, and admiralty law expert, said that:

—the initial loss to Canada may be necessary in order to arrive at a long-term agreement with the French over waters around St. Pierre-Miquelon, where nine French trawlers will operate under Canadian licences.

That was the statement of a former Liberal candidate and staffer—

Mr. Speaker: The Hon. Member for Cowichan—Malahat—The Islands.

CANADA-FRANCE RELATIONSHIP

Mr. Jim Manly (Cowichan—Malahat—The Islands): My question is directed to the Minister of Fisheries. Premier Peckford has pointed out that granting rights to France for northern cod has created a very unhealthy precedent which will open the way for countries like Spain and Portugal also to apply to have fishing rights in that area.

Considering this and all the other negative aspects of that agreement, the people of Atlantic Canada wish to know why the Minister and the Government are putting the interests of the relationship with France ahead of the interests of the relationship with the Premiers of Atlantic Canada, the people of Atlantic Canada, and the fishing industry of Atlantic Canada?

Some Hon. Members: Hear, hear!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Again, that is not the case. If we cannot agree to terms of reference to refer the question of the St. Pierre and Miquelon boundary issue to compulsory third party arbitration, and if both Governments cannot agree to fishing allocations during the period when that process is under way, and I might add that if the fishermen and the Governments of Atlantic Canada cannot accept those conditions, there will be no agreement. We will not sell out the interests of Atlantic fishermen for an agreement at any cost.

Mr. Tobin: You have already sold out.

QUOTA OBSERVANCE BY FRENCH TRAWLERS

Mr. Jim Manly (Cowichan—Malahat—The Islands): I wish to ask the Minister why the Government concluded an agreement with France without ensuring that France would at least respect the quotas that had been established by Canada for its trawlers? Did we receive that type of assurance? If not, why not? If those quotas will not be respected, will this agreement be cancelled by the end of this year?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): The Hon. Member's question indicates his misunderstanding of the situation. What we consider to be illegal overfishing France considers to be its right to fish in an area it claims as its sovereign territory. Thanks to the previous Government, that arrangement was approved.

The Hon. Member opposite and his colleagues seem to say that they would rather fight than negotiate, or they would prefer to see France continue to abuse that resource and take fish and income out of the mouths of Atlantic fishermen. We do not agree. We want to solve this problem once and for all for the benefit of Atlantic fishermen.

An Hon. Member: Stand up for Canada.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF AGRICULTURE AND FISHERIES, AND OF MINISTER OF ADVANCED EDUCATION AND JOB TRAINING, OF BRITISH COLUMBIA

Mr. Speaker: I wish to draw the attention of Members to the presence in the gallery of the Hon. John Savage, Minister of Agriculture and Fisheries for the Province of British Columbia.

I also wish to draw the attention of Members to the presence in the gallery of the Hon. Stanley B. Hagen, Minister of Advanced Education and Job Training for the Province of British Columbia.

Some Hon. Members: Hear, hear!

* * *

NATIONAL PAROLE BOARD

PAROLE GRANTED DRUG TRAFFICKER

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is directed to the Solicitor General. It concerns the serious allegations that improper political interference was used to obtain parole for convicted drug trafficker, Conrad Bouchard. Will the Minister immediately order a full and complete inquiry to determine whether there was political interference in this matter, and to ensure that the integrity of the National Parole Board has been maintained?

Hon. James Kelleher (Solicitor General of Canada): I can advise the Hon. Member that I first became aware of these allegations on Monday. I immediately contacted the RCMP and the Chairman of the National Parole Board and asked them to look into these allegations. That is presently under way. As a matter of fact, it was under way on Monday.

[*Translation*]

Mr. Nunziata: Mr. Speaker, it is very important that the Government should launch an immediate inquiry concerning those very serious allegations.

[*English*]

REQUEST FOR SUSPENSION OF BOARD MEMBER

Mr. John Nunziata (York South—Weston): My supplementary question to the Solicitor General is this. Pending the conclusion of this full and complete inquiry, will the Solicitor General suspend National Parole Board member, Louis Laporte, in view of the allegation of Mr. Laporte's involvement in this matter? Can the Solicitor General assure the House today that no Member of Parliament improperly interfered in this particular case?

• (1440)

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, we have a system of justice in this country that a man or people are presumed to be innocent. Immediately upon learning of these allegations on Monday I asked both the National Parole Board and the RCMP to investigate. I think it is only proper and fair that I hear from them in a preliminary way before I take any action.

* * *

BANKS AND BANKING

TREATMENT OF LUMBER COMPANIES

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, my question is directed to the Minister of State for Finance. Is the Minister aware that the federal Government's agreement with the United States on softwood lumber exports has placed the financial arrangements of lumber companies with their banks in jeopardy? The situation is directly caused by leading banking institutions using the abundance of misinformation on Canada's settlement to their benefit. Could the Minister tell the House whether he is prepared to get in touch with the banking institutions and inform them that the agreement between Canada and the United States on the lumber industry is a good one?

Some Hon. Members: Oh, oh!

Mr. Axworthy: Did you vote yes or no on the Bill?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I want to commend my hon. friend for—

An Hon. Member: Yes or no.

Mr. Speaker: Order, please. I trust that under the circumstances the Hon. Minister will not be tempted to answer with just yes or no.

Mr. Hockin: No, Mr. Speaker. I first want to commend my hon. friend for being alert to possible problems with regard to credit facilities for this industry. I want to make clear, first of all, that we expect banks to show the same level of reasonableness and fairness to all their customers. If we have specific instances of the kinds of scare tactics which he is mentioning, and if we could have documentation of them, I would like him to bring them forward, because certainly if there has been any instance of breach or violation of law, we will act accordingly.

* * *

[*Translation*]

NATIONAL PAROLE BOARD

OPPORTUNITY FOR REFERRAL TO STANDING COMMITTEE ON JUSTICE AND SOLICITOR GENERAL

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Solicitor General. We have a Tory parole commissioner recommended by the Hon. Member for Joliette. We have a Tory lawyer who immediately hires an inmate liberated by that commissioner, after pressure has been put by the same lawyer. My question is this: Is the Minister ready to co-operate fully, not with the RCMP but with the Standing Committee on Justice and the Solicitor General, to investigate on possible corruption and political pressure in connection with paroling in Quebec? Will he co-operate with the Standing Committee?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as I have previously advised the House and the other Hon. Member, these are allegations at this point. I do not know what truth, if any, there is to them. I immediately asked the RCMP and the National Parole Board to look into these matters. That was scarcely 48 hours ago. I think simple justice demands that no action be taken until at least I have some preliminary reports on what action should or should not be taken.

Mr. Robinson: Mr. Speaker, once again the Government and the Minister do not seem to understand that the role of the RCMP is not to look into this kind of allegation. It is to look into criminal wrongdoing, not political pressure.

REQUEST THAT COMMITTEE MEETING BE CONVENED

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my supplementary question is for the Chairperson of the Standing Committee on Justice and Solicitor General. I would like to ask him whether he is prepared to convene immediately a meeting of the standing committee. Is he prepared to ensure that these very serious allegations of possible political pressure in the National Parole Board in Quebec will be fully investigated by that committee soon?

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, my friend opposite knows that for some seven years he and I have sat together on the Justice Committee, and that the Justice Committee, through its steering committee, will take up any topic any Member of Parliament raises before it. We will give it a full and fair hearing and decide what course of action we will follow at that time.

* * *

FORESTRY

FUNDING OF SILVICULTURE RESEARCH IN BRITISH COLUMBIA

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, my question is for the Minister of State for Science and Technology. The new softwood lumber agreement between Canada and the United States has provided new funds for the provinces to develop the forestry industry which have not been available to them before. These funds would be very useful to the scientific community to develop silviculture in a scientific way to rejuvenate, particularly, B.C. forests. Would the Minister undertake to discuss with officials in British Columbia ways of establishing, for example, a heritage fund?

Since the scientific community cannot use all the funds quickly and still use them properly in order to rejuvenate B.C. forests would he discuss with B.C. officials the possibility of establishing a heritage fund so that we can have the long-term benefits of these new funds?

Hon. Frank Oberle (Minister of State for Science and Technology): Mr. Speaker, my hon. friend and colleague advances a very interesting proposition. It is certainly worthy of consideration, particularly in a province like British Columbia. As my friend knows, the funds will accrue to the province. I will undertake to discuss this proposition with Premier Vander Zalm and, far-seeing and visionary as he is, I am sure he will embrace the idea.

Some Hon. Members: Oh, oh!

* * *

THE ADMINISTRATION

OERLIKON CONTRACT—POSSIBLE ROLE OF MR. SAM WAKIM

Hon. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Deputy Prime Minister. Sam Wakim, the close personal friend of the Prime Minister from college days, is back in the news. After delivering the $20 million a year legal business of the Export Development Corporation to his firm in Toronto, and over the Christmas break arranging for two of the partners to become judges of the High Court of Ontario, one of whom was his former campaign manager, he appears to have—

Some Hon. Members: Order.

Mr. Speaker: Just a moment.

Some Hon. Members: Oh, oh!

Mr. Jelinek: Innuendoes left, right, and centre.

Mr. Speaker: I know the Hon. Member for York Centre has a question. I hope that question will not involve the propriety or otherwise of members of the Bench. I would ask the Hon. Member to be most careful.

Mr. Kaplan: My simple question to the Deputy Prime Minister is to confirm that Sam Wakim, as was mentioned in Shirley Walker's diary revealed before the Parker Commission, arranged a meeting on behalf of Oerlikon to lobby DRIE—

Mr. Speaker: Order, please. I must say to the Hon. Member for York Centre that the Chair is having difficulty here. I know it is appropriate sometimes to lay out some facts upon which a question should be based. However, with respect, the Hon. Member has gone on for a little too long in the preamble, and I would ask him to put his question.

Mr. Kaplan: Can the Deputy Prime Minister confirm, or will he investigate and confirm, that Sam Wakim lobbied on behalf of Oerlikon-Litton for the low level air defence contract with the Department of Supply and Services, or with DRIE, or with the Prime Minister or the Prime Minister's Office?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, here we go again dropping names by the Hon. Member and attempting to smear the character of individuals and engage in innuendo, such as the Hon. Member for Sudbury suggested that no one in the House should do. The Hon. Member makes quite a habit of it. There is a police investigation. If there is any wrongdoing associated with anyone and if he has any evidence that there is wrongdoing, he should tell the RCMP.

Some Hon. Members: Hear, hear!

CONDUCT OF BUSINESS

Hon. Bob Kaplan (York Centre): Mr. Speaker, let me simply ask aren't the Canadian people entitled to conclude from the spectacles we have seen and the revelations we have had that to do business with this Government you have to operate through close personal friends of the Prime Minister?

An Hon. Member: Order.

An Hon. Member: Right on.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that kind of question does not deserve the dignity of an answer. I am surprised that a long-standing Member—

An Hon. Member: A Privy Councillor.

Mr. Mazankowski: —a Privy Councillor and a former Minister—

Mr. Beatty: A former Solicitor General.

Mr. Mazankowski: —a former Solicitor General, would engage in that kind of innuendo and smear.

Some Hon. Members: Hear, hear!

An Hon. Member: Shame.

Mr. Speaker: The Hon. Member for Nickel Belt.

Mr. Rodriguez: Thank you, Mr. Speaker—

Mr. Mazankowski: Smear.

Some Hon. Members: Oh, oh!

Mr. Hnatyshyn: I have got the letters to show you, too.

Mr. Turner (Vancouver Quadra): Do you want to table them, Ray?

An Hon. Member: Ray, go back to sleep.

Mr. Speaker: Hon. Members and Hon. Ministers will refrain from exchanging suggestions about what each other can do with the time which is available, unless those suggestions are at least sought through the Chair. The Hon. Member for Nickel Belt.

* * *

• (1450)

FISHERIES

CANADA-FRANCE AGREEMENT

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Fisheries and Oceans and deals with the interim agreement that has been signed between the Minister and the Government of France. The Minister would have us believe from all his answers today that this agreement is a fine one. If it is such a fine one, why did the Minister not consult with the Premier of Newfoundland before he signed it?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I did not characterize the agreement as a fine one.

Some Hon. Members: Oh, oh!

Mr. Siddon: In an issue as difficult as this, sometimes a measured step has to be taken toward a solution. In this case the Government of Newfoundland and the industry were fully involved up until the final occurrence, the final trip to Paris last week. French officials, after reconsidering previous meetings, decided that there was a possibility of concluding an agreement within the terms of reference and conditions which had been agreed to and were well known to the various Governments prior to that date.

Mr. Rodriguez: Mr. Speaker, obviously the French Government thinks it was a fine agreement. The people of Newfoundland are sick and tired of this Minister acting like a French poodle instead of a Labrador retriever.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Speaker: Order. The Chair is not here to keep Hon. Members from being hard on Ministers, but I think one might leave the dogs out of it.

Some Hon. Members: Oh, oh!

Mr. Rodriguez: Mr. Speaker, I hope this place is not going to the dogs.

ROLE OF NEWFOUNDLAND

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is directed to the Minister. Since in fact the Government of Newfoundland was part of the negotiations up until the last week before the agreement was signed, will the Minister not tell the House why he dropped that input from the people of Newfoundland? Are we returning to the days of the kind of federal-provincial relations which existed under Pierre Trudeau?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I am tempted. I do not know whether I should characterize the Hon. Member as a red snapper or as a fear monger. The fact is that the arrangements under which this agreement was concluded, an agreement which gives nothing away at this point, were fully known to the Province of Newfoundland. My office has been in daily informal contact, and while we can certainly appreciate the basis for Mr. Peckford's reaction we believe that when Newfoundland fishermen have to face a choice between ultimately resolving the boundary question or having this unsatisfactory situation continue, they will weigh the factors and decide to see the boundary issue resolved once and for all.

* * *

NATIONAL DEFENCE

OERLIKON LOW LEVEL AIR DEFENCE SYSTEM

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Minister of National Defence. Yesterday in the House of Commons the Minister said that Oerlikon's ADATS missile system was able to shoot down anything that could fly in any weather. In view of the

fact that documents I have right here in my hand say that such is not the case, will the Minister rise in the House of Commons to admit that his answer of yesterday was incorrect? Will he instead replace the words he used by saying that this system will shoot down anything that can fly in any weather providing it is not snowy, rainy, cloudy, or hazy outside?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, the Hon. Member has been a busy boy for the last 24 hours going through these documents. I have the same document as the Hon. Member has. If he will look at the page, he will see that there are two elements to the Low Level Air Defence system, one of which is the ADATS missile and the other of which is the Skyguard gun. The Skyguard gun works in all weather. The system is all-weather operational. It is capable of shooting down anything that can fly in any weather, including the Hon. Member.

EXPRESSIONS OF DISAGREEMENT

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is directed to the Minister of National Defence. He will know that the range of the gun is about four kilometres. The Minister's answers yesterday indicated that he wishes to treat concerns about the capability of our Low Level Air Defence system very lightly. It will be no joking matter if this system fails our troops in the field when it is needed most, regardless of weather.

Again, how does the Minister explain Ministers disagreeing with each other, officials disagreeing with each other, and Ministers disagreeing with officials? Who is right? The only reason this is a controversy is because we are hearing all kinds of different answers.

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, the Hon. Member raises the question of whether or not there is any disagreement as to whether it is an all-weather operational system. It is an all-weather operational system. It meets every element of the standards set in the request for proposals, as was fully explained to the Hon. Member in the briefing he received from DND.

The Hon. Member will be aware of the fact that tomorrow the Department of National Defence is offering for all members of the Defence Committee of the House of Commons yet another briefing. I understand the Hon. Member will be present representing his Party, and officials of the Department of National Defence will be delighted to take the Hon. Member step by step through every element of this to demonstrate to him that it is all-weather capable.

[*Translation*]

TRADE

MARKETING OF AGRICULTURAL PRODUCTS—IMPACT OF FREE TRADE NEGOTIATIONS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have a question for the Minister of Agriculture. A senior American official, Daniel Amstutz, stated yesterday that the United States wanted basic changes in the operation of our farm marketing agencies. Can the Minister assure the House that no aspect of the operation of those agencies will be involved in the free trade negotiations?

[*English*]

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate the Hon. Member's question as it provides me with the opportunity to respond. I wish to begin my response by saying that the story to which the Hon. Member referred is a complete misrepresentation of the facts. We recognize, and it has been stated in the House by myself and by the Secretary of State for External Affairs, that of course marketing systems are part of the Canadian fabric. They have been designed and put together in close consultation with all sectors of the industry. They have worked well for producers, processors, and Canadian consumers.

REQUEST THAT MARKETING BOARDS BE PROTECTED

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, given that the SAGIT subcommittee on Marketing Boards has said that these boards should not be touched and that the marketing boards themselves are legal under GATT, will the Minister resist this latest attack on important Canadian institutions by directly communicating with the United States, indicating to the Americans that these will not be put on the bargaining table and that the functioning of these boards will be protected?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, the Hon. Member referred to the SAGIT committee. He also referred to the position and recommendations conveyed to the chief trade negotiator on behalf of the SAGIT group. I agree wholeheartedly with the recommendations of the membership of the SAGIT group.

Mr. Speaker: I would like to advise the House that this will be the last question for Question Period. The Hon. Member for Saint-Denis.

• (1500)

[*Translation*]

IMMIGRATION

INFLUX OF REFUGEES TO QUEBEC—REQUEST FOR GOVERNMENT AID

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, the Quebec Minister for Immigration and Cultural Communities in Quebec, Mrs. Robic, on a number of occasions has asked the Minister responsible for special help to assist the Quebec Government which is facing an influx of refugees who have taxed to the limit the financial and human resources of that department. After having said that Ottawa was definitely not ready to make any commitment in that respect, is the Minister now in a position to say yes to Quebec?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I have said upon receiving successive requests from the Quebec Minister that there were no specific funds in the federal treasury to cover such situations. Quite the opposite! We ourselves have to support extra costs as a Government. I simply said that if there was any leeway in our programs, I would be willing to evaluate them. At any rate, I will be meeting with the Quebec Minister in Montreal by the end of January, I think.

MINISTERIAL RESPONSIBILITY

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I should like to ask a supplementary question. You will understand that since I have assumed new duties, I must try to find out to whom I should ask questions dealing with immigration.

Yesterday, the *Journal de Montréal* under the signature of Mrs. Monelle Saindon, reported that the Minister of State for Immigration had announced at the *Centre social d'aide aux immigrants* in Montreal that he would ask the federal Government to provide some assistance to non-profitable organizations and to the Quebec Government. Mr. Speaker, I would like to know who is the minister responsible for Immigration, either the minister to whom I am addressing my question or the Minister of State for Immigration, and are both ministers working together to have precisely the same view on the same issues and on the same commitments?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Minister of State for Immigration said yesterday, and I am repeating exactly his comments, that he would urge the federal Government to assist charitable organizations dealing with refugees in Quebec. The question asked by my colleague earlier was about some assistance to be provided to the Quebec Governement. I think that the Hon. Member has nothing to fear. My colleague and I are constantly in contact with each other and I think that you now have before you the Minister for Immigration.

Statements by Ministers

ROUTINE PROCEEDINGS

[*Translation*]

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

TABLING OF 1985-86 ANNUAL REPORT

Hon. Monique Landry (Minister of External Relations): Mr. Speaker, pursuant to Standing Order 67(1), I have the honour of tabling, in both official languages, the 1985-86 annual report of the Canadian International Development Agency.

* * *

[*English*]

BANKS AND BANKING

ESTABLISHMENT OF INTERNATIONAL BANKING CENTRES—MONTREAL AND VANCOUVER

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, in my Budget of last February I indicated that the Government was prepared to facilitate the establishment of international banking centres in Montreal and Vancouver.

[*Translation*]

At the time, I made it clear that this measure would reflect our desire to promote Canada's trade and economic interests in Europe and the Pacific Rim. I also indicated I would initiate talks with the banking community and the provinces with a view to pursuing this important objective.

Mr. Speaker, I wish to inform Hon. Members and the House that I intend to present a detailed Ways and Means motion for the purpose of facilitating the establishment of such international banking centres in Montreal and Vancouver.

[*English*]

In recent weeks and months there has been considerable comment arising out of our proposal, in both financial and political circles. Sadly, much of that commentary has had more to do with pure fiction than with cold, hard facts. So let me set the record straight.

The Government is proceeding with the necessary measures to allow the establishment of international banking centres in Montreal and Vancouver because we feel this very focused incentive will return to Canada some banking activities now being conducted abroad. These activities, which involve loans to and deposits by non-residents, now receive favourable tax treatment for certain transactions in such places as the Channel Islands and Panama. Our actions are aimed at attracting to Montreal business which now normally goes to the Channel Islands. Likewise, business which now originates in the Pacific Rim could move to Vancouver. In other words, we want to attract business that normally would not be conducted in Canada.

Toronto is Canada's largest and most important financial centre. Our actions will not take anything away from that city. We have been careful in developing our proposal not to include banking operations now conducted in Canada which are not tax motivated and which would shift employment from one region to another. Only those banking activities which meet the dual test of attracting business currently done offshore while not displacing business which now exists in Canada are being considered.

[*Translation*]

It is our intention to further the national interest by strengthening the international competitiveness of our financial institutions, while providing for a reasonably strong presence of our international financial expertise in Montreal and Vancouver.

[*English*]

In fact, our action will complement the major initiatives which we have taken to enhance the competitiveness of our financial services industries to help the Canadian banking centres compete equally with the Americans, the British, the Japanese, the Swiss and others. We are lifting the shackles on the financial industry with our new regulatory proposals which my colleague, the Minister of State for Finance (Mr. Hockin), announced before Christmas.

If there is one region or city which will benefit from this Government's action it is the Province of Ontario and particularly Toronto. Our proposals have sent a strong signal to the world that we believe in Toronto and have confidence in Toronto as one of the world's major financial centres. The vast majority of international business in our financial system is being done in Toronto and this business will continue to be carried out there. Our purpose, therefore, with this new initiative, is to bring new incremental business to Canada, not to move existing business from region to region or leave it offshore.

We will be monitoring the operation of this measure to ensure its effectiveness with respect to these objectives.

[*Translation*]

By establishing international banking centres in two of this country's major cities, we are sending a message to those who might go to other countries to take advantage of special tax provisions that they now have a second option and that option is Canada.

[*English*]

We have had extensive discussions with the financial communities, in particular the banking industry in Montreal, Vancouver and Toronto. This Government has been sensitive to the concerns raised by those interested parties. We have listened and now it is time to act. Unlike some of our critics who rely on emotional appeals to a narrow regional point of view without examining the facts, we as a national Government are addressing this initiative for the good of the country as a whole.

Therefore, pursuant to Standing Order 84(1), I wish to lay upon the table in both official languages copies of a Ways and Means motion to amend the Income Tax Act and, pursuant to Standing Order 84(2), ask that an Order of the Day be designated for the consideration of said motion. I am also releasing copies of technical notes to facilitiate the understanding of the proposed legislation.

In closing I look forward to participating in a reasoned consideration of this issue based on a full appreciation of our intentions and the facts.

Some Hon. Members: Hear, hear!

Miss Aideen Nicholson (Trinity): Mr. Speaker, once again the Government has managed badly what could have been a good issue. It has created division, set city against city, and apparently needlessly if we accept the Minister's statement of intent today at face value, as of course we do.

• (1510)

The Minister told us today that he is interested in attracting new, incremental business, that he is interested in creating opportunities for Vancouver and Montreal, and that this will not hurt Toronto.

The Minister also talked about "cold hard facts". However, we heard no facts whatsoever in his statement. The Minister made a statement of good intentions. Since he is an honourable man, we will wait to see his good intentions acted upon. But look at what has happened up to now. Expectations have been raised in Vancouver and Montreal. The proposed international banking centre in Vancouver was included in a Regional Economic Development agreement. After having raised expectations, the only activities which will be covered are those concerning loans to and deposits by non-residents. The actual measure is much weaker than the one which the cities had come to depend upon.

Second, the Minister said that the aim is to attract to Montreal and Vancouver certain kinds of business which would not normally be conducted in Canada. However, the Ways and Means motion and the explanatory notes offer us nothing which would limit this tax break. The Minister complains that commentators have "dealt more with pure fiction than cold hard facts". However, the confusion was created by the Minister himself; he refused to allow his department officials to appear at committee before Christmas where they could have given us the facts, if they exist. The only facts which have been made available to the Standing Committee on Finance are two studies which indicate that the revenue foregone by establishing an international banking centre would not be compensated for by the advantages. Presumably, the Minister has other studies. Why has he declined to make them public? We hope that his officials, who are due to appear before the committee at 3.30, will give us this information today.

We presently have no cost-benefit analysis. It is a strange situation for a Minister, who has announced that he is committed to reducing tax expenditures, to tell us that he is going to give tax breaks to foreign banks without telling us what they are in return for. We do not know what the benefits, if any, will be. We still have no economic analysis. We have heard nothing about what kind of retaliation we can expect from other countries due to this very unusual situation which utilizes the national tax and fiscal policy to assist regions.

It is clear that the proposal before us has not been well thought out. If this measure helps Montreal and Vancouver, does not hurt Toronto, and brings new business to Canada which would not otherwise come, we will all be very happy. However, the proof remains to be seen. We still do not know what jobs will be created. We were told last night that Vancouver is very hopeful that new jobs will be created. Other studies have shown that this is highly unlikely.

I trust that the Minister will soon back his statements of good intentions with a very solid cost-benefit analysis which will allow us to reach a realistic conclusion on the value of this measure.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, as an Ontario Member of Parliament, born in British Columbia, who is co-president of our Party's Quebec caucus committee, I believe that I can speak objectively on this proposal.

I am pleased that the Government has brought its intentions forward in a more precise way than it did in the Budget statement of last year which led the Vancouver Board of Trade, which appeared before the committee last night, to believe that it had a commitment, only to learn that that was not the case in the minds of many Members of Parliament. The circumstances under which this statement has been put forward are perhaps a bit bizarre.

The Finance Committee began to study this issue in December. We have made some progress. The Minister accused the Finance Committee of dealing in fiction rather than fact. It is the lack of fact received from the Department of Finance which has heated up this issue and led to unnecessary friction among regions on an issue which is proving to be quite difficult.

As the Minister knows, half of his caucus applauded his statement and the other half left the House of Commons as he delivered his statement. I need not say from where those Members come.

[*Translation*]

The Minister has made a statement, and it will certainly be helpful to the Committee on Finance and Economic Affairs and the study it is now working on, especially since witnesses for the Minister of Finance (Mr. Wilson) are to appear before the Committee this afternoon. I think we will need specific information on the impact in terms of jobs and tax expenditures, to find out whether or not—as it says in a report by Governor Rasminsky and his assistant, Mr. Lawson, who made a study of this question in 1984—there will be a significant loss in terms of foregone tax revenue.

Are we going to see a significant loss of tax revenue or are we not? For the time being, we don't know, and in all the testimony received from the Montreal Chamber of Commerce, the Toronto Chamber of Commerce, and other witnesses, including those from Vancouver, we sense a general mood of uncertainty, and this is partially due to a lack of information from the Minister of Finance and his departmental officials.

[*English*]

New Democrats have concern, in general and in principle, about new tax concessions being made available, particularly in a year for which the Government has announced major tax reforms. We are particularly concerned because the estimates of tax losses range from an estimate of $1 million per year by the Montreal Chamber of Commerce to estimates from Toronto of very major tax losses.

We will be observing the job impact. The Minister says that he hopes there is a chance to bring back banking activities which are now in tax havens, in *le paradis fiscal*, as they say in French, such as the Cayman Islands, Hong Kong, and Macao. Will this activity be brought back to Canada, or will we simply transfer activity which is now in Toronto?

[*Translation*]

Mr. Speaker, I should like to express my belief that all political Parties represented in Canada's Parliament endorse the principle whereby regional expansion incentives can be offered to urge investors to consider regions other than southern Ontario, for instance. And all Parties in office—which means the Liberal Party, the Conservative Party, and our own Party since we have been elected in western Canada—have used various means to promote investments in the manufacturing industry.

Now perhaps this is the first time we have to ask ourselves whether we should actively urge a service industry—international banking—to locate in one or more specific regions of this country.

I can say that in principle, especially these days when the service sector accounts for 70 per cent of our economy, we in the New Democratic Party are not against Government attempts to promote investments in the service industry. But it does not mean that we do not want to scrutinize specific proposals made by the Government.

• (1520)

[*English*]

In other words, if the regional development incentives are accepted, as they are by all Parties for location of industry, I do not believe we necessarily need to oppose the use of similar techniques for the location of service industries. However, we will have to look closely at the details, and particularly demand that the Department of Finance give us serious cost

benefit studies on the tax impact and the employment impact of these particular measures.

* * *

PETITIONS

REQUEST THAT RENT INCREASES OVER FOUR PER CENT BE ROLLED BACK

Mr. Neil Young (Beaches): Mr. Speaker, pursuant to Standing Order 106, this petition is certified correct as to form and content. It is signed by some 282 residents of the Main Square apartment buildings in my constituency. They state that the federal Government and Canada Mortgage and Housing Corporation have stated that rent increases in these apartments have been 10 per cent, 10.25 per cent, 10.6 per cent, and 11 per cent for 1986 and 1987 alone. The petitioners call upon Parliament to ensure that rental increases in the Main Square apartment buildings be rolled back to comply with the Ontario provincial guidelines which limit increases to 4 per cent per annum.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I have the honour and privilege to present a number of petitions today. The first is from residents of the riding of Thunder Bay—Atikokan and, I believe, Thunder Bay—Nipigon, regarding the federal Government's proposal to change the Patent Act for drugs, which these individuals oppose.

I have a petition from an organization called the Concerned Citizens Organization also objecting to the federal Government's proposals which they believe will result in higher cost in provincial Government drug plans.

I have a petition from the Westford and east end and areas of my riding, which is a very old, established working class area, in which the residents suggest that the changes to the Patent Act are another example of the Canadian Government concessions to the United States at the expense of average Canadians.

From the residents of Atikokan, a small community at the western end of my riding, a considerable number of residents have petitioned the House and called upon Parliament to reject those proposals which will increase prescription drug prices for Canadians.

Finally, I have three sets of petitions from all over the riding, including workers at Can-Car Rail who join with other citizens of my riding in opposing the plans by the Government regarding generic drugs.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I want to submit one, two, three, four, five, six, seven, eight, nine, ten, eleven, twelve, thirteen, fourteen petitions bearing 1000 names from Windsor, Ontario. It is part of thousands of names fixed to petitions in opposition to the Patent Act which reflects a surrender to American interests and an abbrogation of responsibilities to the Canadian people with respect to medical care and drug prices.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Shall all notices of motions stand?

Some Hon. Members: Agreed.

* * *

[*English*]

MOTION TO ADJOURN UNDER S.O. 29

CANADA-FRANCE AGREEMENT—FISHING RIGHTS

Mr. Speaker: Let me advise the Hon. Member for Oshawa (Mr. Broadbent) that I have received his letter in sufficient time. The application is completely in order.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, pursuant to the provisions of Standing Order 29 I request the adjournment of the House for the consideration of a matter of urgent and pressing necessity, specifically, the announcement yesterday by the federal Government of an interim agreement with the Government of France concerning additional fishing rights for the French fleet off the coast of Newfoundland.

This unilateral decision by the federal Government has enraged the people of Newfoundland to the extent that calls are coming in from all over the province, many of which are calling for Newfoundland to reconsider its position in Confederation. The Premier of Newfoundland has expressed his outrage at this unilateral action and last night he was joined by the Premier of Nova Scotia who said, "This is the straw that breaks the camel's back", claiming his province will be

seriously affected by this agreement, with a net cost to the Atlantic provinces of some $200 million.

Given the fact that such an interim agreement will not be brought before the House of Commons, and given the need to persuade the Government to reconsider this agreement before it is finalized, I believe an emergency debate is required now.

Mr. Speaker: I thank the Hon. Member for Oshawa for bringing this matter to the attention of the Chair. The Chair is of the opinion that it is a serious matter of national significance and, under the circumstances, the Chair is prepared to agree that there ought to be an emergency debate under Standing Order 29 on the subject raised by the Hon. Member for Oshawa.

Does the Hon. Member have leave to move the adjournment of the House under Standing Order 29 for the purpose of discussing a specific and important matter?

Some Hon. Members: Agreed.

Mr. Speaker: The Chair takes it that there is unanimous agreement in the chamber?

Some Hon. Members: Agreed.

Mr. Speaker: It is my obligation to advise all Hon. Members that the emergency debate will commence at eight o'clock this evening.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Tuesday, January 27, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p.2756).

Mr. Speaker: Before recognizing the Hon. Member for Bonaventure—Iles-de-la-Madeleine (Mr. Gray), I wish to inform the House that because of the ministerial statement today, this day's sitting will be extended beyond 6 p.m. by 17 minutes.

[*Translation*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, yesterday afternoon when I commented on Bill C-18 respecting changes to Canada's transport regulations, I emphasized the fact that the situation in 1987 is not the same as it was 20 years ago, that things have changed. The situation has changed at home, Mr. Speaker, in the United States, in Europe, in Asia—deep changes have been made in market structures and those changes already have an impact here in Canada.

I asked many questions yesterday afternoon, and I will ask another one: In your view, Mr. Speaker, who has been and will remain the best analyst, the best judge, the one person who is best placed to adjust rapidly and efficiently to market changes? I sincerely believe that the best judge, the best analyst is the producer himself, the entrepreneur who must set his prices on the basis of his various costs with respect to manufacturing, delivery, the cost of materials, labour, and taxation. The question therefore is this: are we going to live at all costs within a regulatory framework that is rigid, constraining, outlandish, inadjusted, outmoded and regressive? My submission is: No, Mr. Speaker.

Three vital elements are of concern to me in this matter—the true public interest, absolute security, and the assurance that Canadian businesses from now on will have every opportunity to take their rightful place on the labour market, in the regional transportation market, in national and international transportation.

• (1530)

[*English*]

It has often been said, in terms of Bill C-18, that safety is a very serious and honest question in the minds of the public. It has been stated by the former Minister of Transport and our present Minister of Transport (Mr. Crosbie) that safety will not be compromised. We have worked in the past, and will continue to work in the future so that safety will not be an issue. Canadians should today and in the future enjoy the peace of mind which comes from knowing that Canadian transportation is one of the safest in the world. We are continually striving to improve our safety programs. Suggestions that the National Transportation Act will jeopardize safety are completely without foundation.

The Government's commitment to safety is also evident in a variety of initiatives with respect to each mode of transportation. For example, in 1985 the Aeronautics Act was amended and strengthened in many respects. The Canada Shipping Act amendments which will improve marine safety will be brought back before the House. A uniform National Safety Code for trucking was approved by federal and provincial Governments in October and a new Railway Safety Act is being developed. Other safety initiatives in the transportation of dangerous goods, in highway programs and in accident investigation are being introduced.

[*Translation*]

Mr. Speaker, we, as Canadians, are generally an informed, mature, competent nation that is quite capable of deciding by itself what service is best capable of satisfying our needs based on the quality/price ratio, especially in the area of goods and passengers transportation. I find it outdated that in a free country that is highly civilized, technologically well advanced, we should live with a transportation policy that does not serve the interests of passengers, suppliers of goods and services, producers and consumers. Consistent of course with the most basic standards of safety and good social conduct, we

must guarantee the free circulation of goods and people, without constraints, hindrance or intervention other than that of the free market, the free choice.

To provide all Canadians, wherever they live, and their communities with an extra opportunity to control their economic and regional development, the new transportation policy will have to stress competition between the various systems of transportation and between competitors within each system. This is what our reform is proposing. Yet, Mr. Speaker, people can still be found who continue to deny this fact, who would like the *status quo* to be maintained, and who strongly wish things would remain as they are now. Let us ask ourselves whether it is normal for consumers, contractors and passengers, in a country such as ours which relies very heavily on transportation networks, not always to be able to choose the carrier which they feel would provide the best service at the lowest cost.

In the various regions, the spin-offs from our transport reforms on economic development are many, and, in many cases, immediate. Our purpose in freeing the transportation network users from a whole series of constraints is to encourage the most enterprising Canadians to go ahead with the creation of new jobs and the production of consumer goods at competitive prices.

In Canada, the prices of ordinary consumer goods, among others, are closely linked with transportation costs. To limit, through regulation that do not reflect the new realities, the availability of various means of transportation and the free negotiation of rates could only be detrimental to the economic and social development of our country. The user must once and for all be freed from hindrances and obstacles through universal mobility. You know just how much I am dedicated to the promotion of the handicapped. These citizens should be able to avail themselves of the same services as all our other fellow citizens. Like them, from now on, they must be freed from these very hindrances and obstacles.

Mr. Speaker, it is high time the Federal Government made these major and long-awaited changes to the transportation network regulations. These changes are basic and can only be made here, in Parliament, through an amendment to the Act which is 20 years overdue.

The package of proposals found in *Freedom to move* is the result of a whole series of consultation with those who are directly or indirectly involved in the transportation world in Canada, as well as the Federal and Provincial Governments. These consultations were carried out in all parts of Canada by the Transport Committee.

The results of these meetings clearly show that Canadians want some major changes and a comprehensive reform in our transport system. Our will to change the transport system must be considered in its general context, that is within a comprehensive economic policy under which the "Made in Canada" principle constitutes a priority and is always present.

Let us look more closely at the contents of this Bill. First, I would like to speak about air transport. The situation of air transport in Canada is such that simply to maintain present economic regulations would be a disservice to air carriers, shippers and travellers. We began to make some changes in our domestic air transport policy in 1984 by reducing and simplifying the regulations.

But we could not stop there, Mr. Speaker. A large number of important issues had yet to be settled. We are now proposing to pare down economic regulations to take into account North American realities and specific objectives. These objectives are to improve and, if need be, increase services to the public, and to provide carriers with reasonable opportunities for competition on the Canadian market.

Another one of our objectives is to eliminate eventually needless costs and paperwork for the industry and consumers.

• (1540)

For an air carrier, the test to enter the Canadian transport market will be whether he can prove that he is ready, willing and able to provide a certain service while meeting the related safety and insurance requirements. For all practical purposes, passenger and freight tariff regulations are eliminated. However, in the case of services in a monopoly situation, the new federal control agency will be able to hear the complaints of users from a given region and make a ruling. Otherwise, users will be able to choose the company which provides the best prices and service.

In the regions north of the 55th parallel, our Bill aims at providing more competition for the benefit of residents of these regions while garanteeing essential services in those limited and remote markets. Our Bill also aims at preventing monopolistic prices. Northern communities and all carriers will be able to express their views on the issuing of operating lines to new contractors. Prices and rate increases will still be regulated. The abandonment of any service in the North will require 60 days notice. In other words, Mr. Speaker, everything in our reform has been done to respect the interests of citizens, even and especially if they live in a remote area.

The new legislation provides financial assistance for certain domestic services judged to be essential. To provide these services, we shall proceed by calls to tender whenever possible, as it seems to be the most effective and profitable method.

I would now like to speak about rail transport. I should point out that I have a personal interest in this sector as my father worked for the CN for 33 years. Once more, our Bill contains major reforms that will benefit both carriers and users. The new legislation will for the first time allow shippers to negotiate privately with Canadian railway companies. This means that both shippers and railway carriers will be able to negotiate better rates and better services. This is good news for railway clients but it is also very important for our Canadian railways which will then be able to compete with U.S. carriers for transborder traffic.

For instance, Mr. Speaker, ports on Canada's East coast are a major source of container traffic. The transport sector in the area, however, has a deadly competitor in a network of deregulated carriers that are conveniently located. The container shipping market in Eastern Canada will not survive unless it can truly compete with the American market. And it will survive only if it enjoys the same advantages and is subject to the same regulations on its own terrain. Setting common rates will no longer be allowed, although present protection afforded the Prairie grain shipping network will continue.

There is more good news for shippers. Shippers who have access to only one railway will be entitled to a better deal, Mr. Speaker. Interswitching limits and terminal running rights will be extended. Options are also provided for obtaining competitive line rates for the transport of goods carried by two companies. This is a key element and a crucial one in our railway freight network. All shippers, captive or not, will have access to better mechanisms to settle disputes with the railway companies. The new legislation provides for recourse to the federal regulatory agency which may then proceed by mediation or arbitration.

To deal with the issue of abandonment of branch lines that are losing money, the Government proposes to take a comprehensive approach. Instead of continuing the sterile debate on this matter, we intend to propose some significant new options with a view to improving transport services in areas served by branch lines and, when possible, allow them to be retained.

Under the present system, there is no provision for allowing a third party to acquire railway property and infrastructures and setting up a profitable railway company. As a result, there is no incentive for the other parties to maintain service, at a time when railway transportation over short distances is becoming increasingly attractive, especially in the United States where this new approach has in some cases proved to be very satisfactory.

Mr. Speaker, I would now like to address that part of the proposed legislation which deals with extra-provincial trucking. Over the years, this sector has become an important link between shippers and their markets. Federal and provincial transport ministers are working together to develop a plan for regulatory reform of the trucking industry, the purpose being mainly to standardize provincial regulations across Canada.

Legislative and regulatory reform will provide an incentive for competition, leading to a set of new options for rates and services that will be as close as possible to the real needs of the shippers.

By freeing the trucking industry from its regulatory harness and by allowing healthy competition, this reform will have a direct impact on the price of consumer goods, since overall transport costs will tend to drop instead of increase. There are immediate advantages for the Canadian consumer, for the producer and for jobs.

The new situation resulting from the proposed reform will put small- and medium-sized businesses in a better competitive position, since this sector is necessarily an intensive user of trucking services.

The Government is therefore proposing to amend the Motor Vehicle Transport Act to bring it into line with the provisions of the agreement concluded between federal and provincial Transport Ministers in February 1985.

Thoses changes are included in Bill C-18 which will be more thoroughly discussed in this House. However, it should be acknowledged that Bill C-18 will complete the reform undertaken concerning other means of transportation. The transportation industry is constantly under development, Mr. Speaker. The Government's policy cannot be static. It should be periodically updated and readjusted.

The national transportation policy and the reforms advocated in the new legislation will have to be adjusted. Our bill has anticipated those realities.

Recognizing the need for review and periodic analyses, the legislation introduced in Parliament by the Minister of Transport provides for a comprehensive analysis of the effects of the legislation four years after its implementation.

In concluding, Mr. Speaker, let me say that I am proud of the legislation we have introduced. It is one of the major pieces of legislation which this Parliament will be discussing. Seldom do we have to consider reforms whose potential impact and implications that are so large and beneficial to all Canadians.

This Bill, Mr. Speaker, is part of an overall economic policy that is innovative in many respects. I am convinced, and I see that my time is coming at an end, Mr. Speaker, that all Hon. Members will realize the importance of the Bill and that we can discuss it with the utmost equanimity to the greatest benefit of the Canadian people who want to go on unhindered as we all want.

Mr. Deputy Speaker: Questions, comments. The Hon. Member for Westmorland—Kent (Mr. Robichaud).

Mr. Robichaud: Mr. Speaker, the Hon. Member who just spoke on Bill C-18 represents a remote area, Bonaventure—Îles-de-la-Madeleine, a riding which is in fact part of the Gaspé area, right in the middle of the Gulf.

Mr. Girard: It is a very beautiful area.

Mr. Robichaud: Yes, I know that area, it is one of the beautiful parts of Canada, just as Westmorland—Kent is. They are somewhat similar.

Mr. Girard: It is right next to us, next to Restigouche.

Mr. Robichaud: I would like to have the opinion of that Member, and I will simply read to him a message from the Maritime Premiers, and I quote:

• (1550)

[*English*]

Following a meeting in Fredericton last week, the Premiers of New Brunswick, Nova Scotia and P.E.I. denounced the proposed National Transportation Act, saying it would further widen the economic gap between central and eastern Canada.

The Premiers want Transport Minister John Crosbie, who tabled the proposed legislation in early November, to add a clause ensuring that regional development will take precedence over a profitable transportation service, when the two conflict.

[*Translation*]

I would therefore ask the Hon. Member for his opinion on that proposed clause to be added to the Bill, which would give regional development priority over profit.

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, as my hon. friend has said, the Gaspé area that I represent is quite distant from here. As I said in my remarks, I sincerely believe that changing existing regulations will increase our opportunities for economic development.

But I should like to indicate to my friend the Hon. Member for Westmorland—Kent (Mr. Robichaud) that I am very much concerned about the regional economic development in both our ridings. Experience has shown that in spite of the fact that they followed these regulations for years, the Gaspé area, the Maritime Provinces, the Magdalene Islands, Newfoundland and the areas north of the 50th parallel, are faced now, in 1987, with the same situation. I would not want to play politics with this, Mr. Speaker, but I cannot help mentioning that the previous Government had had 25 years to change these regulations and look into this problem.

Over the past two years, unemployment rate in my area has come down nearly 10 percentage points. The economy has much improved, thanks to low interest rates and increased employment opportunities. The regional development through Bill C-18 will mean increased competition, which is good not only for carriers, but for users and consumers as well. It is our duty here in the House to improve the situation, and that is what we are going to do.

[*English*]

Mr. Belsher: I wish to commend the Hon. Member for Bonaventure—Îles-de-la-Madeleine (Mr. Gray) on his speech on this important subject in Bill C-18, an Act respecting national transportation.

The Hon. Member will recall when he was part of the Standing Committee that was holding hearings for the *Freedom To Move* exercise that we went though a little over a year ago, that in the Atlantic area we were asked to pay special attention or acknowledge that transportation did play a part in economic development. The Hon. Member talked about this in his question. Does this Bill acknowledge that transportation does have a part to play in economic development?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Yes. I had the honour and the advantage of travelling with the Standing Committee. We met many groups concerning regional economic development. In looking at the Bill as proposed in the House, the major premise is to create an efficient transportation system, not a monopoly, but a transportation system that will give opportunity to isolated areas, such as the one I represent, the Maritimes, and the North, and give those areas an efficient transportation system in order that they can compete on a regional, national, and international market. When this is included in this regional development, as I mentioned before, it has not worked. We are attempting to reduce the regulations that we presently have on hand. Any individual who is willing, fit, and able to serve his region, regionally, nationally, or internationally will be able to compete. Regardless of our politics, we all know in the House that a sound economy is the most important factor for the regions and isolated areas.

In this Bill, by reducing the paper work and regulations, and always guaranteeing safety, and as we allow more people to compete and our economy builds up, we can look forward to more regional economic development.

Mr. Angus: The Hon. Member for Bonaventure—îles-de-la-Madeleine (Mr. Gray) is a Vice-Chairman of the Standing Committee on Transport, and was a very active participant in the consideration of *Freedom To Move*, as well as other transport matters. I wish to ask the Hon. Member this. One of the things we heard during our hearings when we travelled in those three centres in southern Canada, then the trip through the western Arctic, was the concern about safety, tied in with the concern about viability of the companies. The former Minister of Transport categorically said that safety would be the number one priority and consideration. I wish to ask the Hon. Member what will be faced by the passenger on the last flight of an airline that is going bankrupt? What type of corners has the owner of that company had to cut in order to keep the plane flying for that length of time? Will he be guaranteed a safe environment, or is there a risk because of the cut-throat nature of the competition, that whether he wishes to or not, the owner will be forced to cut corners?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): I appreciate the Hon. Member's question. We have talked at length concerning safety. I believe that in this Bill safety will not be compromised. There is no guarantee when buying a can of beans that if the company is on the verge of bankruptcy there perhaps may be more bacteria in that can of beans.

An agency will be set up to monitor the safety, and all operations of these airline companies. The employees of that agency will continue these check-ups and verifications for all companies. I would assume that, whoever will be hired to work with these safety regulations, if their job is not being done properly, they will be replaced by a more competent person. Personally, I do not feel or believe that safety for any airline, railway, boat, or truck that will travel in this country will be compromised because of this Bill.

Mr. Deputy Speaker: A short question from the Hon. Member for St. Catharines (Mr. Reid).

Mr. Reid: In the moment left, may I ask the Hon. Member for Bonaventure—Îles-de-la-Madeleine (Mr. Gray) what the distinction is between the policy of this Government in its process of deregulation from that of the United States, so that it can be said to be truly a made-in-Canada piece of legislation?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): This is a made-in-Canada Bill in the sense that this is economic regulatory reform. I should make this point, Mr. Speaker. We talk about deregulation, and perhaps at times Hon. Members would like to create fear that everything will become wide open. This is economic regulatory reform, not complete and utter deregulation. It is made in Canada in the sense that our economic situation today in 1987 is much better than what the economic situation was in the United States. The United States fully deregulated its transportation industry. This is not the case in this Bill. We look at our provisions for northern and remote areas. In the Alaskan situation, the Americans threw it wide open. We have not done that. We have kept regulations. We are guaranteeing essential services. We are leaving openings for contract to tenders for airline operations. This is truly made in Canada for Canadians to help Canadians from east to west.

• (1600)

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I am pleased to participate today in the debate on Bill C-18. At the outset I should like to thank the Hon. Member for Westmorland—Kent (Mr. Robichaud) for agreeing to switching positions with me this afternoon.

I came to the House as a new Member in 1984 and I was fortunate enough to be assigned by my Party to the Standing Committee on Transport. It was an interesting experience to take, through a standing committee, a philosophical base, the *Freedom to Move* paper, to see the reaction from part of the country, to see the legislation which has been drafted, and now to hear the debate. It is not often that within two short years a new Member is able to experience that total process, and I feel pleased to have been part of it.

In preparation for today, I looked at my notes and scanned some of the interventions before the Standing Committee on Transport. As well as understanding more and more of what was happening in the House and in the country—

Mr. McInnes: Just remember Robert Burns.

Mr. Angus: Yes, just remember Robert Burns.

It is clear that the changes to the National Transportation Act are consistent with the philosophy of the Conservative Government. They are consistent with the tack it has taken in a number of areas. Unfortunately that direction leads to the selling off or dismantling of the Canadian economy as we know it today. It is a grand design which will lead to Canadians having less say over what happens and having less benefit from our own work and investment.

Let me briefly list those areas which are part of that grand design, as I see it. There is the whole question of free trade, of having things on the table, under the table, or beside the table. Things are out there for discussion between our neighbours to the south and ourselves. There are items to be negotiated such as the Auto Pact and now marketing boards. We all remember softwood lumber, shakes and shingles, hogs and sugar. There is also the Bill dealing with patent drug legislation, designed to give American multinational companies the freedom to make as much money as they can, with no protection for Canadian consumers. Natural gas is another example; we are under pressure from the United States, and we are deregulating it. Now there are threats by the American Government and its steel industry concerning steel imports to the United States. What will be next? Will it be hydro exports from Quebec, Manitoba, and Ontario? Will it be water? Will that be on the table as well?

One thing which brings that grand design into focus is the impact of the National Transportation Act or the impact of the deregulation prescribed in Bill C-18. In our Canadian nation we work together as much as we can. We trade within and share resources from western Canada with eastern Canada and finished good from eastern Canada with western Canada. We have a road ribbon and a rail ribbon across the country from East to West. It will start breaking down and will be fragmented as we see those ribbons going north and south. We have already seen Canadian specialty grains going from Vancouver to Seattle and then being shipped out. We have seen potash from western Canada entering at the Saskatchewan—U.S. border and being railed to Chicago, bypassing thousands of miles of track and hundreds of miles of water in Canada. We are even seeing iron ore from the Labrador-Quebec area being shipped to the eastern seaboard of the United States and being railed back to Lake Erie for the American steel mills there. That rail ribbon which bound the country together and existed to create a link could be seen as no longer necessary because of north-south links. If Bill C-18 goes ahead, it will be the final icing on the cake. It will not only allow but encourage, because of its structure, that kind of north-south situation.

Quite frankly, CN and CP are as guilty as the Government because they are the ones that bought subsidiaries in the United States. They are railing Canadian products on their own lines through there, doing Canadian workers out of jobs. If we go to this north-south arrangement in trucking—and we are a little fish in a very big ocean in terms of North American transportation—we will find that large American trucking companies will gradually take over our smaller ones. The largest trucking firm in Canada is about one-thirtieth in terms of order of magnitude compared with United States firms. They have the economies of scale and the grid systems. All the hubs are in place. They could very easily come in and out

compete with us, driving our Canadian companies out of business. Some Canadian workers may obtain jobs with the new American-Canadian firms, but at what cost? Will it be at lower wages and American rules? That is not acceptable. Our sovereignty is too important to allow that to occur.

In the context of rail and road, people who live in larger centres such as Toronto, Montreal, Winnipeg, Windsor, Vancouver, and other major corridors may do okay because they are major hubs. However, what about the medium sized and very small communities in between? In terms of trucking we have a regulatory system which provides stability. It is stability under monopoly; there is no question about it. There are those people who argue "give us free enterprise, allow the market-place to work, and drag prices down". But what about Terrace Bay, Sioux Lookout, or Atikokan which only have small numbers of consumers? Once the companies have fought it out and there is a winner, we are back to a monopoly situation. However it is a monopoly with a difference; it is a monopoly with no regulations to protect consumers. There is nothing to prevent such a company from jacking up its rates to a point where a town must close.

These are not my comments. During testimony before the Standing Committee on Transport, the Ontario Trucking Association and the National Trucking Association agreed that small communities would suffer, that their service levels would decline, and that costs to consumers would increase.

We are a country of small communities spread across the land. We must recognize that whatever laws are put in place they must be in balance. We must protect the weak at the same time as we provide rules which make sense for the strong. The same applies to rail. We will find situations where rail lines increase the rates to small communities rather than the cross-subsidization which now occurs.

Let me now turn to the air industry, an interesting aspect of transportation in the context of deregulation in that we are already half way into it. Thanks to the previous administration, the air industry no longer has the same restrictions it used to have. The ease of entry and exit has been greatly increased.

• (1610)

There are now a couple of interesting situations. We have turned the clock back to the day when we began to see the need for deregulation in the air industry. At that time, there were two major airlines in Canada. What do we have today? We have two major airlines. The big ones have been gobbling up the little ones and a medium-sized one actually gobbled up a big one. Now we have the Crown corporation, Air Canada, on one end and Pacific Western and CP on the other. I give the few smaller airlines that are left a year to survive before they too are either into some kind of management deal or company-to-company arrangement, or in fact are purchased or taken over by one of the other two.

The difference now is that these takeovers will occur without the rules that have protected consumers and the rules that required cross-subsidization. Lots of money will be made on the Golden Triangle, Toronto-Ottawa-Montreal, and perhaps even the run to Vancouver, but the profits will not be used to subsidize the runs to Thunder Bay, Sault Ste Marie, London, Halifax and any number of medium and small centres. We will be getting chaos.

Let me give the House an example of this. Last week, my office made a booking for a flight out of Thunder Bay for this morning. The person who was supposed to fly to Thunder Bay got to the airport this morning and was told that that flight does not fly any longer. When we checked, we found that that flight had never existed. I ask you, Mr. Speaker, is that increased service for the consumers of Canada? Of course it is not. It is total chaos. That chaos will continue until such time as we decide to reestablish a set of rules.

Fit, willing and able really sounds great, but what it replaces was even better. It replaces public necessity and convenience. Flights were to be necessary for the good of communities and for the good of airlines and they were also to be convenient. In this Government's blind devotion to free enterprise, it is again looking at the United States model. The Government clearly accepted the rhetoric without looking at the facts of the situation there.

During hearings on the *Freedom to Move* White Paper, we did not hear much about the American situation, primarily because the committee refused to go to the United States to learn of it firsthand. A couple of representations were made to us. One that interested me was, ironically, a presentation made in Halifax by officials from Newfoundland. I say it was ironic because they were telling me, a Member from Thunder Bay—Atikokan, that my neighbour to the South, Minnesota, had experienced a very negative reaction to deregulation in the air industry. We were told that over time, rates went up and service went down. In fact, one community went from having a jet service serving about 60 to 70 people a day to having a little putt-putt serving eight or nine passengers 10 times a day. There is no comparison whatsoever in the quality of service, comfort, noise level and ancillary facilities. Is that the kind of deregulation this Government wants? Does it want to turn a vast majority of our communities into areas served only by small commuter services? I certainly hope not.

One of the great myths of deregulation in the air industry is that there will be all these cheap seats. There were cheap seats for a while but the cheap seats were on the major runs, not the small runs. These cheap seats have gone. The industry itself dropped permanent cheap seats in favour of sporadic cheap seats. With only two competitors and markets that are becoming increasingly monopolized by one of the carriers, the cheap seats will disappear because the consumers will be captive. If they want to fly, they will have to fly with X company or Y company because only X company flies here and Y company flies there. They will spend more time going from terminal to terminal rather than being able to travel in a continuum.It is clearly a myth that there will be cheap seats.

In the United States, rates have gone up approximately 50 per cent, well over the rate of inflation, over the past seven years. Service has gone down and communities are suffering. In Canada, the City of Sault Ste Marie no longer has Air Canada service, nor does the City of London. What is next? What other communities will see a withdrawal of a major carrier? What other communities will go from jet service to prop service, from service four or five times a day to perhaps once a day or even three times a week? No, it does not make sense.

The Hon. Member who spoke previously talked glowingly of the inclusion in the Bill of provisions for the North. There is a very good reason for that. Unlike southern Canada where there is a very clear difference of opinion between transporters and shippers about what should be done, there is almost unanimity in northern Canada. We saw the joyous situation of Chamber of Commerce after Chamber of Commerce telling Conservative members of the committee that they were out to lunch and did not know anything about the North. They told them that they needed regulation in the North because that is the only way to protect the industry.

What would happen if there were to be total deregulation? Rather than having an air industry and all its infrastructure based in the North, southern airlines would come North, skim off the cream in the summer months and desert the North for the winter months.

I give members of the Transport Committee credit. It took a while but they saw the light. They saw that the same rules could not apply in northern Canada. I argue that the same rules cannot apply in Atlantic Canada or the near-North as apply in the Golden Horseshoe of Toronto. We must throw out blind ideology. We must deal with the real Canada, the Canada that stretches from sea to sea and to the Arctic Circle. We are not dealing with the United States of America with its population of 250 million. We are dealing with a very small population spread over a very large land mass.

In conclusion, it is important to Canada that we chart our own future. It is important that we continue our independence and decide what is right for Canada and Canadians, not what is right in the context of our neighbour to the South.

Mr. Gagnon: Mr. Speaker, members of the NDP have stated a number of times that the smaller cities will be discriminated against and that seat sales applying to Toronto, Vancouver and Calgary will not apply to smaller cities like Moncton, Thunder Bay and Windsor. Could the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) explain the latest series of seat sales to places including Sydney and Yarmouth? Fares from Fredericton to Gander are being reduced from $412 to $165; from Saint John's to St. John's, $396 to $158; Frobisher Bay to Hall Beach from $472 to $189; Churchill, Manitoba, to Gillam, from $176 to $88. Possibly the Hon. Member could explain why seat sales are going on and why the NDP maintains the smaller centres will be worse off?

• (1620)

Mr. Angus: Mr. Speaker, I thank the Hon. Member for his question. The major airlines, in testimony before the Standing Committee on Transport, indicated that the day of cheap seats would soon disappear. I want to make it clear that in my comments I did not name any communities. I recognize there are seat sales in a number of communities in Canada right now, but when those communities are served by only one carrier I doubt very much whether there will be any seat sales.

One of the interesting things about this proposal is that instead of cross-subsidization, where the lucrative routes would help pay for the less lucrative routes, this Bill proposes that the Government subsidize those routes. We have the very interesting situation of the Government proposing more bail-outs at a time when cross-subsidization is working well.

Mr. Brightwell: Mr. Speaker, the Hon. Member talked about monopoly of the market-place and compares that to the monopoly of regulation. In the free market a new service would spring up as soon as prices went too high. Under regulation someone cannot enter into a market and take a competitive stance. I am amazed that the Hon. Member drew that comparison. He talked about service as if a regulated industry would guarantee service and there would be no foul-ups at the station when he arrived. I am amazed at that also.

How can the Hon. Member say that regulations would guarantee service when 23 of the isolated communities he talked about have lost their service between 1960 and 1984? Secondly, how can he ask his constituents to pay full rates when 80 per cent of his neighbours to the south travel on discounted fares on U.S. airlines?

Mr. Angus: Mr. Speaker, I will respond to the latter question first and work my way back up. Quite frankly, my constituents believe in stability, not chaos. They see that there is chaos in the U.S. airline industry. While there may be some seat sales around, the over-all cost of air fares in the U.S. has gone up by about 55 per cent since deregulation, well above the inflation rate.

The Hon. Member made an interesting comment about monopoly of regulation versus the competitive market. That gets back to the question of stability. In northern Ontario an entrepreneur works extremely hard over a number of years to develop new services into communities which did not have air service before. What the Hon. Member is saying, and what this Bill will allow, is that after he has done all that work, developed a clientele, established his base of operations, someone else is going to come in at the last minute and skim off his profits. What happens then? The fellow who established the service and has been reasonably decent about prices and is not gouging the people will be unable to compete. He has an infrastructure in those communities and is not based in a large metropolitan area. His investment is at risk. He will pull out. Then the new guy comes in and how long does he stay? That is the kind of chaos that is possible. In fact, we have seen it and that is why we are fighting this Bill.

Mr. Girard: Mr. Speaker, I wrote my question down so I could get a simple answer instead of having somebody skating around. Has the NDP examined the principle of the new Act where economic regional development is an objective? Could the Hon. Member also explain how the new provision in the Act for non-predatory incentive rates acts against regions of the country? It is a plain and simple question and I want a plain and simple answer instead of a skater.

Mr. Angus: Mr. Speaker, even though I live beside the largest skating rink in the world I have never learned how to skate. Let me deal with the objective of the Act. It contains nice-sounding words and they are there because of pressure from the Atlantic premiers.

Mr. Girard: He is skating.

Mr. Angus: However, there is nothing in the Bill to implement them. I challenge the Hon. Member to show me the clauses in the Bill which implement that nice motherhood statement. They are not there.

Mr. Horner: Mr. Speaker, the NDP says the legislation will provide access and advantage for U.S. railway and trucking companies in Canada which are not available to Canadian railway and trucking companies in the U.S. Would the Hon. Member like to comment on that?

Mr. Angus: Mr. Speaker, during our hearings and in consultation since then with the Canadian Trucking Association, among others, indicated that because of U.S. laws they are unable to operate freely in the U.S. in the same manner in which this Bill proposes to allow all trucking companies to operate in Canada, particularly the Americans. If, as we believe will happen, the American companies begin to not only come into this market and establish some hubs in the Toronto area, for example, and then go from there, given their size—we all know that the larger you are, the better able you are to compete—they will will be able to out compete us. They have economies of scale and a national transportation network in the U.S. What Canadian trucking company will be able to go down and establish a trucking centre in Chicago or farther south? They just will not be able to do so. I do not have the specific numbers, but we have seen a lot of small trucking companies in the American industry go bankrupt because of deregulation. The situation now is that fewer and fewer companies are hauling goods on the highways in the U.S. That is one of the dangers and the Hon. Member should realize that.

Mr. Horner: Mr. Speaker, I find it almost ludicrous that the NDP does not have any faith in the ability of Canadian business to compete with the U.S. in any field, including trucking.

Mr. Angus: Mr. Speaker, if the rules were equal and the companies were the same size, then I would bet my money on a Canadian company. However, they are not and, quite frankly, we will be squeezed out in trucking the way we have been squeezed out in a hell of a lot of other things by the U.S.

Mr. Deputy Speaker: Resuming debate with the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour).

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, in fairness to my friends opposite, it is the turn of the Liberal Party if they have a speaker ready to go.

[*Translation*]

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I thank you for giving me this opportunity to deal with Bill C-18, concerning the National Transportation Act, 1986.

This Bill applies to transport by railways, transport by air, transport by water, transport by a commodity pipeline, and transport for hire by an extra-provincial truck or bus undertaking.

It is therefore a Bill which will affect the industry responsible for moving goods, merchandise and of course people from one end of this country to the other, both in the West-East and north-south directions.

Mr. Speaker, that is where this Bill raises its first problem: It will affect differently the various regions of Canada. Its implications on remote areas will certainly be greater and more direct than in the central part of this country and, in many cases, will be negative.

Needless to say, Mr. Speaker, it was felt that the National Transportation Act needed to be looked into and amended for the purpose, of course, of improving and updating it.

The previous Government had recognized that changes were necessary and had proposed a gradual deregulation of the transport industry. Since the enactment of the previous Act in 1967, our economy has of course undergone several changes, which affected the transport industry.

The task of the previous administration, the Government of the day, was to make the legislation more flexible in order to allow the transport industry to better serve the country and the needs of consumers as well as its own. The changes were to occur gradually to allow for a gradual adjustment of the industry. The idea was not to spin the transport industry into a frenzy by introducing major and sudden changes. And that is exactly what this bill will bring about. The entire industry will be turned upside down and will not be given time to adjust.

Of course, the bill has already drawn criticism from the trucking industry, the rail industry, as well as from the air transport industry. And all this is happening because the Government has now decided that it is time for a change. Of course, we agree that changes are necessary, but should we turn everything upside down? Why such haste? Where did the pressure come from? In all sincerity, Mr. Speaker, this is a question we must ask.

I take this opportunity to refer to some comments made by industry representatives. I shall begin with the trucking industry.

• (1630)

[*English*]

"Domestic truckers will be run off the road by American-based truckers if proposed transport deregulation is adopted by the federal and provincial Governments" industry officials say.

[*Translation*]

I hear some noises from my colleagues to the right. May I remind them I am merely quoting what was said by people in the trucking industry. I think it would be wise to listen to these people, and I shall continue:

[*English*]

"It's like letting Attila the Hun and Genghis Khan loose", said Ken MacLaren, Executive Director of the Canadian Trucking Association.

[*Translation*]

Those were comments by some people in the trucking industry. And now, on the subject of aviation safety, according to the Canadian Aviation Safety Board there have been more accidents involving aircraft since deregulation. I shall continue:

[*English*]

"Deregulation will hurt us", CPR says.

[*Translation*]

Being in a terrible hurry to propose these changes, to table the Bill and have it adopted in record time, the Government has failed to give all parties a chance to express their views. Some provinces were not even consulted. The parliamentary committee responsible for considering the Bill did not hold hearings in all provinces, although every province, without exception, will be affected by this Bill. Although hearings were held in four cities, the Government did not do justice to the witnesses and interest groups that came to suggest amendments to the Bill, originally Bill C-126, as you know, Mr. Speaker. And this despite the fact that the Government had promised a new era of consultation, when every action undertaken by this Government would be discussed with the people concerned, people in the industry and people from the various provinces.

Mr. Speaker, we must also consider the impact of this Bill on the transport industry, on services, on employment and also of course on safety, and my list is by no way exhaustive.

Government Members would have us believe that deregulation will bring in more carriers, especially in the air transportation industry. We are told there will be more competition and better rates. However, we can see today that is not the case. We have already seen a trend towards consolidation, and I am thinking of the purchase of CP Air by Pacific Western.

Large companies have purchased shares in small local carriers in order to take over that part of the market, which means that Canadian airlines are eliminating small carriers from this local market. They control that market.

As far as trucking is concerned, Quebec truckers are afraid of an increased penetration by American truckers of the Quebec market.

• (1640)

[*English*]

Mr. John Kennedy, of Kingsway Transport Limited, says: "A shakeout is developing. There is no question deregulation will have a devastating impact on the financial condition of the Canadian motor carrier industry and ultimately result in a wave of mergers, bankruptcies".

[*Translation*]

As far as rail transportation is concerned, the major national railways, CP Rail and CN Rail, are against the legislation as proposed.

Let me deal briefly with safety, and I will stick to air transportation. Mr. Speaker, let me quote from the statement made by the Auditor General, Mr. Kenneth Dye :

None of the Transport Canada regions has been able to inspect all the carriers operating within its jurisdiction at least once a year.

We know about the problems already. Then imagine what will happen when we get into the race for privatization. The legislation provides no strict directions as to safety, and for this reason we cannot support any deregulation bill until strict safety measures are in place.

And, already, in anticipation of that deregulation bill, some companies have started making staff changes. I am referring here to New Brunswick where Air Canada has decided to reduce the number of its mechanics at the Moncton, St. John and Fredericton airports. Why is it actually being done? Is it in anticipation of privatization that this staff is being reduced?

In the case of Moncton, St. John and Fredericton, when there is a mechanical failure affecting an aircraft's airworthiness, they will have to call a mechanic from Halifax. They will have to call someone from Halifax and ask him to get to Moncton, St. John, or Fredericton. This requires at least 2 hours in the case of Moncton, and much more for the two other airports, to examine that aircraft before it can resume its flight. Of course, they assure us that passenger safety will in no time be threatened. But for people in New Brunswick this means a service reduction. They will have to wait for that service. This leads me to the question of jobs. In the case I mentioned, three jobs will be lost in New Brunswick. The figure is not that significant. But let me deal briefly with the CN. Because we all know the CN has received from someone higher up the order to prepare for privatization. In its haste to rationalize operations in preparation for privatization, the CN is reducing staff throughout the system, but especially in Moncton. One thousand jobs will be lost. You may ask what the connection is with this Bill. I said earlier that the proposed

legislation would have an impact on employment, and this is one example of how certain regions will be affected. I would like to mention one particular weakness in this Bill, and I am not the only one to do so, and that is the absence of a clause ensuring that regional development will take precedence over profits. Mr. Speaker, we believe it is absolutely essential that the new National Transportation Act contain a reserve clause reflecting the essential role played by transport in regional development.

I would also like to take this opportunity, Mr. Speaker, to bring the following to your attention.

[*English*]

"Following a meeting in Fredericton, the Premiers of New Brunswick, Nova Scotia and Prince Edward Island denounced the proposed National Transportation Act, saying it would further the economic gap between central Canada and eastern Canada.

The Premiers want Transport Minister, John Crosbie, who tabled the proposed legislation in early November, to add a clause ensuring that regional development will take precedence over a profitable transportation service when the two conflict".

[*Translation*]

And I would also like to bring to your attention, Mr. Speaker, a letter I received from the Chairman of the Premiers Council, which says basically what I said just now, and I quote:

Since the new Act does not guarantee that in case of a conflict, regional economic development objectives will take precedence over requirements that transport services should be a profitable concern, we cannot give it our support.

"We" means the provinces of Nova Scotia, New Brunswick and Prince Edward Island.

We believe it should contain a clause that would subordinate the concern for commercial viability to regional economic development objectives. The federal Government's reluctance so far to include such a clause is particularly worrisome when we consider the negative impact Bill C-18 will have on transport services in the Maritime provinces.

We have written to the Hon. John Crosbie about this question and would like discuss the matter with him very soon. We hope that you support our position. Yours very truly.

Even after pressure from the provincial Premiers, the Minister's reaction was certainly not favourable.

I now want to refer to a meeting of the Transport Committee where the Minister himself said that he did not really share the views of the Premiers of the three Maritime provinces who wanted to include in the legislation a provision that in every case would allow one situation to take precedence over another. The Minister of Transport has refused to meet this request by the Maritime Premiers who are genuinely concerned about the threat to their region's economy.

We can say that in its present form, the Bill does not allow for any regional considerations, not even with respect to remote areas.

Mr. Speaker, regulation has helped us deal with a number of problems connected with regional economic development. It is unfortunate that the Minister would rather not include a clause to that effect.

If deregulation paves the way for a highly competitive market, we simply must provide some kind of protection against the loss of services.

Mr. Speaker, such shortsightedness brings Bill C-75 to mind—I will conclude shortly—Bill C-75 which had to do with Canada's merchant marine and whose clause 4 had been the target of witnesses who appeared before the committee. Sure enough, Government Members were not prepared to listen to the objections of the witnesses right until Bill C-75 died on the Order Paper at the end of the previous session, even after a speech of nearly seven hours delivered by my colleague from Humber—Port au Port—St. Barbe (Mr. Tobin).

Eventually Government Members rose to voice their opposition to clause 4, so the Minister of Transport agreed to re-introduce the Bill, but without clause 4. Naturally we are pleased that the Minister finally came to his senses in the case of Bill C-75. Mr. Speaker, we hope the Minister will see the light, though it may take him some time, but we will give him all the time he needs because we are going to debate this measure for quite a while yet.

• (1650)

[*English*]

Mr. Lesick: Mr. Speaker, I listened to the Hon. Member for Westmorland—Kent (Mr. Robichaud) with great interest. I wish to make several comments and then I will ask him a question. There seemed to be a stressing of profitability, profitability, profitability in his speech. Yet one of the best companies we have in Canada is a private company which has been trying to make money for these many years, that is, Wardair. It is a highly successful company located in Edmonton. It has spread its wings throughout much of the world and is now going across Canada. My first flight on Wardair was 22 years ago. It has been a very safe airline with an enviable record.

I suggest there should be less stress on profitability and more stress on what the airline actually does. There has been a suggestion that the Government has been deaf to representations following the release of the *Freedom to Move* policy and that attempts to shape and improve the policy were ignored. That is far from the truth. This legislation has been developed in a co-operative effort with the private sector, carriers, shippers, users and communities. More than 500 groups and individuals made representations during this consultative program to which we have listened. The standing committee has listened to the people across the country. In addition, the House, through the Standing Committee on Transport, had a very definite impact on the shape of this legislation. Members of the standing committee include all Hon. Members of the House. The committee had two separate sets of hearings, one hearing on the over-all policy and another focusing on the northern and remote areas of the country. The recommendations were taken to heart and were included in the legislation.

Perhaps the most notable provisions resulting from the meetings of the standing committee were those governing the regulations of northern air services.

In the year 1985-86 there were substantial losses reported. The Hon. Member's colleague, the former Minister of Transport, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), told the Standing Committee on Transport on May 10, 1984:

> It is a sad fact that our regulated industry is in decline. The regulated system we set up to protect a fledgling industry is now clearly hindering progress. Airline losses topped $100 million in 1982.

Would the Hon. Member not agree with his colleague that much of the blame for airline losses must be directed at the excessive amount of regulation burdening the industry and stifling its economic efficiency and growth? Would the Hon. Member also comment on the success of Wardair, a private company, which has made money?

[*Translation*]

Mr. Robichaud: Mr. Speaker, I thank my colleague for his question and comments. He asked me to comment on the profits of Wardair. I have nothing against a company making profits and I congratulate this company on the service it provides Canadians.

The Hon. Member also asked whether I do not find deregulation desirable. I did not say in my speech that it is not. We realized a few years ago that we would gradually have to go to some form of deregulation. I agree that it was absolutely necessary to make some adjustments to the National Transportation Act, but I do have some reservations when the Government wants to turn the whole industry upside down without giving it enough time to adjust.

That is all I wanted to say. Deregulation is desirable, but it should be gradual.

Ms. Copps: Mr. Speaker, I would like to ask the Hon. Member whether he could explain how the new Bill, in its present form, could affect Canadian National's decision to close down or at least to lay off a large number of its employees in Moncton. Perhaps he could also tell us whether the impact on the situation in Moncton could have both negative and positive aspects.

Mr. Robichaud: Mr. Speaker, I welcome this opportunity to answer my colleague's question. CN, as a Crown corporation, has more or less been given a mandate or instructions by the Minister of Transport (Mr. Crosbie) to prepare for privatization, which means that CN must make itself a profitable concern. And since time seems to be of the essence, they have to cut services which means less work for CN repair shops. And that is exactly what is happening in Moncton. In the rush to rationalize all their operations, they are cutting jobs—1,000 of them. If this Government had any concern at all for regional disparity, it would manage to keep the CN shops open. Mr. Speaker, I would like to compare this situation to the one at the Port of Churchill in Manitoba. According to the Ports Canada authorities, the port at Churchill was not viable, and they decided to shut down the facilities. However, the Minister of Transport intervened, saying that the port must continue its operations because it was one the major industries in that part of the country. Wonderful! So if the Minister is so concerned about regional development, he should do the same for the people of New Brunswick.

• (1700)

[*English*]

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, it is an honour to speak on Bill C-18 which I believe will rank as one of the most important measures passed by this Parliament. It provides a new deal to consumers of transportation services right across Canada, including, of course, my region, which is western Canada.

When we took office two years ago, we found a regulatory regime in the transportation sector that had largely lost touch with changes in our national economy. It was one that frequently frustrated rather than facilitated the efforts of producers across Canada to get their goods to market. While careful regulation is required to achieve important objectives, including regional development and safety, we believe, as indicated in our *Freedom to Move* paper, that more can be accomplished with less but smarter and better regulation.

After extensive consultation with the public, provincial Governments, the transportation industry, shippers and other interested parties, we have concluded that now is the time to act. Canadians need a revised transportation policy and legislative framework today.

The Acts which are before us today—the National Transportation Act and the Motor Vehicle Transport Act—provide that policy. They will provide for greater reliance on market forces, reduced government interference, and a regulatory process that is both open and accessible. They will promote competition which will result in improved prices and services for both travellers and shippers. They will streamline the remaining regulatory procedures and replace the Canadian Transport Commission with a new national transportation agency. In effect, we are freeing the Canadian economy from the shackles of an over-regulated transportation sector. Too much cement does not the efficient movement of people or goods make.

My comments will focus on the impact of the legislation on Canada's rail system, particularly in western Canada. Everyone in the West should benefit from these initiatives—the primary resource producers and individual employees of lumber mills, potash and coal-mines, and so on, who will have more secure jobs because their products will be moved to market more efficiently, and the railways themselves.

Under the present Railway Act, Canada's railways can set rates collectively. Competition has been stifled, particularly in my region where there is now little incentive to offer lower rail rates or different services to meet the varying needs of

shippers. The current system works against the needs of both shippers and railways. The shippers do not get the best service at the best price. Some rail traffic is being diverted from Canada to U.S. railways where deregulation in 1980 resulted in a significantly more competitive rail market. Put simply, it is high time we reformed the regulatory regime for rail.

I would now like to say a few words about the *Report of the Commission of Inquiry into the Hinton Train Collision.* The report tabled on January 22 made a number of safety-oriented recommendations. As Hon. Members know, our Minister of Transport (Mr. Crosbie) asked CN, CP and VIA to undertake a number of measures. These include the immediate establishment of a policy giving priority to use of units equipped with a reset safety control device as lead locomotives, determining an action plan within 60 days on key recommendations such as hours of work and periods of rest, work scheduling and medical supervision, as well as asking the railways to establish a schedule for implementation of the advanced train control system.

Under this Bill for the first time shippers will be allowed to negotiate confidential contracts with Canadian railways. The key words are "negotiate" and "confidential". Under this legislation a shipper and a carrier will be permitted to negotiate a contract with services and conditions that reflect the shipper's specific circumstances, and with rates tailored to the competitive position of the shipper and the railway. That contract will be negotiated privately, and there will be no obligation to disclose all the terms publicly. In that sense, it is like almost all ordinary commercial contracts. To distinguish it from past practice in the railroad sector, it is called a "confidential contract".

These contracts are the ordinary way of doing business elsewhere. They are long overdue in our transportation sector. For the first time carriers will be able to offer individual shippers special rates or services without making these known to other shippers. That is a major boost to competitive bargaining. To avoid possible abuse, all confidential contracts will be filed with the new national transportation agency. Summaries of the non-confidential aspects of the contracts will be made public, as they should be.

At the same time, we are not forgetting shippers who benefit from existing freight rate provisions. Railways will continue to publish tariffs under the National Transportation Act for shippers who wish to use them.

Our legislation also retains the requirement that all rates charged by railways must be compensatory. That is to say, they must cover the costs directly associated with the services provided. However, there is an important qualifier. Non-compensatory rates may be offered. Where anyone lodges a complaint, however, such rates will be disallowed unless the railway, upon investigation by the new agency, can establish that the rates do not lessen competition and were not put in place for an anti-competitive or predatory purpose.

All parties involved stand to win under these new freight tariff rules. Shippers will negotiate for rates and conditions that reflect particular circumstances. Getting the best service at the best price will help myriad shippers to expand markets, increase production and thereby protect and create new jobs.

Canada's railways will be able to compete more effectively with their American counterparts for transborder traffic. Above all, the Canadian public as a whole will benefit from the job creation arising from a more competitive rail transportation system.

This Bill also takes the historic step of significantly altering the transportation environment for captive shippers, who have long been the forgotten players in our national rail system. Indeed, as a former Crown attorney, they remind me of victims who are all but ignored in our criminal justice system. Captive shippers are those without access to a practical, cost-effective alternative to a single railway carrier. There are captive shippers across Canada, in major urban centres as well as in outlying regions. As an Albertan, I am very well aware that many, if not most, of these shippers are in western Canada. It is no wonder that our reforms here are so strongly supported in my region.

Did you know, Mr. Speaker, that more than half of the railways' revenues come from captive shippers? Among the shippers the most often and most seriously affected are western Canada's major resource industries, including potash, sulphur, coal, petrochemical and forest product operations.

Our reforms to the National Transportation Act address this problem in three ways: through increased inter-switching; through terminal running rights; and through competitive line rates.

At present, the inter-switching of cars from one railway to another at a compensatory rate is guaranteed only within a four-mile radius of the point of interchange. The limitation was established in 1908 to provide for competition between railways within city limits, using London, Ontario, as the Hon. Member for London East (Mr. Jepson), who is in the House, will know, as the model. Despite the phenomenal growth of our cities since that time, inter-switching limits have never been changed to reflect the new realities.

With the reformed National Transportation Act, we are extending inter-switching limits to 30 kilometres. This will benefit virtually every shipper located on a rail siding in an urban area served by two railways. We estimate that there are thousands of such shippers across Canada. To maintain fair competition inter-switching rates will be compensatory.

The second provision in the Bill is with respect to the adoption of terminal running rights. Within 50 kilometres of any interchange point a railway will now have the right to run trains over the tracks of another railway in order to pick up or deliver goods. The second railway will be compensated for the use of its tracks. A minimum three-year commitment to operate this service will be required. To ensure equity the new service must be made available to all shippers on the line, not

just the larger, more lucrative ones. The Government cannot take full credit for introducing terminal running rights. These rights were originally proposed to the Government by CP Rail. We recognized the value of the idea and we adopted it. The consultative process does bear fruit.

• (1710)

I would like to give Hon. Members a concrete example of how terminal running rights will benefit the West. There is a large petrochemical complex in the Fort Saskatchewan-Scottford area near Edmonton. Most of that petrochemical complex is now captive to CN Rail. Under the new legislation, CP Rail would be permitted to run its trains on CN's tracks to get to and from the petrochemical complex. Thus, in addition to shipping via CN, the complex will have a viable alternative to ship its products by CP Rail. There will be competition where competition did not previously exist. Competition is good for Canada.

For those shippers who cannot benefit from the new inter-switching limits or from terminal running rights, our new National Transportation Act provides for a concept called competitive line rates. That means that captive shippers will have access to another rail carrier at the closest interchange with that carrier. This will bring the benefits of competition to the shipper by enabling him to use the carrier that offers the best combination of service, routes, and rates, whether it is the local carrier or a competing carrier.

However, to avoid domestic traffic moving over United States' railways where the destination of the goods is within Canada, including traffic to a Canadian port for export, and a competitive Canadian alternative route exists, the shipper must use the Canadian alternative in order to be eligible for joint line rates.

Where the shipper and the carrier cannot reach an agreement, the shipper has recourse to the new National Transportation Agency. We do not expect this safeguard to be used often. Nonetheless it will be important as a means of providing shippers with real clout in negotiating rates.

We expect that the new policy will take relatively little business away from the local carrier. In most cases, the local carrier will offer the best deal, especially since switching costs money. But for the first time, the carrier operating locally will have to compete for the shippers' business. Is that bad in an increasingly competitive world economy?

Competitive line rates will be of particular benefit to large resource shippers in the West. Under the new provisions, a major Alberta sulphur producer now captive to CN Rail would have the opportunity of switching to CP Rail at the nearest interchange about 80 kilometres away. Competitive line rates would apply on that 80 kilometre stretch.

Briefly, this is how the matter would work in practice. The sulphur producer would ask CN Rail to quote a price for moving a shipment from his plant to the docks in Vancouver. Knowing approximately what the competitive line rate would be under the legislation for the movement from the plant to the interchange, he would ask CP Rail to quote a price for moving the shipment from the interchange to the docks. If CN was prepared to match or better the CP rate, plus the rate from the plant to the interchange, CN would retain the business, which is right. If CN were not prepared to quote a competitive rate, it could lose the portion of the movement from the interchange to the Vancouver docks. If CN and the sulphur producer could not reach an agreement on the rate from the plant to the interchange, the producer could ask the National Transportation Agency to set a rate based on a costing formula contained in the legislation.

Competitive line rates have been endorsed by such organizations as the Coal Association of Canada, the Council of Forest Industries—

Mr. Benjamin: Naturally.

Mr. Kilgour: —the Canadian Fertilizer Institute, the Canadian Pulp and Paper Association, the Propane Gas Association, the Canadian Chemical Producers Association, the Retail Council of Canada, and many others. Thousands and thousands of jobs are involved in those industries. These companies generate billions of dollars in sales, and thousands of jobs for Canadians.

The extended inter-switching limits, terminal running rates, and competitive line rates will markedly increase the transportation options available to captive shippers. More shippers will have a choice of carriers. They will have an opportunity to negotiate for the services of these carriers. We are confident that shippers and carriers will sit down and reason together in a businesslike manner to establish mutually beneficial arrangements.

I have referred to large resource producers in the examples, but other shippers will benefit from these provisions. The major resource industries are the backbone of the western economy. When those companies are thriving, the region I represent thrives. In addition to employment opportunities within the resource companies, jobs will be created in hundreds of smaller service companies. Western Canada's small business base will be strengthened and expanded. Quite simply, this legislation will help put more people back to work in western Canada.

I have mentioned that shippers will be able to apply to the new agency for resolution of several important matters. I wish to outline several provisions in the new National Transportation Act that will ensure timely and inexpensive settlement of various private and public disputes. At the request of parties involved in private disputes, mediation services will be provided by the National Transportation Agency. If these fail, final offer arbitration will be available. In such cases, an independent arbitrator appointed by the agency will consider both the carrier's and the shipper's final offers, and will choose one of them, unless the parties have first made alternative arrangements. That offer chosen by the arbitrator becomes the "deal" between the shipper and the carrier for up to one year.

Final offer arbitration is important because it will encourage private settlement of shipper-carrier disputes. Where such private settlement proves impossible, the deal imposed by the arbitrator will at least have been developed by one of the parties involved.

The new Act also features a more effective investigation procedure for matters of public interest. Upon receiving a complaint, the National Transportation Agency will be empowered to inquire into any carrier's rates, acts, or omissions which may prejudice the public interest. In particular, the agency will take into account the new transportation policy set out in the legislation in deciding whether the public interest has been harmed.

May I turn now to the difficult and often controversial issue of branch line abandonment. Our current rail legislation gives the Canadian Transport Commission two methods for dealing with an application for branch line abandonment. The CTC can allow the line to be abandoned, or it can order that it be retained with a government subsidy.

I am pleased to say that the legislation before us today will provide the CTC successor, the National Transportation Agency, with more useful choices when handling applications for branch line abandonment. For example, the new agency will be able to facilitate and approve the sale of a branch line to another operator, in effect establishing a short line operation. It may recommend that Ministers provide financial assistance to shippers, or a provincial Government or others to develop more effective and less costly means of transportation to replace the branch line. The NTA may also recommend that the Minister order one railway company to interconnect its branch line with the lines of another company, thereby providing the opportunity for the branch line to be more competitive. It may decide that the line has the potential to be economically viable and should be retained. It may order that the line be retained with a subsidy for three years, at which time the decision will come up for review. It may simply allow the branch line to be abandoned.

Under the new application procedures, the definition of branch line costs and losses will be changed to ensure that these are limited to costs actually incurred in operating the line in an efficient manner.

The legislation establishes time limits during which the agency must respond to applications for branch line abandonment. A railway will be required to give at least 90 days' notice that it intends to apply for the abandonment of a branch line. Shippers and interest groups will have 60 days from receipt of the application to file objections. The NTA will then have 120 days to make its decision.

Where a branch line is clearly uneconomical and will remain so in the future, the agency will order that the line be abandoned. However, in cases where the line serves a large region of Canada and where its abandonment would significantly hamper shippers, the Governor in Council can order that it be retained with compensation to the railways for their losses on the line.

These new provisions ensure a more flexible and balanced approach to branch line abandonment, and allow for the best possible use of taxpayers' dollars in providing adequate transportation services.

May I make it clear that the new provisions will not affect the prairie grain lines within the permanent grain network.

Mr. Benjamin: You want to bet?

Mr. Kilgour: The current protection from abandonment that these lines have until the year 2000 will be continued under this legislation.

The Government is committed to maintaining a healthy, viable railway industry. That viability is not threatened by this new legislation, contrary to what some people have said, and perhaps will say after I sit down. These reforms do not compromise the safety of the Canadian rail system. Safety remains of paramount concern to the Government. Rather, we are convinced that the legislation will do much to strengthen the industry and the economy of Canada.

• (1720)

The reformed National Transportation Act will now give Canada's railways the opportunity to become more efficient and to compete with other transport modes and with American carriers. It will give primary resource producers and other shippers more and better options for moving their products to market, particularly export markets. It will create employment opportunities for thousands of Canadians in a wide range of occupations from one end of the country to the other.

In short, the legislation contains a signal reform to our rail transportation system across the land, one that is long overdue in a modern, confident industrial democracy like our own.

Mr. Benjamin: Mr. Speaker, I listened carefully to the remarks of the Hon. Member, and I have three questions for him. I will try to ask one question now and follow it with two quick ones.

My hon. friend talked about confidential rates for shippers. I presume he meant that it did not matter whether they were close to or far from their markets. Does he believe that a small shipper who might move a few hundred carloads per year will be able to obtain the same confidential rate as a big shipper who moves several thousand carloads of sulphur, potash, or coal per year in competition to the same market?

Does he really believe that the railroads will agree to the same confidential rate for small shippers and big shippers, when we take into account railroad economics, economies of scale, and volumes of shippers? Does he believe for one moment that a small manufacturer of agricultural implements in the Prairies which ships a couple of hundred carloads per year will receive the same kind of deal as Massey-Ferguson or IAC which moves thousands of carloads per year? Would he

not agree that in such instances the confidential rate is anti-competitive and discriminatory?

Mr. Kilgour: Mr. Speaker, I most emphatically do not agree with the suggestion of the Hon. Member for Regina West (Mr. Benjamin). If I should turn out to be wrong, I hope the Hon. Member will bring to my attention or to the attention of the Government any case where a small shipper was being penalized in the way he just described.

Mr. Benjamin: It is too late then; he is broke.

Mr. Kilgour: We are trying to give shippers a square deal compared with the two railways which basically carry most of the traffic in Canada. The days are over when CN or CP could say to a small, medium or large shipper of potash, to take an industry in my friend's home province, "You will pay what we want you to pay or you can carry the potash out on your back". That era is at an end.

The whole thrust of those parts of the Bill dealing with the railroads is to ensure that small and medium shippers—in fact all shippers—have a chance to obtain prices other than duopoly pricing by the two carriers. That is the whole object of the exercise, as I hope the Hon. Member knows.

When the matter gets into committee for clause by clause consideration and to hear witnesses, no one will listen more carefully than I will to the concern raised by the Hon. Member. If there is a way to prevent it from happening, again no one will be listening more carefully than I will to how we can ensure that a small shipper is not penalized.

Mr. Deputy Speaker: On a short supplementary question, the Hon. Member for Regina West (Mr. Benjamin).

Mr. Benjamin: Mr. Speaker, that is not what small shippers told us in Atlantic Canada and in Winnipeg in those brief hearings we were allowed to have.

I have another question for my hon. friend. He talked about competitive line rates. The Canadian Trucking Association, both railroads, and some shippers told us—and $750 million of Canadian Pacific revenue is at stake—that under the competitive line rate system bulk commodities, such as the ones he mentioned from his province and mine, would move south across the border to the United States, would travel to Seattle or Tacoma or to eastern and central United States, and would come back into Canada. They told us that the business would be lost to Canadian truckers and railroads and that when dealing with products for export they may well use a U.S. port rather than a Canadian one.

In other words, U.S. railroads and truckers will have access and capacities in Canada which will not be allowed Canadian railroads and truckers in the United States. Even individual states will be able to prohibit Canadian trucking companies and Canadian railroads, let alone the United States administration. That is not a level playing field. Competitive line rates will take traffic to United States transportation systems at the expense of Canadian ones.

Mr. Kilgour: Mr. Speaker, my friend has raised a couple of issues. I will deal with both of them.

On the question of U.S. rail taking traffic away from Canadian carriers, if my memory is correct, between 1980 and 1985 three-quarters of a billion feet or more of lumber in British Columbia moved by truck to the cheaper rail system in the United States and bypassed the rail system in British Columbia. That is a lot of lumber.

If the people who operate small and medium sized mills are so concerned about gouging by the railroads in British Columbia that they are prepared to ship their lumber by truck, as the Hon. Member knows, hundreds and thousands of kilometres to the Washington border to get on a cheaper rail system, that says something about the monopoly or duopoly practices of our two railroads or, in the case of British Columbia, of its three railroads.

Mr. Benjamin: Are you kidding?

Mr. Kilgour: No, I am not kidding.

On the question of trucking, my understanding is that shippers from St. John's to Nanaimo are urging us with a single voice to deregulate trucking. I understand the desire of the trucking industry to obtain the benefits of greater flexibility and competition. Truckers are entitled to some time to adjust to a more open system of competition; I completely agree.

The federal and provincial Governments have agreed with the proposition and have decided to provide for a transition period during which a reverse onus public interest test would apply in addition to the fitness test.

I am convinced that greater opportunities will present themselves where a combination of service and price can be worked out to the mutual advantage of both truckers and shippers. It is the kind of flexibility which is needed and is built into the revised Motor Vehicle Transport Act which we will be discussing perhaps tomorrow or the day after. The legislation will allow truckers time to adapt to changing economic conditions in the industry.

However, I might point out that the study conducted on behalf of the Canadian Council of Motor Transport Administrators has provided a very positive outlook. It concluded that the gradual lessening of regulatory control by the provinces over market entry and trucking rates has already brought about important changes in that industry. The Canadian trucking industry is better prepared for regulatory reform than was the U.S. industry before deregulation.

Are you trying to tell me, Mr. Speaker, that I have run out of time?

Mr. Deputy Speaker: The Hon. Member for Hamilton East (Ms. Copps) on a question or comment.

Ms. Copps: Mr. Speaker, given the fact that the Hon. Member made several references in his speech to how this

would assist Canadian Pacific among others, could he respond to the concerns expressed by Canadian Pacific that the legislation, as currently tabled, may have exactly the opposite effect to what was supposed to be the case?

Mr. Kilgour: Mr. Speaker, with respect, obviously the Hon. Member was not listening to my speech or I misdelivered something. I certainly did not mean to suggest that it would benefit CP.

I worked on a steel gang for CP and on a section gang for CN, so I know the railways from the rail up. The object of the exercise is partly to ensure that the two railways stop exploiting, with a capital E, shippers in any part of the country including urban centres.

Since the Hon. Member was obviously not listening to my speech, I guess there is not much point in repeating it now. Presumably she would not listen if I repeated the portions of my speech which dealt with that.

Ms. Copps: He is avoiding my question, Mr. Speaker.

Mr. Deputy Speaker: The time for questions and comments has expired. Resuming debate with the Hon. Member for Hamilton East.

Ms. Sheila Copps (Hamilton East): Mr. Speaker, obviously the Hon. Member avoided the question. He did not answer the specific question concerning Canadian Pacific and how the legislation will do the exact opposite to what it is supposed to do. I am sure the Hon. Member would be very happy to answer the question at another time, as opposed to skating and obfuscating.

• (1730)

Nonetheless, at this time I would like to look at this legislation in the light of what it will mean to the average Canadian worker. I am sure there are workers from the rail, airline and trucking industries watching this debate with much interest because they would like to know how it will directly affect their jobs.

In the past couple of weeks, I have had a chance to meet with both airline and rail employees. They have asked me to express in the House of Commons their concern over the difficulties that have already been faced by airline employees because of deregulation and over the difficulties which are currently facing workers in the rail industry. I wish to refer to two specific cases.

There is a major Canadian airport in the City of Toronto. Last week, I had the opportunity of meeting with a number of employees who are extremely frustrated by the attitude of their employer which is attempting in its own way to deal with deregulation on the backs of employees. I refer specifically to Air Canada. I have in my hand a petition signed by several hundred Toronto Air Canada employees who are extremely concerned about the company's attempt to deny workers basic human rights not only under Article 12 of the 1985-87 collective agreement between Air Canada and the International Association of Machinists and Aerospace Workers but also basic human rights under the Canada Labour Code which permits employees to enjoy statutory holidays. Air Canada is attempting to blackmail its employees into giving up statutory holidays by designing a shift system which is so unconscionable that more than two-thirds of all employees employed in the machinists' section at the airport in Toronto will never, ever have a weekend off as of the beginning of this year.

There are 294 employees at the ramp and hangar at the Toronto airport. Under the new scheduling process, only 34 per cent of these workers will have Saturdays and Sundays off. Sixty-six per cent of the employees will never have a weekend off. The reason for this is that the company has made it quite clear to the union that even though this particular scheduling system is not the most effective and efficient one, the company wants its employees to give up their rights to statutory holidays in return for getting some weekends off.

The reason I raise this problem in the context of this massive piece of legislation is that with the introduction of deregulation in airlines, we have had a chance to look at what will happen in the transportation industry. Some of us might be cynical and say: "Well, too bad, these employees should never have weekends off". However, even the Canadian travelling public must admit that the morale of employees is extremely important.

When I met with these workers last week, they revealed to me that the situation in Toronto is getting so desperate that there are in fact breaches of safety. Mechanics at the airport are working on airplanes on which they should not be working specifically because management is telling them that even though they may have up-to-date licences to work on 727s, they will work on DC8s. They must do this even though they have not had the upgrading required for those who have not worked on a particular airplane for three years.

I further heard from these same employees their concern about safety checks on individual planes. These are being done on a rushed basis. Normally, an hour and a half is set aside for an individual safety check. These employees told me that in some cases, mechanics are required to certify three, four or five airplanes in the time it would normally have taken before deregulation to examine one airplane. The Government's claim that safety is not being compromised in rubbish.

In examining the American experience, one finds that the first thing that went after deregulation was safety. In 1979, the American Federal Aviation Administration had 2,000 inspectors monitoring 237 air carriers. In 1984, after the United States embarked on its program of airline deregulation, it had 1,300 inspectors for 407 air carriers, an increase of 70 per cent in the number of air carriers travelling the airways and a decrease of 700 inspectors. This massive cut was made at a time when we were being promised that safety would not be compromised.

This legislation should be thrown out on one ground alone. There is absolutely nothing in it to guarantee the safety not only of airline passengers but also the protection of regions from reductions in service routes, rail line abandonments and other eventualities. There is the question of safety of passengers and there is also the question of job security.

The reason the Air Canada situation in Toronto is so disturbing can be understood after reading statements made by Mr. Claude Taylor and Mr. Pierre Jeanniot in the December 15 issue of the Air Canada employee newsletter. These gentlemen say that they hope they can look back with gentle pride on the hope and caring that members of the Air Canada family have given to many people. According to Mr. Taylor, he is proud of the work employees have done with crippled and sick children, men and women needing temporary homes, young people seeking help for drug or alcohol abuse, and agencies that provide food and clothing for the less fortunate. He is speaking of the Air Canada family.

The Air Canada family includes machinists who are now faced with never, ever getting another weekend off without giving in to the company's demands to give up statutory holidays. Why does the Canada Labour Code designate statutory holidays if companies will subsequently tell their employees that they can never have days off unless they give up their rights under the Canada Labour Code? It is a fraud which I have already brought to the attention of the Minister of Labour (Mr. Cadieux). I hope to get a positive response from him. However, I think it relates to this particular debate as well because it is a harbinger of what we may expect after the rail and trucking deregulation which will occur if we accept Bill C-18 in its current form.

I would like to take a few moments to examine the situation of rail employees. In the last week, I had a visit from a group of rail employees from the great City of Belleville. One of these employees had a long history of rail involvement. His father was a railroader, his grandfather was a railroader and he was a railroader. I sympathized with him because my grandfather was also a railroader.

This group showed me figures relating to the repair shop in Belleville showing that from January 1 to October 31 of 1986, the number one car equipment repair shop in the Great Lakes region was the shop in Belleville. That shop was number one in October and September. At the same time as this operation has shown CN that it is viable, economic and is doing the best job of about a dozen shops operating in the Great Lakes region, it is being closed down. These employees have been given their notices and have been told that they can either move to Toronto or another area or quit their jobs. In many cases, these employees have several years of service and are well established in the community of Belleville. They do not want to be put in the position of having to move to Toronto, Fort Erie, Niagara Falls, Sarnia, Capreol, Cochrane or Hornepayne simply because they have to save their jobs. They want to stay in Belleville and were led to believe that if they performed as an efficient operation their site would be saved. However, on January 9, 1987, CN laid off 47 workers in Belleville. Those same workers had several meetings with the local Member and were under the impression as late as the latter part of last year that there would not be lay-offs and they would not lose their jobs because they were productive and operational.

• (1740)

Belleville is a microcosm of what we see happening in Moncton. It does not matter if you are able to justify your existence. It does not matter that I have here a document which shows that the Belleville operation was the most effective and efficient shop for the repair of CN cars in the whole of the Great Lakes region. For Canadian National and the Conservative Government the emphasis on quality and productivity has given way to political considerations.

One reason this Bill in its current form is not supportable is that there is absolutely no guarantee for the many regions. Perhaps Belleville is not as big as Toronto. Perhaps it does not have the political clout some other communities might have. We are only talking about 47 employees here, but they have made their home and their life and put down roots in Belleville. Now they have been abandoned.

In this Bill there is absolutely no guarantee for the workers who have been dealt a dirty blow by CN as a result of this closure, nor is there a guarantee which will protect regions like Belleville and eastern Ontario from reductions in service, routes, and rail line abandonment. At the same time there are no guarantees for passengers.

It seems to me that when you are dealing with a country the size of Canada you have to address the sensitive issue of rail line abandonment. Certainly the Conservative Government, when it was in opposition, made much political hay out of the abandonment of certain responsibilities at VIA Rail. We have to be extremely sensitive that any legislation seeking to amend in a major way national transportation routes has something to protect the regions. It is not surprising there is no such condition in this legislation because I think that over the last two and a half years the Conservatives have demonstrated quite clearly that they are not interested in regional enhancement. They are not interested in ensuring that not only the far-reaching and isolated areas of our country are served by rail, road and air, but so are even the smaller community in provinces like Ontario, communities like Belleville. They are not interested in making sure that a well-operated, functional and effective shop remains open. Their policy is centralization and to give it all to the big at the expense of the lesser areas and regions.

Over the last couple of days we have seen the fishery dispute which we will hear about in an emergency debate tonight. Not only are the Conservatives prepared to sacrifice the regions for the larger centres, they are also prepared to sacrifice Canada when it comes to the interests of other countries, whether it be the U.S. or France. Again in this legislation we see they are not prepared to protect Canadian interests on the international

scene. I refer specifically to the absence of any provisions to prevent major foreign takeovers of Canadian transportation companies and routes. The U.S. has a 25 per cent limit on foreign ownership of transportation companies. What do we have in this legislation? The Bill has no provision to limit foreign takeovers of Canadian transportation companies. The only guideline is the fact that all mergers and takeovers over $20 million and 10 per cent of the voting shares of any Canadian transportation firm will be reviewed by the Governor in Council. That does not mean they will set it aside or refuse it. All they will do is review. The only other proviso says that all those below those ceilings will be reviewed in the normal procedure by Investment Canada. It seems to me that in a country as large as Canada, as sparsely populated and with communities dependent either on rail, air or road for the links which keep the country together, it is folly to consider passing a Bill which would permit foreign takeovers of all our transportation companies with no guarantee that the control of our system will remain in Canadian hands.

That does not surprise us in the Opposition because this has been the hallmark of the Conservative Government. A little bit of pressure from France, and the Conservatives sell off our cod stock. A little bit of pressure from the U.S., and they sell off our softwood lumber industry. Are we going to be foolish enough to pass this Bill in its present form, a massive piece of legislation, without providing any guarantees that our railways, which have linked this country from coast to coast and provided the basis for our history, our airlines and our trucking routes as well, have absolutely no Canadian majority ownership? Are we going to see CN or CP sold to the U.S. or foreign multinationals in the same way we saw de Havilland sold to Boeing?

By making some positive amendments to this legislation we have a chance to ensure that Canadian ownership of our transportation industry remains intact. I suggest that this is a critical amendment. It would in some measure allay the fears of those who really do not trust the Conservative Government to protect the interests of Canada when it gets the slightest pressure from outside. Our interests seem to take second place to France or the U.S.

It is totally unacceptable that in this Bill we are willing to put our rail, air and trucking routes up for grabs to the highest bidder. Those bidders may not act in the best interests of our regions. They may not act in the best interests of our consumers. They may not act in the best interests of Canada.

Many Canadians settled from coast to coast as a result of the development of our national railway. It seems to me that in one fell swoop in this Bill, unless we include certain amendments to provide protection against massive foreign takeovers, the national dream that Canada is linked from coast to coast could very easily be sold south of the border. That would simply be another note in the saga of Investment Canada. We cannot allow that, and I think most of us in the Opposition agree that the concerns expressed last week by the rail workers in Belleville or the airline workers at Air Canada are legitimate and valid concerns which must be addressed before we move forward with any wholesale change. It could inhibit not only the protection of jobs but could also inhibit the survival of our very nation, given the transportation infrastructure we have depended upon in the past.

• (1750)

Mr. Kilgour: Mr. Speaker, I find it very difficult to understand the position of the Liberal Party on this Bill. Would the Member who just spoke be kind enough to tell us what the position of her Party is? Is it or is it not in favour of it in principle?

Ms. Copps: The current Bill stinks. Is that clear enough?

Mr. Kilgour: Does she know that the Combines Investigation Act and Investment Canada remain in force? The existing legislation does not prevent foreign acquisitions. Could the Member tell the House where she is coming from? Is she opposed to everything in the Bill? What, if anything, does she approve of in the Bill? I do not expect her to speak for her Party. Has she read the Bill?

Ms. Copps: Mr. Speaker, with regard to where I come from, I would be facetious if I said that I come from my mother's womb, so I will not. I will say, instead, that I come from Hamilton East.

With regard to the Bill, it is clear that we have outlined major concerns and reservations. In its current form the Bill is completely unacceptable because it contains no guarantees against foreign takeover of our transportation systems. The Member claims to be knowledgeable about this Bill and I am surprised that he is not aware that there are only two conditions in this legislation which govern potential takeovers.

The first condition is that all mergers and takeovers over $20 million and over 10 per cent of the voting shares will be reviewed by the Governor in Council. The second is the normal provisions set out by Investment Canada. I am not surprised that the Member originally referred to that agency as the Foreign Investment Review Agency. He is so out of touch that he does not realize that the first thing his Government did two years ago was to denude completely and take the teeth out of the Foreign Investment Review Agency and replace it with Investment Canada, which we prefer to refer to as "divestment Canada" because it offers no protection to Canadian companies but rather opens us up to takeovers by foreign corporations with very little concern for the Canadian sovereignty which we in the Liberal Party would like to protect.

Mr. Benjamin: Mr. Speaker, I appreciate the Hon. Member's remarks. I hope I am right that the Liberal Party has changed its mind as it is obvious that Government Members have. A former Liberal Minister of Transport, Otto Lang, started all of this. When the present Member for Winnipeg—Fort Garry (Mr. Axworthy) was the Minister of Transport and proposed deregulation, the present Government

House Leader and Deputy Prime Minister (Mr. Mazankowski) and I raised hell about it in the Transport Committee. Has the Liberal Party now changed its mind? Will it agree to fight this legislation?

Ms. Copps: Mr. Speaker, I am obviously aware of the fact that the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) introduced deregulation in the airline industry as the Minister reponsible at the time. It has been made clear by my statements, those of the current transport critic, and those of the former associate critic, the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin), that we have various concerns about how deregulation is affecting safety in the airline industry. Those are legitimate concerns which I believe the Member shared with the Member for Humber—Port au Port—St. Barbe when they examined this issue in the Transport Committee. I believe that we owe it to the travelling public, as well as to the employees whose necks are on the line, to do everything possible to guarantee safety in the airways. If that is not possible through the type of deregulation which we have proposed, we will have to back off.

Mr. Gauthier: Mr. Speaker, I would like to ask the Member for Hamilton East (Ms. Copps) a question with regard to the rights of the handicapped in this new transportation policy. There is nothing in Bill C-18 which deals specifically with the accessibility, comfort, safety or rate structure for the handicapped on all modes of transportation. I regret that the Government has not seen fit to address that serious problem by setting mandatory minimum safety and access standards for the handicapped and incorporating them in Bill C-18.

Ms. Copps: The absolute absence of any recommendation *vis-à-vis* accessibility by the handicapped is penny-wise and pound-foolish. The introduction of legislation to mandate accessibility for all future transportation development would address the problem at the source and show the political will to follow up on the commitment we made to the handicapped in the employment equity Bill. For the Government to say that it is seeking employment equity while refusing to incorporate into other legislation the concept of accessibility for the handicapped is to impinge upon the ability of the handicapped to compete equally in the market-place. This is one area in which it should be addressed.

Mr. Kilgour: Mr. Speaker, the previous speaker suggested that our safety would be like that of the United States. She may not be aware that we are hiring more safety inspectors as we gradually introduce economic regulations. She may not recall that this Parliament passed amendments to the Aeronautics Act in June, 1985, to increase air safety standards across the board. She may not be aware of that and of other safety initiatives taken in all modes of transportation.

An enormous amount of effort and concern goes into the issue of safety in our three modes of transportation. We have set up a civil aviation tribunal to hear and determine appeals from administrative decisions quickly and fairly. One hundred additional safety personnel are being put in place across Canada to work in the area of the transportation of dangerous goods. We have very high safety standards in this country.

For example, radar is essential to safe air transportation. Radar systems have undergone radical changes during recent years. We must keep up in this area of technology and are doing so. We have committed more than $800 million to an airport radar modernization plan which covers Canada from coast to coast. That will, of course, increase safety. Our major carriers are in the top range of more than 120 international carriers with enviable safety records. Our record has steadily improved over 20 years.

I will have an opportunity to speak on the issue of the disabled in relation to this legislation in future debate in the House. I believe that is a very important issue and look forward to speaking on it at another time.

Ms. Copps: Mr. Speaker, I do not think the Member was listening when I said that I met with mechanics from Air Canada last week. They told me that they are currently compromising the inspection service at Air Canada in Toronto because they are being pressured to ensure the inspection of two, three or four vehicles during the amount of time which should normally be devoted to one vehicle. Second, these same individuals informed me that there are mechanics at Air Canada in Toronto now who are working on planes on which they should not be working. Their expertise is normally on a 727, but they are being asked to work on DC-8s and other airplanes without having the normal refresher course that takes place when one has not worked on a particular aircraft for three or four years. These are two serious breaches of safety which have been brought to the attention of the management and which have been raised on numerous occasions by the workers. They are not getting satisfactory answers but these are safety concerns that must be addressed.

• (1800)

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I always enjoy listening to my friend, the Hon. Member for Hamilton East (Ms. Copps). While I enjoyed listening to her answer to the question asked by my colleague, the Member for Regina West (Mr. Banjamin), perhaps I could translate it into more understandable English. She said that the Liberal Party has one position when in government and another position when in opposition.

I wish she had been here before 1984 when the Liberal Government in fact began the process leading to deregulation. Now that the Liberals are in opposition, they oppose deregulation. It is a somewhat inconsistent position.

I agree with her reference to mechanics. I have talked to mechanics in Vancouver who told me that CP was putting advertisements in newspapers in Los Angeles for mechanics to work in Vancouver. Is the new Conservative deregulation policy to hire American workers to work in Canada when there is so much unemployment here?

The Parliamentary Secretary said that we are protected by Investment Canada from foreign takeovers of Canadian transportation companies. Investment Canada is a toothless tiger which encourages takeovers. One only need look at the case of West Kooteny Power, in which an American utility company is taking over West Kootenay Power, a Canadian power company, to the great opposition of the residents in the Kootenays and the Okanagan Valley.

Investment Canada decided on December 24 to simply roll over and play dead and let the American utility company take over that Canadian company for the so-called benefit of Canada. I suggest that the Parliamentary Secretary's argument is unsupportable.

Like many other MPs, last November I received a letter from the Vice-President of Canadian Pacific Railway in which he stated: "If enacted without change, Bill C-18 would preclude the railways from being genuine and effective competitors in the transportation market-place . . . " and went on to say that: "Bill C-18 would place the integrity of Canada's railway system at risk". Perhaps the Government has made some amendments to the Bill since then in order to meet these concerns because it is a serious criticism, certainly of the Hon. Member's speech in which he said this Bill would help the railways. I hope he will respond to that later in the debate.

I want to make the New Democratic Party position clear. The Bill is anti-competitive and will lead to more monopolies. It is anti-safety and will make our transportation system, especially our airlines, less safe. Third, the Bill is anti-service because it will mean less service than already exists, especially when Canadians have come to appreciate a high standard of service in transportation.

Finally, this Bill is ideological. The Conservative Government is attempting to follow the American example without realizing that there have been faults with the deregulation process in the United States, particularly with regard to safety and service. The Conservative Government has also failed to realize that Canada is different from the United States and cannot simply follow American trends.

The Government is enacting this legislation to increase the wealth of their rich friends in the transportation business, not to help ordinary Canadians who will ultimately suffer. Ordinary Canadians will oppose this type of deregulation when they realize its consequences.

We are not against deregulation that is meant to correct overburdening regulations that are administered by many bureaucrats in Ottawa. However, we do not want the pendulum to swing so far that we have a system in which there are a few companies that operate to make a few of them wealthy while diminishing our safety and service.

This Bill would abolish the Canadian Transport Commission and replace it with a much weaker National Transportation Agency that would have no authority over fares, routes, or entry or exit into the industry. It would probably have far fewer employees than the present CTC.

It would replace public necessity and convenience as the test for entry or exit into the industry, and replace it with a fit, willing and able test. It would make it easier for companies to abandon airline and rail routes, and leave remote communities stranded.

It would end regulatory oversight over fares, routes and schedules except in some remote areas. This Bill would allow rail shippers to strike confidential contracts with individual shippers. It would open entry of U.S. rail lines into the Canadian market.

Several articles have been written about the American system. For example, I refer to an issue of *Time* magazine on January 12, 1987. The article entitled: "Be careful out there" states:

> The Northwest DC-10 was speeding toward takeoff at Minneapolis-St. Paul International Airport when the warning came from the flight engineer: "There's a whale on the runway!" Another Northwest wide-bodied DC-10 had just left a taxiway and poked its nose into the path of the oncoming plane. "I see it", replied the amazingly cool captain of the departing aircraft. He abruptly jerked his jumbo jet into the air. His wing cleared the fuselage of the crossing plane by a mere 50 feet. There were 501 people on the two jets. They had barely avoided what would have been the world's second worst air disaster, akin to the 1977 collision of two Boeing 747s that killed 582 people on a fog-shrouded runway at Tenerife in the Canary Islands.
>
> What went wrong under clear skies at Minneapolis last March 31? Two air traffic controllers, sitting side by side in the terminal tower, each failed to realize what the other had done. One had cleared the taxiing plane to cross the runway. The other had told the second plane to roll toward takeoff.

The article goes on to discuss airline safety and states that what many aviation experts fear is that:

> —what is still one of the safest air transportation systems in the world is slipping dangerously as air traffic grows relentlessly through the unfettered competition of deregulation. The experts voice three major concerns: There are not enough controllers, and too many of them have a low experience level.

That is what has happened in the United States. Second:

> We have a lessening of the experience level of flight crews.

That will happen in Canada. Third:

> Some of the most economically troubled airlines are deferring maintenance whenever possible, and a few have been heavily fined by the FAA for violating safety standards. The impacts of these varied trends, says Patricia Goldman, vice-chairman of the NTSB, is that there is a "narrowed margin of safety".

The article goes on to state:

> —the era of do-or-die rate-cutting competition has pressured carriers to slash costs and take risks.

That is an example of what is happening in the United States as a result of the deregulation that our Government is proposing to follow. Carriers are slashing costs and taking risks.

Let us examine how this affects air safety. The Government states that there will be more economic activity and increased participation in a deregulated environment, where the winners will stay and the losers will go. However, what do transportation companies in the United States do when they begin losing? The examples of that are in the United States. They begin to cut corners.

• (1810)

Do you remember Arrow Airlines, Mr. Speaker? That is the airline whose plane crashed near Gander last year with the loss of the lives of so many of those young servicemen. It turns out that the air crew was not rested, that the plane was overloaded and that the plane was not de-iced. It cost $1,500 to de-ice a plane, and Arrow Airlines was having financial troubles. I would not like to take a ride on an aircraft owned by an airline which was close to bankruptcy or in financial trouble in this kind of deregulated environment. Look for the report of the Federal Aviation Association, the FAA, in the United States which will report on the crash of Arrow Airlines. Some of those factors will come to light. That is not the Canadian way. We do not believe in operating in airlines in this way. However, it will become that way if the Government proceeds with this kind of deregulation.

I mentioned the matter of competition and the fact that we could have a few airlines working and the rest of the small airlines being forced out of business. That is what is happening in Canada. We in fact have two airlines, Pacific Western Airlines, which just took over Canadian Pacific, and its host of companies, and Air Canada, which takes 90 per cent of the passenger load. So we have a concentration of power.

I will quote from *Business Week* on November 22, 1986, with respect to its cover story "Is Deregulation Working?" It talks about People Express which started out with lots of good fares and so on, but is now in fact laying off people, selling the airline and so on:

> It wasn't supposed to turn out quite this way. The great wave of deregulation during the late 1970s and early 1980s was predicated on the belief that replacement of the dead hand of regulation with the invisible hand of the free market would spur competition—

However, the article goes on to say that it has not spurred on competition:

> The market share of the top half-dozen or so companies, which dominate these markets, is growing. "No one realized how rapidly the industries would concentrate," says Washington lawyer Mark Leddy, a former Justice Dept. antitrust official.
>
> "People are reeling from it."

Let us take my home Province of British Columbia. There is really only one airline flying into Prince George and points north because CP Air has been taken over by Pacific Western and Time Air is part of that group. What will happen is we will have less and less competition and that will mean the freeze-out of small cities which will go from jet service to prop service, to a lesser degree of prop service, to perhaps no service at all. That is a real problem for Canada because we do have such vibrant small communities and that is how we exist.

We will have the problem with our railways as well with lack of competition, concentration, and other groups coming in. We will have the problem of the American railways coming in and seizing goods from eastern Canada and transporting them to Seattle. What will happen to the Port of Vancouver if that happens?

This rosy picture of deregulation is not all it is cracked up to be. Since similar legislation was brought into the United States, 150,000 jobs were lost in the railway sector. People said: "Well, that is good. Maybe jobs need to be lost", but where are these jobs going to be picked up? They tend to be high paying, skilled and semi-skilled jobs which will be replaced with low-paying service sector jobs. That is not the way to have a dynamic economy. There is also great pressure on the workers in the United States to accept poor working conditions. Wages, benefits and safety conditions have all suffered as a result of the single-minded determination of companies to keep costs down at any price. Vancouverites in my home town will likely be forced to pay higher fares, suffer reduced services and face questionable safety when they travel to remote regions of British Columbia. This legislation makes it easy for transportation companies to abandon the less profitable remote areas.

I am energy critic for my Party and I want to make a Canadian comparison because it is an interesting comparison on deregulation. On November 1 of last year the Government deregulated natural gas. Previous to that the price of gas was regulated in Alberta. The commodity price and the transportation prices were regulated by, among others, the National Energy Board. We went to a system in natural gas where we let the market do it. What happened? The big guys benefited. We found the big energy users in eastern Canada could get contracts at $2 a thousand cubic feet for gas, whereas the consumers had to pay $3 a thousand cubic feet. It was not the little guy who benefited, it was the big companies. The Americans benefited. They got our gas at $1.75 a thousand cubic feet. That is an example of monopoly for the little guy, competition for the big guy.

I can summarize by saying that I find this Bill to be anti-competitive, anti-safety and anti-service, following the Americans at any cost without learning what the Americans have suffered as a result of their so-called deregulation.

[*Translation*]

Mr. Deputy Speaker: It being 6.17 p.m., I do now leave the chair until eight o'clock, when the House will proceed with debate on an interim agreement with the Government of France concerning additional fishing rights for the French fleet off the coast of Newfoundland.

At 18.18 p.m. the House took recess.

[*English*]

AFTER RECESS

The House resumed at 8 p.m.

S.O. 29

MOTION TO ADJOURN UNDER S.O. 29

CANADA-FRANCE AGREEMENT—FISHING RIGHTS

Mr. Speaker: Order, please. Leave has been granted to the Hon. Member for Oshawa (Mr. Broadbent) to move the adjournment of the House pursuant to Standing Order 29 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, an interim agreement with the Government of France concerning additional fishing rights for the French fleet off the northern coast of Newfoundland.

Hon. Edward Broadbent (Oshawa) moved:

That this House do now adjourn.

He said: Mr. Speaker, those most affected by the agreement that was announced yesterday by the Government of Canada are clearly the fishermen, the people in the industry and the Government of Newfoundland. At the same time, those completely ignored in shaping the content of the agreement were the fishermen, the people in the industry and the Government of Newfoundland.

Very clearly, this agreement was designed by the Government of Canada, not to please the people of Atlantic Canada but to please the people of France. The clear intention of the Government was to prepare a document that would serve as the centre-piece for a photo opportunity for the visit to Canada by the President of France in a few weeks from now. That is what it was all about. I say that it is time the Prime Minister of Canada (Mr. Mulroney) recognized that he was elected in Manicouagan not Marseille, that he is responsible to the people of Canada and not to the people of France. That is what he should understand.

Some Hon. Members: Hear, hear!

• (2010)

Mr. Broadbent: Given the nature of this agreement which gives French fishermen access to some 15,000 tonnes of cod that they did not have before, remarkably enough, in precisely the same area as the curtailment to Canadian fishermen of some 10,000 tonnes, perhaps it is legitimate for Atlantic Canadians to ask what type of Government could reach this agreement and make it seriously as a proposal? What could have led to this?

[*Translation*]

According to the Government, Mr. Speaker, we have this proposal because of a dispute about the boundaries of Saint-Pierre-et-Miquelon. The Government wanted to use this proposal to settle the dispute. The Government of Canada says, and in my view it is right, that Saint-Pierre-et-Miquelon's boundary extends to the 12-mile limit. However, the Government of France wants a zone that is almost as big as Nova Scotia. According to us and according to the Government, international law is on Canada's side. That is our opinion. The French take a different view. We on the Canadian side and at any rate Members in our party are saying we should seek a ruling by an international body, by a third party.

[*English*]

It seems to us that when there is a dispute over conflicting claims about fishing rights off the coast of St. Pierre and Miquelon, which presumably had been made in good faith by the two governments, that the rational, sensible approach would be to have it resolved by some third party intervention.

I see the Minister smiling over there, and I will come to what I think he is smiling about.

We think that under the circumstances the correct approach would be to try to persuade our French friends that we are right. Obviously, they tried to do the same thing with us. Then we would say, "Well, if you don't agree with our view, which clearly you do not, and we do not accept yours, then if you are good friends and traditional allies, the appropriate thing to do is to have some third party pass judgment on this which is acceptable to both sides." I suspect that the Government will say that is exactly what it tried to do. Our Government will say, "Yes, we wanted to do that, but the French Government refused". Under those circumstances, what does a rational, fair-minded Government with some sense of obligation to its people, and some sense of self-respect do? One of the reasons there are frigates and a naval presence on the coast is to enforce our sovereignty. Not that long ago we chased—

Mr. Crosbie: You are advocating war now. This is something new.

Mr. Broadbent: —we chased a Spanish vessel half way across the Atlantic Ocean in order to legitimize our claim to sovereignty. That is what we did.

Mr. Crosbie: They had no right to be there.

Mr. Broadbent: The Minister who is participating in a Government that has sold out Newfoundlanders is now joking about this. I say to him that a sovereign nation with a sense of respect—

Mr. Crosbie: Mr. Speaker, I rise on a point of order.

An Hon. Member: Sit down.

An Hon. Member: It is not a point of order.

Mr. Crosbie: The rules of this House do not permit an Hon. Member to make false characterizations as to whether a Member is smiling or not smiling, or what he is doing. There has not been a smile on my face. The Hon. Leader of the New Democratic Party should stop that kind of low and detestable tactic and stick to his speech. I have not a smile, not a grimace, not a grin, because I am listening to him with disbelief.

An Hon. Member: I think he listened to his Government with disbelief.

Mr. Speaker: I am sure that the Hon. Member for Oshawa (Mr. Broadbent) has a number of interesting points to mention to the House this evening. Perhaps before drawing conclusions too early in the debate the Hon. Member would set out the fact pattern upon which some conclusions might or might not be drawn later.

Mr. Broadbent: If the Minister says that he was not smiling, then maybe it was just the perpetual smirk that is on his face, and I will take back what I said. In looking at the Minister, that is exactly what I thought he was doing. If he says he was not, then I will accept his word for it.

What I will not withdraw is my accusation that he has just participated in the Government decision that has sold out the interests of his own province, and he can reply to that.

Before the Minister rose to his feet I was saying that a Government with a sense of self-respect would have made a serious attempt to negotiate a settlement. We did that. When the French did not accept our arguments, it would have proposed that we refer it to a third party. We did that. If the French do not agree, rather than giving them additional fishing rights somewhere else in our territory, which this Government has absurdly done, we ought to have done with the French what we did with the Spanish trawler not long ago.

Without firing a shot or being in any sense warlike, but in the sense of protecting our own sovereignty, we should have used our Coast Guard in order to enforce our territorial integrity. That is what we should have done.

Mr. Crosbie: What a bluff.

Mr. Broadbent: Oh, what a bluff? This Government does not know what a bluff is. Every time it has a battle with the United States, France, or any other country, it gives in completely to what the other side wants. What I am saying is that ought to have been the next step. I say that with seriousness. I am talking about a well understood and traditional ally of Canada, and also a country with an international reputation for not yielding to anyone in any flexible negotiating way, and there should be no illusions about that.

The French Government might then have seen that we were serious, if we had taken some of their vessels actually under our control to enforce our sovereignty. The French perhaps would have gone very fast at that moment to get an international settlement. That ought to have been the route.

What did this Government do instead? Instead of standing up with some sense of self-respect for our own integrity, the Government said to the French Government, "We will give you some fishing rights in part of our waters, which no one disputes are our waters, and where we have curtailed the fishing rights to our own fishermen for conservation reasons. We will allow you to go into these waters". That is brilliant bargaining. That is what the Government has done.

Mr. Rodriguez: That's tough bargaining.

Mr. Blaikie: Chamberlain diplomacy.

Mr. Broadbent: Not only is it bad in principle as an approach to enforcing our own territorial integrity, it is also in flat contradiction of the wishes of the Government of Newfoundland. After the news of the accord came out yesterday and we raised questions in the House, I phoned the Premier of Newfoundland. I say to my hon. colleagues in the House that I do not claim to have a great deal of expertise in the details of the fishery. I have done some checking, and I hope what I am saying now is accurate. I am totally convinced that what I am saying about the international bargaining process is accurate. I phoned the Premier of Newfoundland and asked him his opinion about what conceivably could lie behind this. I wish to say to my hon. friends on the other side of the House that he was at a loss.

What he did tell me in that conversation was that he, as the Premier of Newfoundland, before Christmas wrote a detailed letter to the Prime Minister (Mr. Mulroney), the leader of the national Government, which made it very clear from the point of view of the Government of Newfoundland, which is the province most directly affected, that there were to be no additional concessions in terms of fishing rights in any other waters as an attempt to resolve the St. Pierre and Miquelon conflict.

• (2020)

If the Government wanted a co-operative attitude with any Government in the country when the economic foundation of the province was in question, it would listen to the provincial Government of the area. Surely it would do that if co-operation in the federal system means anything. The Premier made clear to the Government of Canada, on a Premier-Prime Minister basis, right before Christmas, that there was to be no concession.

Just before that time the Government of Newfoundland, the industry, and the fishermen were party to ongoing talks and negotiations. Suddenly they were cut out and meetings took place in which they did not participate. Then last week officials from the Department of External Affairs and the Department of Fisheries and Oceans went to France to sign this incredibly unacceptable deal with the Government of France.

It is pretty clear why they were cut out of the negotiations. If the federal Government had continued to have as part of its negotiating team, as it ought to have had in the circumstances, representatives of the Government and people of Newfoundland, it could not have made the kind of deal it did. The federal Government knew that, because the Premier of Newfoundland had made clear to the Prime Minister before Christmas that any new territorial concessions for fishing rights were not acceptable to the Government of Newfoundland, and correctly not acceptable. Giving the Government of France additional territory in one part of the fishery in order to resolve a conflict in another must be about the stupidest kind of bargaining one could ever imagine.

In case one is inclined to think, as some Members on the government side might be, that Mr. Peckford is an aberration who, for whatever reason, has a battle to pick with the Government of Canada, we saw in very vivid form today the reaction of another Premier from Nova Scotia.

Mr. Orlikow: Another Conservative Premier.

Mr. Broadbent: Another conservative Premier who, according to a Canadian Press wire story, found it to be an incredibly unacceptable deal. I telephoned Premier Buchanan as well to try to get from him some rationale about what he thought might have led to this decision. The Premier of Nova Scotia also had no answer about what could cause the federal Government to make such an incredible deal. His rough calculations, according to figures which appeared in the press, were that this would cost the people of Atlantic Canada some $200 million.

We have the Premier of Nova Scotia and his Government opposed. We have the Premier of Newfoundland and his Government opposed. So far as I am aware, any spokesperson for the industry or the unions of the workers directly affected have been totally opposed to the deal.

Mr. Riis: Who supported it?

Mr. Broadbent: That is a good question. The only people who supported it were members of the federal caucus of the Conservative Party, which we can be assured will be a greatly diminished number in about two years from now.

If one asks oneself the question, as one must, how the Government could take this approach and why we ended up in such a deal, one looks for some kind of rationale. I regret to say that the only rationale I could find is that in this tentative agreement with the Government of France we have another illustration of the Government's whole approach to international negotiations. Its approach is to make concession after concession until it has given the other side enough so that it feels overstuffed and then signs an agreement.

I wish I was kidding in this context. I wish my remarks were simply facetious. However, I do not think that at all. I believe that is what the Government has done. It is kind of a Willy Loman approach to international relations—a smile, a handshake, give away what you have and you will get an agreement. As strange as that ought to be to anyone, it is the approach of the Government. We have seen it in the negotiations with the United States.

I ask the Conservative Members, who I agree are paying serious attention to this debate, to think about that. As soon as the Prime Minister came into power, in terms of our bilateral arrangements with our greatest trading partner, the United States, what did he do? The Government gave up FIRA. Then it made concessions on shakes and shingles. Then it caved in on the pharmaceutical industry. Then it caved in completely on the softwood decision. In sector after sector the Government, in terms of getting a free trade agreement with the United States, has been giving the United States everything it could conceivably want, and then some. It followed the same kind of approach with the Government of France by giving it additional fishing rights in one part of our territory as a gesture to obtain an agreement to negotiate settlement elsewhere, not to have a settlement.

Any foolish person can get an agreement with someone else if one gives the other person everything he wants. That is not the way the Prime Minister of Canada ought to be governing the people of Canada. He was elected to govern Canada, not to give Canada away piece by piece.

Obviously members of my Party and the people of Atlantic Canada will be pleased that we have had this debate. Before it is too late, I hope the Government will come to its senses. I hope it will listen to the people of Atlantic Canada. I hope it will listen to the arguments which will be made on the opposition side. I hope it will listen to the Governments of its own Party throughout Atlantic Canada. In short, I hope it will change its mind and tear up this agreement. I hope, just for once, the Government will say no to another country—no to France and yes to Canada.

Some Hon. Members: Hear, hear!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I think we should compliment the Hon. Leader of the New Democratic Party for bringing forward this important motion. In the spirit of parliamentary reform, I think it is important that all Members of Parliament have an opportunity to discuss from time to time issues of critical importance to Canada. Indeed this is such an issue.

I was going to say that it is always easy for opposition Members to be critical. It is far more helpful if they come forward with some good ideas, proposals, and solutions to difficult problems with which the Government and previous Governments have wrestled for many years.

Mr. Broadbent: We just did.

Mr. Siddon: I hear the Hon. Leader of the NDP. I was about to compliment him for bringing forward some solutions. The Hon. Leader of the New Democratic Party suggested that the time to negotiate has ended. I find that to be somewhat incredulous because Canada has always been a peaceful nation.

The problem we inherited is one which extends back some 450 years in the history of our country and it is not one which suggests a simple solution. In fact we have but three choices to make in the face of this history and a strong claim by France, another country which has been an important building block and an important piece of the history of our country, to perpetual fishing rights within the zone we now claim and have claimed since 1977 as the sovereign fishing domain of Canada primarily.

Of course we are talking about an area in dispute whose boundaries have been interpreted in two different ways—one

by Canada to encompass only a 12-mile territorial sea around the Islands of St. Pierre and Miquelon, and a separate claim by the other sovereign nation of France to boundaries extending some 180 miles south of the Islands of St. Pierre and Miquelon and into the mouth of the St. Lawrence estuary.

• (2030)

In that intervening zone, by all principles of international law, the usual undertaking between governments when there is a dispute—and many of these disputes have arisen since the time the Law of the Sea was adopted in the early 1980s—is to agree to avoid physical confrontation which can lead to war by trying to negotiate an acceptable compromise to reflect adequately the interests and aspirations of both nations.

We, as a nation, and all Canadian people, particularly those of Atlantic Canada and the fishermen of Newfoundland and Labrador, feel a very special attachment to the fishery resource which has been part of their history since the first settlers arrived in Newfoundland in the 16th Century and when Jacques Cartier first sailed up the St. Lawrence River and established the French settlements which became Lower Canada.

I was alarmed to hear the Leader of the New Democratic Party suggest that the time for negotiation has run out after 450 years of peace and harmony between our respective countries. Bearing fully in mind the aspirations and the entitlements of the fishermen and people of Atlantic Canada, why it is that the Leader of the NDP says,"Time has run out. We believe the Government of Canada should confront the French, chase them out of Canadian waters, irrespective of history and even, if necessary, confront them with force"? That is a ludicrous proposition coming from a leader of a Party which espouses peace and non-confrontation, Mr. Speaker.

Mr. Rodriguez: Why did we do it with Spain?

Mr. Siddon: I would like to explain why this is a ludicrous suggestion. I hope Hon. Members over there will give me as much opportunity to respond, and listen in silence, as I have given them.

We have for the first time in the history of our country reached a point where France has initialled an agreement which does little more than agree to negotiate two parallel agreements between now and the end of 1987, one dealing with the unresolved boundary issue, and a second to establish joint fishing arrangements during that three to four-year period when the compulsory third party arbitration process is allowed to take effect.

I think I heard the Leader of the New Democratic Party say that we should find a third party arbitrator. That has been and must be the objective of the Government of Canada in seeking a permanent and lasting resolution to this problem.

I want to say at the very beginning that I and all of my colleagues, the Hon. Member for St. John's West (Mr. Crosbie), and particularly my colleagues from Newfoundland, understand that to the people of that very beautiful part of Canada there is a feeling about the cod stocks, the groundfish resources of the Grand Banks. It is very close to the hearts of Newfoundlanders and very close to the soul of their province. I want to make it clear before I go into the detail of the agreement that in no way will this Government compromise or diminish the importance of that resource on the Grand Banks of Newfoundland to the continued future and growing prosperity of all of the people in that province whose history is so deeply interwoven with that resource.

We have a problem, Mr. Speaker.

Mr. Tobin: Yes, you.

Mr. Siddon: If Hon. Members want to be catty, that is their prerogative. I am trying to be reasonable and informative.

This problem was reinforced in 1972 when the Liberal Government entered into a treaty with France, because there had been some disputation in the 1960s over this issue. That treaty, in Article 2, recognizes the right of French nationals to fish in these waters, that is, waters which we now claim to be Canadian within the 200-mile economic zone. While the French agree that those fishing practices will be subject to possible measures for the conservation of resources, they at the same time insisted and continue to insist in all of the bilateral discussions that have been under way that they have a perpetual right to fish, not only in the waters in the disputed area of St. Pierre and Miquelon but in all of the waters which Canada claims to be there for the benefit and in recognition of the sovereignty of the country and our people who depend on that resource.

Since that treaty was signed in 1972, and I must add, that was a time when Hon. Members of the New Democratic Party were very accustomed to supporting their friends in the Liberal Party, they helped to reinforce this agreement to saddle Canada with a perpetual commitment—

Ms. Mitchell: Don't be catty now.

Mr. Shields: That is the truth coming out.

Mr. Siddon: These Hon. Members did not help to resolve the problem either in 1972 or in 1984 when these same Members of the NDP aided and abetted the Liberal Government of the day under Prime Minister Trudeau. At that time the Liberal Government, through an exchange of diplomatic notes with France in June, 1984, agreed that Canada would turn a blind eye to any fishing practices by French national vessels in the disputed area south of St. Pierre and Miquelon. In other words, the international agreement concerned, by an exchange of diplomatic notes—and Members of Liberal Party opposite were in Government at the time—

Mr. Baker: What were the diplomatic notes?

Mr. Benjamin: That is why the Liberals did not move a motion today.

Mr. Speaker: The Hon. Member for Oshawa (Mr. Broadbent) has applied today for an emergency debate. The Chair has ruled in favour of that application. I would ask Hon. Members to contain themselves enough so that the debate can in fact continue. The Hon. Minister.

Mr. Siddon: As I was saying, Members of the Government at that time in June, 1984 agreed that French national vessels could be allowed to fish unimpeded in the disputed zone—

Mr. Baker: What do you mean unimpeded?

Mr. Siddon: I could read the language of the agreement.

Mr. Baker: Yes, read the language.

Mr. Siddon: The language of the agreement, confirmed by an exchange of diplomatic notes, is as follows:

Each party in the disputed zone will abstain from regulating fishing vessels flying the flag of the other party in the disputed zone.

Mr. Baker: From boarding.

Mr. Siddon: As a consequence of the inability of previous governments to deal with this problem, we are today faced with a decision taken by the Le Bretagne arbitration. This was another consequence of the dispute settlement provisions of the treaty of 1972. It now allows large factory freezer trawlers, up to the numbers designated in the 1972 treaty, to fish in that disputed zone and be immune from the Canadian regulatory regime. In other words, from France's perspective, that is France's territorial waters and we have no right to enforce or administer fishing quotas in that region.

Mr. Benjamin: Why act like the Liberals?

Mr. Siddon: In that disputed zone, which in fisheries jargon is referred to as 3PS, Canada under the protocols of the Northwest Atlantic Fisheries Organization has established quotas for the present year of 41,000 tonnes of Atlantic cod, and we have generously, for some years, granted to the French national vessels, particularly the vessels of St. Pierre and Miquelon, a quota of 6,400 tonnes for this year. That is not something new. That has been established practice for several years. In return, France believes that that entire quota of 41,000 tonnes is essentially a French quota and has been persistently overfishing that quota. We know from records which have been confirmed that in 1986, France overfished that quota by an amount in excess of 20,000 tonnes of codfish. That overfishing in this disputed zone represents lost income and lost opportunity to the people of Newfoundland and Atlantic Canada amounting to over $40 million of landed value to the fishermen.

• (2040)

The point is that as long as the disputed zone exists and Canada is not able to enforce and manage the fishery in that zone, there will be a blatant abuse of the resource to the detriment of Atlantic Canada and, particularly, the fishermen of southern Newfoundland. Therefore, the Government has three choices. We have been well aware of the particular problems of these three options. We can ignore the situation as it has been ignored for many years. We can face the French in confrontation as the Hon. Leader of the New Democratic Party has astonishingly suggested or we can try to negotiate a solution which once and for all will eliminate the massive overfishing by France in an area which Canada believes to be its own.

The problem has become particularly complicated this year because, under the provisions of the 1972 treaty, the French national vessels, the so-called metropolitan fleet, were allowed to fish in the Gulf of St. Lawrence for 15 years. Last year they took a quota of 17,000 tonnes. That treaty provision has expired. We have essentially booted those French vessels out of the Gulf and they want somewhere to go. They do not want to go home to France so they have concentrated their fishing pressure on this disputed zone at great risk to the stocks in that area. That is why it is extremely critical that Canada, at this juncture, decide either to negotiate a lasting solution to this problem or to confront these vessels originating from France, even with military force as the Hon. Leader of the NDP has, I believe, so irresponsibly suggested. I think that would be a premature step. Therefore, I want to explain why it is we feel we have taken a major step forward. Then I will talk about the so-called tradeoffs or the price to which the mover of this motion has referred.

We have secured a signed agreement from France, not to take a certain number of fish from Canadian waters or to establish a specific boundary to resolve this problem once and for all, but to negotiate two agreements by December 31, 1987. The first agreement would be to develop the legal terms of reference, or *compromis* as it is called in diplomatic jargon, under which this issue would be referred to the compulsory third-party dispute settlement provisions under international law. We would celebrate the fact that France has finally come to accept that this important matter must be referred to international dispute settlement procedures.

Some Hon. Members: Hear, hear!

Mr. Siddon: Coupled with the agreement to negotiate terms of reference, France has also agreed to negotiate by December 31, 1987 a set of interim fishing arrangements for the period between 1988 and 1991 during which this dispute settlement process will unfold.

In that context, we have not promised to give any fish quotas away, and it will certainly be an objective of this Government in the negotiation of those interim fishing arrangements for a four-year period to ensure that the French overfishing in the disputed zone is curtailed and curtailed drastically.

Second, it is our objective to ensure that those fishing arrangements and whatever quotas are allocated to France are decided in the context of discussions with the fishermen of Atlantic Canada, with the Government of the Province of Newfoundland and with the industry generally.

I might say that we feel it important to recognize that not one fish has been placed on the bargaining table. We have offered to talk about the possibility of a very modest allocation in the area which is so important and precious to Newfoundland, referred to as the northern cod area or 2J+3KL. I can assure the House that the French have great designs on very large allocations of cod in that alternate location and that the Government will resist any such claim on their part.

We are talking about solving the problem of overfishing to the extent of tens of thousands of tonnes per year. We must put before the people of Newfoundland and Atlantic Canada the question, what is the price they are willing to pay to have the matter resolved? Our commitment to the people of Newfoundland and Labrador is that any price which is too high for Newfoundland and Labrador is too high for Canada.

Some Hon. Members: Hear, hear!

Mr. Siddon: I think, therefore, it is important that our friends and neighbours in France give witness to this debate and the discussions that have been taking place in Canada over the last two or three days. It is important that they realize that the people of Canada, and particularly the people of Newfoundland and Labrador, will not stand for some other significant tradeoff in order to resolve this boundary dispute for all the reasons the Hon. Leader of the NDP and my other colleagues have presented in this discussion.

I will take a moment or so to comment on the remaining matter, which is this supposed allocation of 15,600 tonnes of new fish to get this deal. That misinterpretation and the exaggeration and mischievousness with which it has been used is typical of the disruptive tactics of the Opposition which so often prevent Canada from moving in an orderly way toward a desirable goal. In the year 1987, 15,600 tonnes of Atlantic fish resources will indeed be fished by France under arrangements that have been fully negotiated with all the Atlantic provinces and with the industry, and which are in full accord with our 1987 groundfish plan and our international commitments to France.

Mr. Gauthier: Enough. Enough is enough.

Mr. Siddon: Of that portion, 8,000 tonnes—

Mr. Gauthier: You're way over your time.

Mr. Speaker: Order. The Hon. Member for Oshawa (Mr. Broadbent) has asked for an emergency debate on a matter which the Speaker thinks is very important. As a consequence, I granted the application. We have listened to the Minister of Fisheries and Oceans (Mr. Siddon) and, strictly speaking, his time has expired. The Minister has asked to be allowed to speak for a few more minutes. It would seem to me to be reasonable if there is consent. Is there such consent?

Some Hon. Members: Agreed.

Mr. Siddon: Mr. Speaker, I will not take too long, but I think it is important that I conclude this information in its entirety. I have a list here of some 15,600 tonnes of allocations which the present Opposition have been bandying about as a giveaway. In fact, the allocations are contained within the 1987 groundfish plan, are fully supported by industry and are fully supported by the provinces. These allocations include the 6,400 tonnes granted to France in the disputed area, part of the Canadian generosity, as France has always been granted that consideration. As well, there are 1,545 tonnes under the long-term agreement which we have with the European Economic Community and even 2,400 tonnes of squid which they have never managed to catch.

There is no giveaway here. There is one exception, and that is that in the very far northern area of 2GH, with full knowledge of all the industry advisers and the Province of Newfoundland, an additional 3,000 tonnes of surplus cod which was never caught by Canadian fishermen or foreign vessels has been made available for 1987 only. That fish will probably not be caught at all because France did not even go into those northern waters last year. I believe it is far better that they go way up north off the shores of Greenland than to fish our stocks off the Grand Banks or in the Gulf of St. Lawrence. That is the only price that has been paid for this year. It is a non-existent price to bring this matter, through the negotiation of these two parallel agreements, to the point where we can resolve the boundary dispute once and for all.

• (2050)

It is important that governments have the courage, from time to time, to negotiate difficult issues of this nature. Leadership demands the courage to negotiate. Opposition amounts to an abdication of that kind of leadership. This deal will be very good for all Atlantic Canadians or we will not proceed as the negotiations unfold. I can assure all Members of the House that the provinces, the industry and the fishermen will be fully involved in all discussions between now and the end of December, 1987.

Some Hon. Members: Hear, hear!

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I am sure this will only take a couple of moments. I do not need 20 minutes to explain why this particular announcement by the federal Government cannot be accepted by Canadian fishermen. It cannot be accepted by anyone who knows anything at all about the issue. It cannot be accepted because the Government has taken fishing quotas from Canadians. We have now discovered that behind the scenes, in secret, the Government has given those quotas to foreign fleets.

Mr. Siddon: Nonsense. Be reasonable.

Mr. Baker: The Hon. Minister is telling me to be reasonable. He should speak to fishermen on the northeast coast of Newfoundland who cannot even get enough fish to feed their families or 10 unemployment insurance stamps for the year—

tell them to be reasonable. The Government has licensed 10 factory freezer trawlers from the French metropolitan fleet for the south coast. He has licensed another factory freezer trawler from St. Pierre and Miquelon. He has licensed five wet fish trawlers from St. Pierre and Miquelon to fish on the south coast of Newfoundland. He says they have assigned them a quota of 6,400 metric tonnes. Last year, according to the Minister's figures, those particular boats took 17,000 tonnes in the Gulf of St. Lawrence. The Minister has told us tonight that they took 26,000 tonnes on the south coast of Newfoundland. Therefore, they took 43,000 tonnes.

Mr. Siddon: Quit exaggerating.

Mr. Baker: The entire quota for the south coast of Newfoundland is 41,000 tonnes. The Minister has given the French fleet enough capacity in Canadian licences to overfish the total allowable catch for the entire south coast of Newfoundland.

Some Hon. Members: Shame, shame!

Mr. Baker: As though that were not bad enough, in this agreement with the French the Government has given a quota of what we call northern codstock, 2J+3KL. That is cod fish along the east coast of Newfoundland, the northeast coast of Newfoundland, and off the Labrador coast.

This year the Canadian vessels have had their quotas reduced. The fishermen on the northeast and east coasts of Newfoundland and on the Labrador coast have been told that the amount of fishing to take place there this year must be reduced because the Canadian Government biologists say that the stocks are down.

When the Member for St. John's West (Mr. Crosbie) was the Minister of Fisheries in Newfoundland he stood in the Newfoundland legislature and said that the fish stock in 2J+3KL should never be touched beyond the needs of the people who live in the immediate area. He explained that fish migrate. In the winter time they are offshore and they come inshore in the summer time when fishermen can catch them. The federal Government had reduced the quota for that entire area. The fishermen and the companies did not like it, but they swallowed it because that is what the biologists said.

Now the federal Government has turned around and the Minister asks why Newfoundlanders, the fishermen, the workers on the offshore boats, and the fish plant owners are so angry. After having been told that their quota must be reduced, the federal Government has given a quota in that very same area to a foreign nation. One can understand why Newfoundlanders are angry.

As though that were not enough, three weeks ago the federal Government informed boat owners in Newfoundland that they were not allowed to go into the area which covers the entire south coast of Newfoundland and extends out 200 miles. Newfoundland boats are not allowed down there this year. Longliner operators were told that they cannot go back to 3PS this year. They were informed of that three weeks ago. Imagine Newfoundlanders not being allowed to go back to the south coast of Newfoundland.

We have now learned, of course, that the Government has issued all of the factory freezer trawler licences which the French metropolitan fleet wants for the south coast of Newfoundland where the Newfoundlanders are not allowed to go. I am sure you would say to yourself, Mr. Speaker, that that is terrible.

In addition to that, in the great wisdom of the Minister for Fisheries and Oceans (Mr. Siddon) and the Secretary of State for External Affairs (Mr. Clark) the Government has told all Canadian fishermen that for the first time in their lives in 1987 they are not allowed to fish on the northern part of the Grand Banks of Newfoundland.

• (2100)

We have the northeast coast of Newfoundland having a quota cut-back for Newfoundland; we have the south coast of Newfoundland where they are no longer allowed to go; now the Government of Canada says they are not allowed to put their boats into the northern part of the Grand Banks. It is incredible. There are no offshore boats allowed either, including from Nova Scotia from where they came before. In 1987, for the first time, National Sea Products, Fishery Products International and every other company cannot go to the nose of the Grand Banks. The Minister says that there is an over-reaction in Newfoundland to these announcements. It is not the French who are down on the nose of the Grand Banks. It is the Americans, and now the Portuguese, the Spanish and the Koreans.

Recently I asked the Minister of Fisheries and Oceans and the Deputy Minister why these nations are allowed there when Newfoundland boats are not. The Minister said: "We made the proposal to NAFO, the North Atlantic Fisheries Organization, that all nations should now leave the nose of the Grand Banks for 1987 for conservation reasons". I asked: "Why is the American fleet down there now?" The Minister said: "They are not members of NAFO". I asked why the Spanish and the Portuguese are fishing there, since they are members of NAFO. The Minister said: "They are members of NAFO but they are also members of the EEC, which is a member of NAFO, but the rules of NAFO state that if you object to a motion from another country you do not have to follow that motion". I asked: "Is there any nation other than Canada that is not allowed to go to the nose of the Grand Banks?" He said: "I do not know of any". The Minister then asks why Newfoundlanders are over-reacting to his announcement.

I suggest that not only Newfoundland will over-react as a result of this announcement today by the Secretary of State for External Affairs. He talked about the level of the cod allocation for St. Pierre and Miquelon in the Gulf of St. Lawrence, which is along your coastline in Quebec, Mr. Speaker. It is off Prince Edward Island, New Brunswick and Nova Scotia. It is interesting that the Secretary of State talks about legalities when we know from the La Bretagne decision

that if one is from France, one need only register the boat in St. Pierre and Miquelon and it is a St. Pierre and Miquelon boat. The Secretary of State stated in his announcement that the level of cod allocation is an exception as it is greater than what Canada's legal obligations require under the 1972 agreement which, by the way, ran out last May. He went on to say:

This exception has been made in order to facilitate resolution of the boundary dispute.

The Government is giving away this fish when Quebecers have been cut back in the Gulf this year, and New Brunswickers, Nova Scotians and Prince Edward Islanders have been cut back. Yet the Minister says that in order to facilitate the resolution of a boundary dispute he has given some to St. Pierre and Miquelon.

I enjoyed listening to the Member for St. John's West in Newfoundland this morning because he was speaking his mind. I am sure he will do so in the House today and deal with the Minister of Fisheries and Oceans.

The point is that the Government is saying that a few years ago the Liberals gave it away and created the problem. The Minister was referring to 1983 and 1984 when there was no overfishing by the French. The fish plants in France opened in 1985. While the document containing the official figures is marked "confidential" by the Department of External Affairs, one can see from these exact figures that the French fleet started overfishing in 1985 and 1986, fishing four times over their quota on the south coast of Newfoundland. Their quota was 6,400 tonnes and the Minister admitted tonight that the French took 20,000 tonnes more than 6,400 tonnes. In other words, they took as much as the Canadian fleet last year. The total allowable catch for the entire south coast of Newfoundland and to the east of Nova Scotia was surpassed by 6,000 tonnes.

The truth can be seen in the first page of the press release today, which I will put on the record to show what a flippant and flip-flop kind of government it is. The press release states:

The two countries have agreed to a meeting of Canadian and French scientists as soon as possible—

That sounds rather impressive. It goes on:

—to undertake a joint assessment of the state of the cod stock off the south coast of Newfoundland—

And then states:

—now being overfished by French vessels: and joint projections of what will happen to the stock if the current overfishing continues.

They will appoint scientists to determine the state of the stock when the Minister says that it is drastically overfished. The only thing that should happen to this agreement is that it be put in the ash can of history where it belongs. The Government should do away with this agreement because it will not be tolerated in Newfoundland, Nova Scotia, New Brunswick, Prince Edward Island or Quebec.

Today, fish companies are barely surviving. According to the recent unemployment insurance report, it is suggested that perhaps fishermen in Atlantic Canada should not receive unemployment insurance because it actually amounts to more than what the average fisherman earns from fishing. It suggests that perhaps another way should be found to support fishermen. That suggests to me and everyone in the Official Opposition that fishermen are not catching enough fish.

It is unacceptable for the Government to pass those fish stocks over to other nations, not only the French, but the Americans as well, without objection. Yet the Government wonders why petitions are beginning to come from Newfoundland and there are suggetions that people will come to Ottawa to tell the Government exactly what they think.

In conclusion, I want to refer to a phone call that I received this morning. It was from a gentleman who asked me if it was true that he will not receive his unemployment insurance cheque on Friday. I asked him if he was a logger who worked at Abitibi-Price. When he replied that he was, I told him that he was correct that he would not get his unemployment insurance cheque on Friday. He indicated that he had heard that the federal Government would deduct all of the vacation pay he received the first week in January but that he received it last year and it did not affect his unemployment insurance. He closed the door, then told me that last week he gave $300 from that cheque to his son who is in university. He will have to ask him how much he has left because his family will need it since they cannot get welfare as a result of the 90-day rule. It is an example of the type of phone calls we receive from our primary producers in Newfoundland.

• (2110)

Some 219 loggers got hit on Friday. Unemployment insurance benefits were removed for a month because of some mistake by the Unemployment Insurance Commission. Fishermen are being discriminated against by government policy. When you contact the Government and ask it to do something about it, it just turns the other way and says what a magnificent deal it has made with some foreign country.

Newfoundlanders are not going to accept this. The fishermen are not going to accept this. We say this House of Commons should not accept this.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I would like to express a word of appreciation to my Leader, the Hon. Member for Oshawa (Mr. Broadbent), for initiating this debate and to the Speaker for granting it.

Mr. Crosbie: He is leaving now. He is going early.

Mr. Manly: It is a very important issue. We wanted to bring it before the House, and we look forward to hearing what some of the government Members are going to say, particularly those from Newfoundland and other Atlantic provinces.

There is a great deal of outrage in Atlantic Canada over the agreement signed with France. The outrage is fully justified because this deal represents a betrayal in four different ways. First, it is a betrayal of Canadian sovereignty. Second, it is a

betrayal of federal-provincial relations. Third, it is a betrayal of the Atlantic fishing industry. Finally, and most important, it is a betrayal of the fishermen themselves, their families and their communities.

I want to speak just a bit about each of those. First, sovereignty. Ten years ago, in January, 1977, Canada established a 200-mile exclusive economic zone and began to patrol and enforce it. Establishing that zone took international negotiations, and a measure of determination and gumption on Canada's part. About 12 or 13 miles off the south shore of Newfoundland we have the two small islands of St. Pierre and Miquelon.

Mr. Forrestall: You are sure of that?

Mr. Manly: That is according to everything I have read. I have never been there.

Mr. Forrestall: Who wrote your speech for you?

Mr. Manly: You can check and see that the notes are written by hand.

Mr. Crosbie: Go back to sleep.

Mr. Manly: By my own hand. I do my own research on these things, thank you very much. I do not need to have a government flack prepare my speeches for me.

Mr. Deputy Speaker: Order, please. The Hon. Member may continue.

Mr. Manly: Those islands have passed back and forth between Great Britain and France. Finally, with the Treaty of Ghent in 1814, they passed into French ownership. They are one of France's last remaining colonies. They are being treated as a colony and the people of those two islands are not very happy about it.

However, with the establishment of Canada's 200-mile EEZ, France decided it was going to use these islands to establish certain claims. They claimed an area as large as the Province of Nova Scotia. They have attempted to back up their claim with some force. In August of 1983 the French sent a gunboat into that area to establish their claim. They were involved in seismic exploration and of course in blatant overfishing of that entire area. No one in Canada recognizes the claim France has made and no one in the international scene, apart from France, would recognize it has any real validity. Yet what has Canada done? We sent diplomatic notes of protest. The gunboat incident was kind of smoothed over.

Mr. Crosbie: Should we send a gunboat? What would you do?

Mr. Manly: France had indicated it was prepared to push the issue.

Mr. Crosbie: Would you send a submarine or aircraft carrier or what?

Mr. Manly: Overfishing was a constant practice.

Mr. Crosbie: What is your answer?

Mr. Manly: The Conservative critic at the time was very concerned about the question of overfishing. He pointed out that the French had taken two and a half times their quota. He suggested that perhaps the Government should deduct what they had overfished in the past two years from their quota, in succeeding years. That was in 1983. Since then the Tories have come to power and instead of two and a half times the quota they have been allowed to go up to eight times the quota and the Government does nothing about it.

Last June the Minister decided he had to do something, so he issued a warning. He said there were not going to be any more allocations unless foreign nations followed good conservation practices. He said that means good behaviour, not only inside the Canadian zone but also in the North Atlantic Fisheries Organization management area outside the zone. He said we are sending a very clear message to foreign nations. In return for a licence to fish in our waters and permission to use our ports they must co-operate with our conservation efforts and observe the fishing limits that we and NAFO have established. He said he was sending a very clear message. The very clear message given by this agreement is that Canada's interests can be ignored with impunity. That is what France has done and I expect other nations who want to establish their rights in this area will do the same.

Under this agreement the French will continue to overfish. There are absolutely no guarantees that the agreement is going to put an end to overfishing. We licensed nine factory freezer trawlers when it is obvious that one could have taken the total allocation. Why license nine when we knew there was going to be overfishing?

Mr. Broadbent: They asked for nine.

Mr. Manly: We are lucky they did not ask for 20.

What did we get in this deal with the French? We got a vague commitment to submit this to some future arbitration. I think it is very clear from everything said this evening, including what the Minister said, that this is a fundamental betrayal of Canadian sovereignty.

Then we have the betrayal of federal-provincial relations. That is an area into which the Government came with so much hope and so much promise. For a time it even appeared as though the Government was going to deliver better federal-provincial relations. There appeared to be a better climate, a new and better era of consultation. That seems to have gone out the window in the last few months in a number of cases and this is perhaps one of the more blatant ones. When the going got tough, the federal Government jettisoned any consultation with the provincial Government.

Mr. Forrestall: Not so.

Mr. Manly: The Newfoundland Government was involved in the consultations in an attempt to reach a solution to the problem. That Government was aware of the French overfishing and the danger it represented to the stocks. It knew something had to be done and was involved in the consultation. But it did not agree with the approach the federal Government was prepared to take.

As my Leader pointed out, Premier Peckford sent a letter to the Prime Minister (Mr. Mulroney) in December indicating very clearly that his Government did not want the federal Government to allocate additional areas and additional stocks off the coast of Newfoundland in an attempt to reach an agreement on this. They said that very clearly. Because they took that strong position, the federal Government decided it could only reach an agreement with France by jettisoning the Newfoundland consultation process.

The other Atlantic provinces were also cut out. No wonder we have Tory premiers breaking party ranks. We know there is a fair degree of loyalty to party in Canada. It is not easy for premiers of a party to disagree publicly with their federal counterparts. However, in this case they had no option. In spite of what the Prime Minister said once, these people had no option if they were going to be loyal to their own people and provinces.

• (2120)

We have the Premier of Nova Scotia saying that this deal the federal Minister of Fisheries and Oceans (Mr.Siddon) thinks is so good is going to cost the Atlantic Provinces some $200 million. Obviously the whole federal-provincial relationship has been betrayed and those five provinces in particular have been betrayed. Third, this is a betrayal of the Atlantic fishery. Premier Peckford has spoken about the importance of the Atlantic fishery to Newfoundland. I would like to read from a paper he presented last year:

> On Newfoundland's eastern continental shelf, one of the world's richest marine resources thrives in cold Atlantic waters. The Northern Cod stock is confined to a long, narrow geographic area, extending 1,000 miles along the north and east coasts of Newfoundland and Labrador. For four centuries it has been the basis of settlement and continued development of the greater part of our province. Today it remains our economy's most important resource and the foundation of our fishing industry.
>
> With Newfoundland's entry into Confederation in 1949, and since the 1977 extension of our 200-mile fishing zone, Northern Cod is now a Canadian resource. We would like all Canadians to understand the importance of Northern Cod to the fishing industry and the national economy.

Unfortunately, this Government does not understand the importance of Northern Cod and the fishing industry to Newfoundland or to the national economy. The growth of factory freezer trawlers meant that in the 1950s more and more foreign vessels were coming in and taking a resource which was primarily Newfoundland's up to that time. Therefore, there was a drop in the catch of Newfoundland fishermen from 160,000 tonnes in 1959 to only 34,000 tonnes by 1974. With the establishment of the 200-mile limit there was a gradual rebuilding of those stocks. The 200-mile limit did not include the northern tail of the Grand Banks and there was foreign fishing in those areas which was still depleting the stocks.

Tom Rideout, the provincial Minister of Fisheries for Newfoundland appeared before the Standing Committee on Fisheries and Forestry of the House on November 4, 1985. He spoke of some of the dangers to the fishery resource of Newfoundland at that time. He pinpointed the danger which would come if we licensed factory freezer trawlers from Canada. Four days later on November 8, the then Minister of Fisheries, the Hon. Erik Nielsen, announced he was licensing three factory freezer trawlers from Canada. That was done in spite of the fact that it was setting a precedent which the French would be sure to follow. Tom Rideout pointed out:

> The treaty between Canada and France specifically says the present vessels operating in Canadian waters—even though some of them have factory freezer capability—that capability will not be utilized; they must continue to fish and operate on an equal footing with Canadian vessels.

Once, however, we licensed the factory freezer trawlers of our own to operate in that area, France was free to move in and do as it wanted. Therefore, we set a very bad precedent.

In September the Minister announced a special research project on Northern Cod. The report on the study of cod stocks was tabled in December. On that basis it makes it very hard to understand why the Minister feels it is necessary that the two countries agree to a meeting of Canadian and French scientists as soon as possible to undertake a joint assessment of the state of cod stock off the South Coast of Newfoundland. Where have our Department of Fisheries scientists been all this time? Do we not have that kind of adequate assessment? Why is that part of an announcement? It sounds as though it might be the one positive thing in this announcement, but in fact it should not have been necessary at all if our Department was doing its job.

The Fisheries Council of Canada is very much aware of the danger to our cod stocks from French overfishing and yet, like the provinces, it has insisted that this problem should not be solved by granting extra concessions in Canadian waters to the French fleet. Again, the Government chose to ignore what the fisheries representatives were saying. It ignored what the union was saying and what the provinces which were involved were saying. There is a betrayal, therefore, of the Atlantic fishing industry.

There is a betrayal of the fishermen themselves, of their families and communities. On December 29, less than a month ago, the Department of Fisheries announced cut-backs in the stocks which Canadian fishermen could take in Atlantic Canada. These are cut-backs our fishermen would not be able to take. Yet last week it was announced the French fleet was going to be able to take an additional 15,000 tonnes.

Newfoundland depends upon the fishery. The fishery is perhaps the most vital resource of that province and the wealth of the fishery belongs to the people of Newfoundland. The Government has a responsibility to look after that wealth. When Newfoundland came into Confederation, it brought that wealth to Canada. The federal Government has a trust and

responsibility to the people of Newfoundland for that resource. What have we done with it? We bargained it away. We frittered it away. We turned our back whenever there has been any kind of assault upon it. Newfoundland brought that resource into Canada and into Confederation and we have let it slip away.

One of the most amazing things I heard today was from the Minister of Fisheries and Oceans who said this decision was a unanimous decision by Cabinet. If it was unanimous, we have to ask where the people were who would speak up for Newfoundland? Who was speaking up for the Atlantic fishery? The Minister of Transport (Mr. Crosbie) is perhaps a bit unhappy about that statement, but it was made in this House and we will listen very closely to see what the Minister of Transport has to say about it. I suspect he missed the boat.

We want to emphasize the importance of law in solving problems. We all want to see this matter resolved in some international tribunal. But how do we get France to come to the table? The Minister believes the best way to kill a cat is to choke it with cream. He tried to bribe France.

Mr. Siddon: You would rather shoot them.

Mr. Manly: I do not think we need to shoot people but surely we can demand that other nations show us a little respect. We have done absolutely nothing since this Government has been in power to make other nations respect us; not the United States, not France, nor any other nation.

In conclusion, I would simply like to read some words of Douglas Johnston from his book entitled *Canada and the New International Law of the Sea*:

> Canada is governed from the centre. The ocean is, literally, peripheral to the perceptions and concerns of Government. Most Canadian decision makers, indeed most Canadians, may view the ocean as a regional matter in the affairs of the state. Yet ocean policy is no less national in significance than agriculture or manufacturing.
>
> Sadly, there is no guaranatee that Canadians are ready to give the ocean a high priority on the national agenda. Our sentiments turn inward to the national centre.

The ocean should have high priority, and if it is going to have that high priority, it has to have some leadership from the Government. We have not received that from the Minister, nor from the Government. The people of Newfoundland and Atlantic Canada have had enough of this Government. They want to see some leadership. They want to see their resource protected and some future for themselves and for their families.

• (2130)

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, this is a most important topic to be discussed. Rather than deal with the half-truths and the specious comments that have been made to date, I want first to set the background. We are prisoners of our past.

What is the past that now governs what actions we can or cannot take in the matter of France, St. Pierre and Miquelon and their claims of a 200-mile economic zone around St. Pierre and Miquelon territorial boundaries and the right—

Mr. Riis: Is it really a unanimous cabinet choice?

Mr. Crosbie: I do not want to be interrupted, Mr. Speaker, if you do not mind. I am speaking through you, Mr. Speaker, to the people of Newfoundland and Labrador.

On January 1, 1977, a 200-mile economic zone was declared by Canada, and accepted by most of the international community.

On March 27, 1972, a treaty was entered into between Canada and France to govern fishing relations between Canada and France in the waters of Canada. France has historic rights that date back to 1763, I think it is, and the Treaty of Paris. There was a Liberal administration in office at that time. As a matter of fact, when this treaty was entered into the Secretary of State for External Affairs was the Hon. Mitchell Sharp. Believe me, it is this treaty that is at the nub of the problem that Canada has today.

Some Hon. Members: Hear, hear!

Mr. Crosbie: It was only at the end of 1986 that, finally, the French metropolitan fleet no longer had the right to send trawlers into the Gulf of St. Lawrence, our own internal waters, to catch fish under the terms of that treaty. France, today, or St. Pierre and Miquelon, still have the right to send in 10 trawlers to fish in the Gulf of St. Lawrence.

As a result of the ending of the rights of the metropolitan fleet of France, some 17,000 tonnes of fish will come back to Canada this year, fish which can be caught by our own fishermen. This treaty says nothing about quotas. It sets no quotas. But if Canada and France do not agree on the amount of fish to be caught under the treaty, then the French have the right to go to compulsory arbitration if they disagree with the amount allotted by Canada. That is their right under this treaty.

In addition, under the terms of this treaty the metropolitan fleet of France has unquantified rights—unquantified rights—in the Canadian 200-mile zone, in perpetuity, to take fish. If Canada does not allot France a quota then it has the right to go to compulsory arbitration under the terms of this 1972 treaty to have a quota assigned to it. This is a treaty which has no termination date. It is a treaty which was entered into by the Liberal administration of the Government of Canada in 1972, a treaty that will bind us forever, unless the two parties can agree together to terminate it. Under Article 10 of the treaty there is a dispute settlement procedure.

In addition to the agreement of 1972 which governs our situation, there is a long-term agreement with the European Economic Community entered into when? It was entered into in 1982, again under a Liberal administration of the Government of Canada. This agreement is in effect from 1982 until 1987. Under the terms of it the Liberal Government gave a quota to the European Economic Community of 9,500 tonnes

of 2J+3KL cod, cod which, today, is sacred to the Hon. Member for Gander—Twillingate (Mr. Baker).

Mr. Tobin: Watch your blood pressure, John.

Mr. Crosbie: Of the 9,500 tonnes, the EEC has allocated 7,200 tonnes to Germany, 1,545 tonnes to France and approximately 800 tonnes to England. Luckily for us, that treaty expires at the end of 1987. So let us put those facts in context. That is another Liberal treaty.

Finally, the last treaty I want to mention is an agreement or exchange of notes signed on June 20 and June 28, 1984, when Senator De Bané was Minister of Fisheries and Senator MacEachen—they have both gone to their rewards—was the Secretary of State for External Affairs. That was an exchange of notes in which Canada and France agreed that in this disputed area, known as 3PS, neither country would harass the ships of the other because this was a disputed zone. That is why today when France says it wants nine vessels licensed to fish in this disputed zone, 3PS, we license them.

Why do we license them? Because we want to establish, when this matter goes to arbitration, that it has been accepting licences from us over these intervening years and therefore appears to be submitting to the fact that we have some control or authority over these waters. That is why they get licensed.

In any event, under this exchange of notes we cannot prevent France from fishing in this area. France cannot prevent us from fishing in this area. We have the right to say what the quotas should be in this area. The quota set is 42,000 tonnes for this whole area. We have assigned 6,400 tonnes to France, which is really for St. Pierre and Miquelon, and 35,600 tonnes is available in that quota for Canadians. This is a quota which our scientists say can safely be caught in zone 3PS, the disputed zone.

But the French ignored and are ignoring now the quota. They will not accept the 6,400 tonnes. We cannot force them to accept it. If two sovereign states have a disagreement, they can either reach an agreement between themselves and resolve the disagreement or they can agree between themselves to go to arbitration and have a third party adjudicate the difference of opinion or the dispute and settle it that way. There is only one other way, a third way. That third way is that they go to war with one another. They can attempt to use armed force. One attempts to force the settlement he wants on the other.

There are three possible ways. I was dumbfounded tonight to hear the Leader of the NDP try to grandstand in this House by suggesting that recourse should be had to the third method, the use of force. He suggested that we had chased the Spanish trawler just a few months ago. He presumably meant by that that we should chase out the French trawlers. He suggested that we should use force.

Well, the difference is monumental between the two situations. Clearly, the Spanish trawler was in the Canadian 200-mile economic zone with no right, no claim of right to be there. It was violating international law. But in zone 3PS international law does not recognize as yet either French rights or our rights. So we have no right to chase the French vessels out. We will only have that right if we can get to arbitration, if the French will go to arbitration with us and an impartial third party sets the boundaries, decides what economic zone St. Pierre and Miquelon are entitled to as two small islands within the perimeter of continental Canada and Newfoundland and Labrador. If that occurs and an impartial third party sets the economic zone and the territorial limits of St. Pierre and Miquelon, then of course we could take action and we would have international law to back us up.

Is anyone in the House seriously suggesting—does the Newfoundland Government seriously suggest—that we should use armed force to settle this matter with France? No, they do not. Our adhesion to the United Nations would prevent us from doing so. No civilized state uses force against another civilized state in the present world today to settle these disputes. So we must have an agreement.

What stage are we at now? Up to the present time the Government of Newfoundland has been fully consulted in this matter. So has the industry and the union involved. There is a group of industry advisers, four from the union and the industry and one from the Government of Newfoundland, a group of five, that has been advising the Department of External Affairs and the Department of Fisheries and Oceans which has been consulted all through the piece, with the exception of last week. I for one am not *au fait* with, nor do I agree with, and I think the Government should apologize for, the lack of including these representatives in the discussions that went on in Paris last week.

Some Hon. Members: Hear, hear!

• (2140)

Mr. Crosbie: It was unacceptable, as far as I am concerned. But that is a procedural matter.

Mr. Manly: It is more than a procedural matter.

Mr. Crosbie: I am making my view on that clear in the name of proper federal-provincial relations, and in following what has been done to date, these representatives should have been fully involved last week. That was an error. That is the position.

We are trying to get France, a nation of some 40 million or 50 million people, to go to arbitration on the question of St. Pierre and Miquelon. They feel no immediate compulsion to go to arbitration; it is not a pressing matter to them. It is a pressing matter to who? The fishermen of Newfoundland and Labrador, and to the fishermen of the maritime provinces it is a pressing matter. That is why we are anxious to get France to arbitration. But France knows that there is more compulsion on us to do this. They do not care about the fish resource off St. Pierre and Miquelon. They are prepared to sacrifice their own few thousand people in St. Pierre and Miquelon. They do

not give a good continental about the people and the fishermen of St. Pierre and Miquelon.

We are doing this for the fishermen and the people of Newfoundland and Labrador, and trying to get this issue settled so we can stop this tragic overfishing in 3PS. A whole series of negotiations broke down in Ottawa in the week ending Friday, January 16. However, they started again last week. By the way, there was consultation. The Government of Newfoundland was informed that this meeting was going ahead, and what types of things might be agreed at the meeting, and they did not agree with it. They have the right to be consulted. They have the right to encourage. They have the right to discourage. They have the right to warn. But we are the Government of Canada that has the responsibility for the external relations of Canada, and we do not intend to abdicate our responsibility as a national Government. So, Mr. Speaker, they did warn. They did not agree with this particular process.

What agreement was reached? All that was reached was an agreement to negotiate. There is no agreement that France will even get a tadpole from 2J+3KL. What was agreed in Paris on Friday and Saturday was that France would engage in negotiations which would start before March 15 for the purpose of concluding an agreement to submit to compulsory third party settlement of the dispute of the maritime claims of the two countries off the coast of St. Pierre and Miquelon in Canada. In return, Canada would engage in negotiations to determine the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive while this arbitration is going on, and that those quotas will include cod quotas in NAFO Divisions 2J+3KL. In other words, we are prepared to discuss and engage in negotiations about that. There has been no agreement to do anything in 2J+3KL. There is nothing but an agreement to enter into negotiations.

The proof of that is in Premier Peckford's press release of January 27 where he points out that this is the case, that there is not a binding agreement to go to arbitration. While he is right there, he should not forget the other side of the coin. There is no binding agreement for us to give one codfish, or piece of one codfish in 2J+3KL to France. That is the exact position.

Supposing that we do reach an agreement with France some time between March and the end of the year, it will be an agreement that I will be able to defend in every hamlet and cove of Newfoundland and Labrador. It will be an agreement that I will not be afraid to go and defend in every hamlet and cove in Newfoundland and Labrador. For 20 years I have upheld the rights of the people of Newfoundland and Labrador, and I do not intend to cease now. I do not need lessons from anyone in that direction.

Some Hon. Members: Hear, hear!

Mr. Crosbie: The Premier of Newfoundland stated that he was displeased with the statement that I made yesterday on this matter. He says my statement that there is no agreement as to what these annual fishing quotas should be, that there is no agreement to give France any quota in 2J+3KL, is contrary to the agreement. I say that it is not contrary to the agreement. That is exactly in accord with the agreement. When the Premier says that he is displeased with me, I say that I conduct myself according to my conscience. Whether Premiers are displeased with me, or Prime Ministers are displeased with me, or opposition Members are displeased with me, I care not a twit, as long as I know that I am behaving in a proper fashion. I am prepared to go back to my own people and ask them whether they are pleased or displeased any time, against anyone, under any circumstance.

I have not too much time left, Mr. Speaker. The Government of Newfoundland and Labrador is making an outcry, and I am sympathetic with their outcry. The more they outcry the more likely it is that the firmer the people will be who are negotiating for us in this matter. I do not want an agreement that is not a good agreement for Canada. It is good for the people of Newfoundland and Labrador to show how they value the Northern Cod. It is our fishing industry, it is our life in Newfoundland the same as the wheat fields are the life of Saskatchewan, or oil and gas might be the life of Alberta. That is why the Government of Newfoundland and the industry and union representatives should never have been left out of this last week.

Some Hon. Members: Hear, hear!

Mr. Crosbie: It is good for the people of Newfoundland to show their concerns. But I tell the people of Newfoundland now, Mr. Speaker, their interests have and will be observed. There is no agreement damaging to them. I ask the Government of Newfoundland and Labrador, the Leader of the New Democratic Party, and the Leader of the Liberal Party to suggest to us how else they would go about resolving this question. It is all well and good to hear their rhetoric and what they would do, and the terrible things that we are doing when they left us, particularly the Official Opposition, the captive of these three international agreements.

Now the Member for Gander-Twillingate, and the others, have the audacity and the gall to stand up and decry what we are doing in our efforts to solve this situation to help the fishermen and the people of Newfoundland and Labrador. When this matter is concluded, and it is far from concluded, the agreement we reach, if there is an agreement reached, will be one that we can defend in Newfoundland and Labrador, and in every part of Canada, and I and my cohorts here in Newfoundland pledge that, and we will see that any agreement reached is in the interests of our fishermen in our province.

Some Hon. Members: Hear, hear!

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I am pleased to be here tonight to participate in this debate. I have to say at the outset that I am also saddened this evening. The importance to Newfoundlanders of the matter that is being discussed this evening is as important as the last great decision that was taken which affected our province.

That decision was taken in 1948 and 1949 when we decided to join Confederation.

During the course of the Confederation debate one evening in a rowdy chamber much like this one, a very famous, highly honoured Newfoundlander named Gordon Bradley, who was chairman of the commission that discussed Newfoundland's entry into Confederation, or possible joining with the United States, rose and said to Hon. Members who were assembled and were making a great deal of noise: "I remind Members that the eyes and the ears of the people of Newfoundland are upon us this evening." He went on to say: "They are watching us. They are weighing our every word. I warn Members that sometimes we try their patience much too far".

• (2150)

I want to say to the Hon. Member for St. John's West (Mr. Crosbie) that this evening the eyes and ears of the people of Newfoundland were on him. They were watching him. They have been weighing his words. They wanted to know tonight, once and for all, whether or not the Hon. Member for St. John's West was Newfoundland's cabinet representative in Ottawa or Ottawa's apologist in Newfoundland. After this evening we know that the Member is Ottawa's apologist in Newfoundland. The Member cannot make up for in volume, like a wounded bear brawling and bawling, what he lacks in substance in participating in the debate tonight.

I should like to refer the House to a story which appeared in the *Times Transcript* on December 6 past. It reads:

> Three Atlantic fishermen's organizations told the federal Government in Ottawa Friday not to give in to threats made by France to cancel inter-governmental agreements if the fishing dispute surrounding St. Pierre and Miquelon is not settled to France's satisfaction.
>
> Gilles Theriault, executive-director of the Maritime Fisherman's Union, reminded Fisheries Minister Thomas Siddon that French cabinet minister Bernard Pons warned publicly that if the fishing dispute is not settled to their satisfaction, it could force the French Government to revise certain economic, cultural and co-operation agreements that exist between the two governments.

They warned that if the agreement was not settled to France's satisfaction, the French could potentially cancel the visit of French Prime Minister Jacques Chirac.

That is what was at stake in this dispute, whether or not the Prime Minister's chance to host the Francophone summit in Quebec City this September, the first time ever in our history, would be put at risk because the Government of Canada stood up for the interests of Newfoundlanders and Atlantic Canadians. That is what was at risk, and the Government of Canada ran with its tail between its legs.

I said that I was sad this evening. In all the years I have watched the Hon. Member for St. John's West in politics, I have not always agreed with him. However, I have always admired that he was prepared to stand and be counted. I want to know on what road the Hon. Member for St. John's West travelled since early this morning when he was on VOCM's open line show in Newfoundland and when he made his speech in the House tonight. The Hon. Member has undergone some kind of dramatic conversion.

This morning, speaking in Newfoundland and talking about the agreement which he defended tonight, the Hon. Member told the people of Newfoundland in respect of the lack of consultation given to the Government of Newfoundland, the union, and the other Atlantic provinces: "I can't see any legitimate defence of the fact that they were not present at this particular meeting, so I can well understand why they should be annoyed and upset with that". That was the Hon. Member speaking this morning in Newfoundland. What else did he say—

Mr. Forrestall: What did he say tonight?

Mr. Tobin: The Member should be quiet, should listen and learn. What else did he say this morning? He said: "Let's just say that those responsible for this are certainly insensitive to the importance of the issue in Newfoundland and Labrador". That is quite a different song than the one the Hon. Member for St. John's West sang in the House tonight.

What else did the Member say about this deal? Speaking on behalf of himself and his two Conservative colleagues from Newfoundland, what did he say about this deal this morning in Newfoundland in front of a different audience than the audience he addressed tonight in the House of Commons? What did he say? He said: "As you know, if we are to have as one of our objectives better and improved federal-provincial relations, which has been one of the hallmarks so far, this is hardly the way to go about it. So to say that the Newfoundland caucus, for example, is upset would be putting it very mildly".

I want to know what kind of placebo, what kind of salutory pill, or what kind of depressant was slipped to the Hon. Member for St. John's West between nine o'clock this morning in Newfoundland when he was outraged in defence of Newfoundlanders and tonight when he appeared in the House like a wounded bear braying in volume, attempting to make up for in volume what he lacks in integrity and backbone to defend the people of Newfoundland. That is what I want to know, and that is what Newfoundlanders want to know.

Mr. Speaker: Order, please. I know the Hon. Member is making a forceful speech on a matter of great importance to the Hon. Member and also, I think Hon. Members would know, of great importance to the Minister who has just spoken. I would caution the Hon. Member not to go too far in impugning the integrity, motivation, or honour of another Hon. Member.

Mr. Tobin: Mr. Speaker, I would much rather be standing tonight in the House and joining with my fellow Members of Parliament from Newfoundland and with Members of Parliament from Atlantic Canada to ensure that, as we were elected to do, we were representing the interests of our people and seeing a wrong put right. I would rather be standing as one in the pursuit of that goal. I would much rather not be standing here to try to dissemble this patently weak and disappointing defence of a sell-out which was mounted by a

colleague of mine from Newfoundland. I would much rather not be doing that this evening. The interests of my region would be served if Members from Atlantic Canada were here and were being heard. That is why we were sent to Ottawa.

In understanding why we were sold down the river, I want to refer to some correspondence which was exchanged between the Prime Minister (Mr. Mulroney) and the Minister of Fisheries and Oceans (Mr. Siddon) this past summer when Canada's negotiating position was being ironed out. A letter was written to the Prime Minister by the Minister of Fisheries on June 24, 1986, in which the Minister of Fisheries put forward Canada's negotiating position, outlined all the things at stake, and concluded by saying:

I want to assure you that my goal throughout will be to manage our fisheries discussions with the French in a manner that does not jeopardize the cordial relationship between Canada and France—

What did the Prime Minister say about that? What did the Prime Minister say about the livelihood of Newfoundland and the blood which beats through the heart that is Newfoundland? He responded on August 19, 1986 by writing:

I agree that in dealing with this sensitive issue, we must weigh on the one hand the interests of Canadian fishermen and fishing communities and on the other our bilateral relations with France.

Mr. Forrestall: What is wrong with that?

Mr. Tobin: What is wrong with that is that the Prime Minister has said that the fishery in Newfoundland, Nova Scotia, New Brunswick, P.E.I., and northern Quebec is nothing but a bargaining chip to be used in setting cordial relations to facilitate cocktail parties between Prime Ministers of respective nations. That is not good enough in Newfoundland; that is what is wrong with that.

Mr. Forrestall: There is imputation of motive—

Mr. Tobin: What we have seen tonight is a Member, a cabinet representative, stand here—

Mr. Forrestall: Very serious charges—

Mr. Speaker: Order. The Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin) has been given the floor by the Speaker. During the debate most Hon. Members have listened, not always with great comfort, to what has been said by Members on both sides of the debate but have extended the courtesies which are usual in this Chamber. I would ask that all Hon. Members have regard for that.

Mr. Tobin: Thank you very much, Mr. Speaker, for restoring order to the House. A Member would not have to speak so loudly if he did not have to speak over the sounds emanating, as unintelligent as they are, from the other side of the Chamber.

What has happened tonight? We have had an attempt by the Government of Canada, through the Hon. Member for St. John's West, to placate or to issue a placebo to the people of Newfoundland. He stood in his place and on the one hand issued a gentle slap to the wrist of the Minister of Fisheries, saying that he does not entirely agree that the Minister of Fisheries should have gone to France and dealt with our livelihood without consulting the Premier of Newfoundland. Then, to be sure that he was being properly balanced, as the letter said, "on the other" the Hon. Member for St. John's West went on to tell the Premier of Newfoundland that the Government of Canada has the right to make international agreements. It is not the jurisdiction of the Premier of Newfoundland, and he is not going to be bossed around by the Premier of Newfoundland. I am not in the habit of defending the Premier of Newfoundland because I don't find that attractive. But it is not only the Premier of Newfoundland who finds what has happened distasteful; it is the Conservative Premier of Nova Scotia, who is the Premier of the province of the Hon. Member across the way, the Conservative Premier who today said that this agreement will cost the Atlantic economy $200 million. That is what the Leader of the Hon. Member's Party in Nova Scotia has said, and walking away from the statement will not make it go away, Mr. Speaker.

• (2200)

It is also the Government of Prince Edward Island that finds this deal distasteful. The Government of New Brunswick, and the fishermen's unions in all of the Atlantic Provinces find this deal distasteful. For once, the Premier of Newfoundland, rather than being a voice in the wind, a lonely child putting forward a diatribe that is subscribed to by nobody, finds himself singing in chorus, in tune, with every other Premier and leader in Atlantic Canada. Surely then the Premier of Newfoundland deserves, as Premier, some consideration for the views he has put forth.

This has been a sad day for Parliament and a sad day for Newfoundland when one of our most prominent, one of our better known Members, one of our citizens, the Hon. Member for St. John's West (Mr. Crosbie), when confronted with the choice that all of us face from time to time of standing up and being counted for Newfoundland, of being Newfoundland's voice in these hallowed halls, of being the apologist for Ottawa and Newfoundland, has chosen the latter course. That is a sad day, Mr. Speaker. It will not help the cause of those of us who want to see this deal abrogated.

Today in Question Period I rose in my place and said that the deal should be declared null and void, that the Minister of Fisheries and Oceans (Mr. Siddon) should be fired because, failing that, the Government would put the Member for St. John's West in the impossible position of having no other recourse or option but to resign his seat in protest. I did not propose it. I suggested that he not be a victim, victim of the decisions of his Government. But tonight he has taken the knife in his hand and has exercised it on himself. It is not his commitment that is questioned by me, by Premier Peckford, by the Opposition Leader in Newfoundland, Leo Barry, or by Premier Buchanan. If he finds the breastplate of honour that he talked about tonight in this House tarnished, it is a wound

that is self-inflicted by his performance this evening in this Chamber.

Mr. Manly: Mr. Speaker, I rise on a point of order. The Hon. Member for Humber—Port-au-Port—St. Barbe (Mr. Tobin) quoted from two letters. Would he be willing to table those letters in the House?

Mr. Speaker: I am sure that the Hon. Member will make the letters available to the Hon. Member for Cowichan-Malahat-The Islands (Mr. Manly), but there is no provision whereby a private Member can file a document in the House.

• (2210)

[*Translation*]

Hon. Monique Landry (Minister of External Relations): Mr. Speaker, I welcome this opportunity to take part in this emergency debate.

There are quite a few rumours going around about the agreement signed in Paris on Saturday, January 24, which is aimed at bringing Canada and France closer to the settlement of a boundary dispute and a dispute concerning fishing activities.

I would like to go back to the causes of the disputes, but first I want to say a few words about this agreement, under which both parties are committed to negotiating two new treaties and to setting dates for the start and finish of negotiations. This is an important point that may have been overlooked in all the commotion that followed the release of the news.

Mr. Speaker, I want to stress that the French have not been offered any quotas of Canadian fish that were not first approved by the industry and provincial representatives at meetings held in Ottawa the week before we left for Paris.

The quotas on which agreement was reached were those established with the industry and the provinces, namely, 3,500 tons of cod in the Gulf of St. Lawrence and 3,000 tons of excess cod in NAFO division 2GH off the northernmost part of the Labrador coast. The 3,500 tons of cod in the Gulf represent average landings by Saint-Pierre et Miquelon fishing boats over the last six years in the Gulf. This approach represents the *status quo*, a solution Canada has been constantly suggesting to France, with the approval of the provinces and the industry. The 3,000 tonnes of 2GH cod off the coast of Labrador, far to the north, are surplus to Canada's needs and according to Government, industry and provincial advisers, constitute a reasonable offer for 1987 to break the deadlock.

Indeed, Mr. Speaker, the purpose of this Paris agreement was to break a deadlock that was threatening to become a serious obstacle to settlement of the boundary dispute between Canada and France with respect to territory off the south coast of Newfoundland. A settlement is absolutely necessary to establish Canada's control over cod stocks in the region and to stop over-fishing by French vessels. We have broken the deadlock, and the door is now open to negotiations on the two treaties I mentioned earlier, and a negotiated settlement of the boundary dispute and the question of French quotas in Canadian waters for the next four years.

The inclusion of a clause stipulating that quotas to be negotiated with France for the period from 1988 to 1991 would include cod quotas from divisions 2J+3KL of NAFO, in other words, the areas off the east cost and the north coast of Newfoundland and Labrador, has created considerable confusion.

I think we should first understand what the agreement means. Mr. Speaker, this agreement means first of all that the Canadian Government agrees with what France has been repeating for a year, which is that it will not accept the proposed quotas for 1988 to 1991. Consequently, the boundary dispute will not be referred to an international tribunal until the proposed quotas have been changed to include codstock from NAFO divisions 2J+3KL.

As I said before, the French have been insisting on this for a long time. Up to now, we have been able to evade the issue while trying to persuade France to accept 1988-91 quotas that would not include cod stock from divisions 2J+3KL. We now realize, and we admitted as much to the French, that they want to retain their position, and as a result, if we wish to settle this boundary dispute, we will have to grant them cod quotas from divisions 2J+3KL.

We should also realize what is not provided in the agreement. Under the Paris Agreement, the Canadian Government is not bound to offer or to agree to offer the French a given quantity of cod from divisions 2J+3KL, if we do not first agree on quotas for 1988-91. French demands may be too excessive for us to be able to agree on quotas for the period from 1988 to 1991. Consequently, referral of the dispute to an international judicial tribunal would merely postpone a settlement, which is not something we desire.

It is also possible that the question is not referred to an international tribunal for some time. Everything, I repeat, everything is negotiable. Nothing has been concluded with respect to the period from 1988 to 1991. Any quotas that may be offered to France within the framework of an agreement for the period in question will be subject to in-depth consultation with the industry and the provincial governments at all stages of negotiations.

That is the Paris Agreement in a nutshell. The Agreement contains a number of auxiliary provisions, including the following: Pursuant to the agreement, until 1987 vessels from St. Pierre and Miquelon will be allowed to continue fishing in areas immediately surrounding the Gulf of St. Lawrence where they have been operating for several years, contrary to the 1972 agreement under which Canada's fishing activities are restricted to a zone which lies within the Gulf of St. Lawrence. This is a kind of *status quo* position taken by the Canadian Government.

Finally, the agreement provides that scientists of both countries will meet soon to assess cod stocks south of Newfoundland and the impact continued overfishing by the French might have on these stocks. Hopefully this joint study will produce concrete evidence likely to prompt the French Government to review its overfishing policy and reduce its fishing activities to prevent total stock depletion.

Mr. Speaker, I know that people are very disappointed and that many criticisms are being voiced because nothing has been done under the terms of the agreement to prevent France from overfishing on such a wide scale in waters south of Newfoundland. It is indeed a serious problem. There is no doubt that French fishermen catch about 26,000 tonnes of cod a year—at least 20,000 tonnes over the 6,400-tonne quota which Canada allotted to them in this zone and which amounts to a fair share of the stock traditionally earmarked for France.

Unfortunately, the Government of Canada can do nothing for the time being to reduce this overfishing. We cannot exercise coercion, even if the area is ours, because France claims that a sizeable portion of this zone belongs to its territory. Furthermore, our mutual agreement to refrain from enforcing the rules is the usual approach taken by countries in such situations to avoid any military confrontation that might endanger the fishing fleet at sea.

Since coercion cannot be used, we have done our best to convince the French that their activities off the south coast of Newfoundland are unreasonable ant that their overfishing represents a threat to the livelihood of both Newfoundland and Saint-Pierre-et-Miquelon fishermen who depend on the same stock. These arguments met with no success. The French refused out of hand to reduce their fishing in this area. We know that their own compatriots, the fishermen from Saint-Pierre et Miquelon, have asked for a reduction in fishing by the French fleet and that the French Government has ignored their appeals.

We have not offered and will not offer them the fish they want in sensitive areas like 2J+3KL, to persuade them to reduce overfishing off the south coast of Newfoundland.

We cannot and will not be blackmailed. We shall continue to put pressure on France and demand that it reduce excessive fishing activity off the south coast of Newfoundland and bring its catches down to the fair quota of 6,400 tonnes set by Canada for France in that zone. We shall continue to support the efforts of the people of Saint-Pierre-et-Miquelon to persuade the French Government to take the requested action and we shall reiterate these requests during negotiations from 1988 to 1991 on French quotas in Canadian waters.

Mr. Speaker, we shall not cave on this issue, not in 1987 and not from 1988 to 1991, but we firmly believe that the only way to achieve a final settlement and ensure that a reasonable conservation system is set up for the zones off the south coast of Newfoundland is to settle the boundary dispute in that region. We believe that an international tribunal will confirm Canada's position on the location of the boundary and establish that all major fishing areas come under Canadian jurisdiction and management. Such a ruling will make it possible to eliminate the problem of French overfishing off the south coast of Newfoundland.

Mr. Speaker, we must ask all those for whom fishing by the French in Canadian waters is a crucial issue to be patient and to give us their trust. The Government realizes how important the fisheries are to the people of Atlantic Canada, and we are fully aware that we owe nothing to France or to any country. Although we have certain obligations under agreements concluded with France, and we intend to observe those, the agreements concern fish quotas that are much lower than what France is demanding now. We are forced to make concessions that go beyond the obligations provided for in the agreements in order to be able to bring the boundary question before an international tribunal. Once that question has been resolved, the quotas granted France in Canadian waters will be strictly in accordance with our obligations under the 1972 agreement.

Mr. Speaker, at the beginning of my speech I alluded to the history of this whole question. In fact, our present problem is only one phase, in fact the lastest phase in a long process that started about 400 years ago when Canada was colonized and the French fishing fleet started to work the Northwest Atlantic. During that time, the fisheries gave rise to a number of disputes. The problems arose and were resolved. Treaties were negotiated and later replaced by other agreements.

The latest phase goes back to the end of the sixties when the Government of Canada decided to close the Gulf of St. Lawrence to all foreign fishing fleets, including the French. It was this decision that led to the 1972 fisheries agreement between Canada and France. An important step was taken in 1986 when, in accordance with the agreement, the French metropolitan fishing fleet left the waters of the Gulf of St. Lawrence, never to return.

Mr. Speaker, we must now deal with the repercussions of this decision, since the French, during the fifteen years they were allowed, failed to establish a development plan for their fleet after it left the Gulf. We must now deal with the fallout from this decision, settle the boundary dispute and determine once and for all what real rights France has under the 1972 Agreement.

Mr. Speaker, all this will take a few more years, but I am convinced that, thanks to the Paris Agreement, we are well on our way to resolving all these problems.

• (2220)

[*English*]

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, in this debate I am not promoting myself as an expert on the Newfoundland fishery. What I do want the people of Newfoundland to understand is that a person from central Canada, from a land-locked riding with no fishery at all, understands and is sensitive to the fact that they have one major resource. I do not bring to this debate the expertise of my hon. friends from

Gander—Twillingate or Humber—Port au Port—St. Barbe. They have much more knowledge, experience and understanding of the history and sensitivity of the people of Newfoundland to the fishery. However, what I do understand is common sense. I understand the sensitivity of the issue because my riding depends on one resource, nickel. I know how I would feel if the federal Government gave away that resource. How would I feel if nickel were given away to the U.S. or France or some other European power? I know how I would feel, so when I speak in this debate tonight it is from that perspective and understanding.

Tonight in Newfoundland there is great upset and anger.

Mr. McCurdy: Justified anger.

Mr. Rodriguez: Yes, justified anger. I at least recognize that these people understand the fishery. The fishermen are outraged. The Government of Newfoundland, which in a lot of ways is not my favourite kind of Government, God knows, it is a Tory Government, at least knows what is in the best interests of the fishery and Newfoundland. It was elected to look after those interests. It has the mandate. I recognize that the people who run the fishing industry in Newfoundland understand the industry and they are extremely upset at the Government.

What does this say to Canadians in the rest of the country? The signing of this interim agreement speaks volumes to Canadians. It says that the Government negotiated on this issue with the French in the same way it negotiated with the Americans on softwood lumber. In that particular instance the Minister for International Trade (Miss Carney) said she was eyeball to eyeball with the Americans and they blinked three times. In this instance the Minister of Fisheries and Oceans (Mr. Siddon) was eyeball to eyeball with the French and I think he blinked four times. Four times! What did we get out of it? It is not for me to start enumerating what Canada and the French got out of it. The people who know most about the issue, the fishermen, the industry and the Government of Newfoundland, said "We got hosed on the deal".

Some Hon. Members: Oh, oh!

Mr. Rodriguez: I suppose we are pretty lucky we did not have the Minister for International Trade doing the negotiations from the beaches of Hawaii.

An Hon. Member: He was there.

Mr. Rodriguez: Yes, he was right there in the same room with them. That is, after he put everyone else out of the room.

What does this interim agreement say to Newfoundlanders? It says that the Tory Government is saying to the people of Newfoundland, "We do not care two figs about you". After all, that is the same Government which paid Claude Forget $800 a day plus expenses to say that fishermen ought not to get UIC. That is the same sensitive Government. It is significant that Uncle John got on an open-line radio show after Claude Forget brought down his report and said: "Brothers and sisters of Newfoundland, just stay calm, we will never put this into effect".

Mr. Benjamin: John who?

Mr. Rodriguez: The godfather of Newfoundland. He said, "We are not going to put this into effect". Look what happened today. They are even starting to put him on the payroll at radio station VOCM. They think he is on staff because he is in there all the time. There he was again today. What was he saying today? He was saying what an insensitive group of people his cabinet colleagues are. That is what he said, they are insensitive.

Mr. Dingwall: He meant to say incompetent.

Mr. Rodriguez: It goes without saying that if you are insensitive and you are a Tory, you are also incompetent.

What took place today with this interim agreement? We gave fishing rights to France that they never had before. What did we get in return? We got the right to negotiate an agreement. That is what we got! This reminds me of a person in his house at night. He hears a burglar downstairs and goes down. The burglar is taking the cutlery. He says "Take the cutlery and here is the VCR, take that too. Take the TV. Take everything. Take it all".

Mr. McCurdy: Then we will negotiate what you can keep.

Mr. Rodriguez: Then let him go right out the door. That is the Tory version of negotiations.

They can laugh all they want but they missed a golden opportunity to climb back up in the polls. They could have had their own Falklands. They could have called out the fleet. They missed their chance again.

The Minister of Fisheries and Oceans stood up in this House today and said there was unanimity in Cabinet.

Mr. Prud'homme: He is not even here.

Mr. Rodriguez: After that speech he worked himself up so much he had to go out to the radio station. He has an appointment. Unanimity in Cabinet on this deal. That means all of those cabinet Ministers agreed with this interim agreement. They do not care about the people of Newfoundland. The one natural resource which those people brought into Confederation was the fishery. In one stroke of the pen the Government allowed the French fleet to fish more fish off the coast of Newfoundland than all the Canadian fishermen can fish.

Mr. O'Neil: Not true.

Mr. Rodriguez: Get up and make a speech.

Mr. O'Neil: Not true.

Mr. Rodriguez: You will get your chance to make a speech.

Mr. O'Neil: Deal with the facts.

Mr. Rodriguez: That is what happened. I asked myself this question. I have been told that the Government of Newfoundland, the Premier of Newfoundland, the fishermen and the industry were all involved in the negotiations. The agreement with France, which was signed in 1972, came to an end in May, 1986. I wonder why the Premier of Newfoundland, the fishermen and the industry were suddenly cut out of the negotiations in December when it came down to the short strokes.

• (2230)

I understand that the Government wanted to have something for the Premier of France to sign. It wanted to roll out the red carpet, have some champagne, and then have a photo opportunity for His Majesty, the Prime Minister of Canada (Mr. Mulroney). The Government wanted great pomp and ceremony, in Napoleonic style, for the signing of this agreement. Newfoundland had made it quite clear that the French fleet was not to have any access to the northern cod stocks. That position was made very clear to the Government. Therefore, the whole idea was to cut the trouble makers out and have a nice little cabal with the Department of External Affairs and the French negotiators. The Government had a nice little *tête-à-tête*, a little wine, a little music and, *peut-être*, a little bit of *amour*. In the process the people of Newfoundland were shafted in spades.

Mr. McCurdy: I would be embarrassed to be a Conservative.

Mr. Forrestall: I would be ashamed to be one of you.

Mr. Rodriguez: These are the same Tories who were so critical of federal-provincial relations during the Trudeau era. They were to begin a new era. We have seen the new era in the agreement that has been signed.

Mr. O'Neil: It is not an agreement. Produce the agreement.

Mr. Rodriguez: The Conservatives do not give two hoots about involving the leadership in Newfoundland in the fisheries. As far as the Conservatives are concerned, the leadership of Newfoundland does not count. The Tories have three seats in Newfoundland and the people of Newfoundland will give them a lesson in the next federal election.

Mr. O'Neil: You have never been on a boat. You wouldn't know a fish if you slipped on one.

Mr. Forrestall: Stop playing politics.

Mr. Rodriguez: They are all upset, Mr. Speaker. They ought to explain this to Newfoundlanders. As a result of this deal we got better relations with France. I heard the French negotiator on TV tonight. He was not upset at all. He loved the deal. He was asked whether he thought this would stop the overfishing by the French fleet. He said, "No, we have always considered those waters French waters". Big deal, Mr. Speaker. Tough negotiations.

Mr. O'Neil: There is no deal.

Mr. Forrestall: If you don't know what you are talking about, you should sit down and shut up.

Mr. Rodriguez: What has happened here, Mr. Speaker? Why did the Government eliminate the interested parties from the negotiations? As I have said before, it was the Prime Minister's desire to have a showpiece and a photo opportunity. I believe that a second reason is that the Conservative Party has lost touch with the grass roots of this nation. A headline in the Montreal *Gazette* says that Ottawa sold out the fishermen. However, the Government did not sell out the Newfoundland fishermen at all, it was a giveaway, just as the Government gave away the softwood lumber.

The Premier of Newfoundland is not a New Democrat or a Liberal. He is one of these Tories. In fact, he is so upset that he said: "Apparently when France rattles its sword, Canada bends its knees. It's a terrible situation and they did it behind our backs". We are once again on our knees to make a deal. The Government has all the flexibility of an octopus. It has a wishbone where its backbone should be. Instead of standing up for Canadian rights, the Government has surrendered. It did it on softwood lumber and has done it again with this interim agreement.

Richard Cashin, the head of the fishermen's union in Newfoundland, said that the Tories at the federal level have sold out the interests of the Newfoundland fishermen. If the Government had any self-respect left it would tear up that interim agreement, accord, or whatever they want to call it. That is the only way the Tory Government can attempt to get back into the good graces of the people of Newfoundland.

Mr. Morrissey Johnson (Bonavista—Trinity—Conception): Mr. Speaker, after listening to the remarks from both sides of the House this evening the only thing on which I have heard total agreement is that there is extensive overfishing by France off the south coast of Newfoundland, St. Pierre and Miquelon. That is the only thing that has been agreed upon by all Parties this evening.

I wonder how serious opposition Members are about wanting to protect the rights and interests of Candian fishermen to allow them to take more fish to feed the fish plants and give more work to the fish plant workers than they are presently getting. It seems to me that there is great fear on the part of Liberal Members that the Government might be successful in negotiating an agreement with the Government of France. Otherwise, they would be telling us to get on with the negotiations in an attempt to stop the overfishing that is happening off the south coast of Newfoundland. I could say the same thing about the NDP Party. They should also be encouraging the Government—

• (2240)

Mr. McCurdy: Mr. Speaker, the name of this Party is the New Democratic Party, not the NDP Party. I would suggest that Members of the House at least show that much respect.

Mr. Fennell: He is not in his seat.

Mr. Speaker: The Hon. Member who just rose on a point of order knows that Hon. Members are not recognized unless they are in their seat.

Mr. Johnson: Mr. Speaker, I apologize if I have offended my colleagues from the New Democratic Party. I remind them that this is the Progressive Conservative Party but I do not object when they refer to me as a Tory.

Mr. Benjamin: The same difference.

Mr. Johnson: I did not heckle anyone when they were speaking this evening, because this is a very sensitive issue in Newfoundland. I believe it is far more sensitive than some Members realize.

The reason that this issue is emotional and that there is such an outcry from people in Newfoundland today is that they are afraid. They are afraid that the Government will do what past Governments have done and give away some of the fish stocks that are so vitally important to the people of Newfoundland.

Mr. Benjamin: Which is what you have done.

Mr. Johnson: That is not what we have done. We have agreed to negotiate. If the Government cannot reach a settlement that is favourable to the people of Newfoundland and Canada, then there will be no agreement.

Some Hon. Members: Hear, hear!

Mr. Johnson: I certainly will not agree to anything that I believe is not in the best interests of the province that I represent, and represent proudly, I might say. I want to assure Hon. Members here tonight that I am not a slave to my Party. I only have obligations to the people who placed their confidence in me when they elected me to come here and represent them. I can assure you, Mr. Speaker, and all Members of the Chamber that I will not be satisfied if the agreement that is negotiated is not good for Newfoundland.

We must ask ourselves why Canada has the objective of referring the boundary dispute off the south coast of Newfoundland to an international judicial tribunal for settlement. The answer is easy. Intensive negotiations have been going on since the extension of jurisdiction by Canada and France in 1977. We all realize that St. Pierre and Miquelon are part of France just as Newfoundland is part of Canada. I will not suggest that the French do not have any rights. The fact is that the Government of France is not even concerned about the people of St. Pierre and Miquelon because it is sending its metropolitan fleet to raid the fishing grounds on which its own citizens who live on St. Pierre and Miquelon are vitally dependent. If this Government's initiative can settle the agreement with France to the benefit of Newfoundland, it will also benefit the people of St. Pierre and Miquelon.

Today I heard talk about gunboats, armed patrol boats and so on. During his speech, the Hon. Member for St. John's West (Mr. Crosbie) asked if we are supposed to declare war. We would not declare war because we are too sensible. What are the alternatives? What would members of the New Democratic Party do if they were negotiating on behalf of a union? Would they attempt to arrive at a settlement without talking? When there is a dispute between a company and a labour organization they must sit down and exchange views over the table to hopefully strike an agreement. I believe that is what the Government is attempting to achieve here.

Certainly I have concerns and worries that if this goes to arbitration we may not be as successful as we hope. However, what other recourse is there if we cannot reach an agreement through negotiation?

We are aware of the delays involved before a judgment is rendered when ordinary Canadians go to court. It would not be sensible to expect a settlement before four years if we considered taking this dispute before a world court. That is why the Government has entered into these negotiations.

Earlier, the Hon. Member for Gander—Twillingate (Mr. Baker) said that we have negotiated away 2J+3KL. That has not been negotiated away, according to what I have seen. We have only agreed to discuss the matter.

The industry and the Government of Newfoundland are aware what happened when the French delegation was in Newfoundland some time ago. I would be the first to express my dissatisfaction with the fact that toward the end of last week communications somehow broke down and the Newfoundland Government and the industry were not completely informed about the progress made by the delegation that went to France to begin negotiations at least. However, that fact cannot change. If I happen to say something in anger about a friend, no matter how many times I apologize the words are said and we do not have the ability to take them back.

The fact is that communication broke down during two or three days, which has resulted in an outcry from Newfoundland. I assure you, Mr. Speaker, that I would be disappointed in Newfoundlanders and in the Premier of the province if they were not outraged. I am outraged as well, and expressed as much to the Minister of Fisheries and Oceans (Mr. Siddon) and the Deputy Prime Minister (Mr. Mazankowski). But that is the benefit in belonging to the Progressive Conservative Party. We are not enslaved. We can speak out.

Some Hon. Members: Hear, hear!

Mr. Johnson: I can go to Newfoundland and say that I disagree with what my Party is doing in government. That is freedom and democracy. No one from my Party has ever told me since I came here not to speak up on an issue.

I could take more time to talk about the different zones involved in this issue. It has become so complicated that we can no longer simply refer to the East Coast, West Coast or Gulf of St. Lawrence, but must describe them by names and numbers. Perhaps that would have been unnecessary if our fishing grounds were not raped years and years ago. Fish stocks would still be abundant and available to everyone. The fact is we do not have enough fish to meet our own domestic demands. That is why I am concerned. It is not satisfactory to me to bargain away any of 2J+3KL fish to the French, but we have to ask ourselves if that is the only alternative to stop the overfishing on the St. Pierre Bank, or what is now called 3PS. And if industry and the provinces agree, then we might have to make a sacrifice—and if we have to make a sacrifice, no matter how small it is, it will be too much as far as I am concerned—so we can ensure the fish stocks on the St. Pierre Bank.

• (2250)

At one time the draggers from Burin could go out and the fishermen would not even have a chance to get their rubber clothes off before they were back with a load. That was at a time long gone, but the same thing cannot be said for today. But if we have to make some concessions, and if it is agreed to by the Government of Newfoundland and the Governments of the other Atlantic Provinces, and by the fishermen—in other words, if it is satisfactory to the people of Canada—then I believe it is wrong for the Opposition to do what it is doing. I realize that the Opposition has a role to play and that role is to attack the Government, but somewhere along the line our responsibilty to the people who elected us must come first. That is the reason I say that members of the Opposition should not condemn the Government for everything it tries to do. Opposition Members can say: "What you did was not good enough. We wish you had done better", but they should not condemn just for the sake of condemning. I do not think that is the role of a good opposition Member. But maybe I am wrong. I do not know. I have never been in opposition and I am not looking forward to it, either. Because of what I believe in I can go back and face the people in my riding with the same dignity with which I came here.

The French have taken the position that they will not agree to refer the boundary dispute to an international tribunal in the absence of an agreement on French quotas in Canadian waters for the period from 1988 to 1991, the period required for an international tribunal to determine the boundaries. I am sure that if we were the people seeking jurisdiction over an island belonging to Canada off the coast of France, we would take the same position. That does not mean that the agreement which was signed last week in France is binding on the Government to give fish to France in 2J+3KL. I think members of the Opposition owe it to the people of Newfoundland to enlighten them and tell them the fish are not being given away, it is only up for negotiation in the hope of getting a better deal from the French on their overfishing on the St. Pierre Bank, better known as 3PS.

Mr. George Henderson (Egmont): Mr. Speaker, I listened with great interest to the speech given by the Hon. Member for Bonavista—Trinity—Conception (Mr. Johnson). I must say there is no doubt in my mind that the Hon. Member, in his remarks this evening, was quite sincere. That Hon. Member has always demonstrated to this House and to the Standing Committee on Fisheries and Oceans that he is quite sincere. However, the Hon. Member is on the government side. I was amused to hear him say he was never in the Opposition. Well, I can tell the Hon. Member, as nice a person as he is, that if the Government continues to make decisions like this, the decision it made on the softwood lumber and other decisions it has made since it became the Government, the Hon. Member will never be in the Opposition. He will never be back in Government. He will not be elected.

One must look at how this situation affects the livelihood of the people in Atlantic Canada, especially those people in the Province of Newfoundland. The fishery, as we all know, Mr. Speaker, is the lifeblood of the people of Newfoundland. That is what they brought to Canada at Confederation. Their past has been the fishery. For the Government and this Minister to make a deal such as this and to have issued licences for nine factory freezer trawlers in 3PS for the metropolitan fleet from France to fish in Canadian waters, is totally intolerable.

Mr. Crosbie: It is your treaty. Come on. Be honest.

Mr. Henderson: It is not our treaty at all.

Mr. Crosbie: Yes, absolutely.

Mr. Henderson: The factory freezer trawlers were no part of our treaty and the Hon. Minister of Transport (Mr. Crosbie) knows that, if he wants to be fair. It has nothing to do with the treaty of the past Government.

I must tell the Minister that if he knew anything about the fishing industry at all, he would know the difference between a factory freezer trawler and a wet fish trawler. Exactly the same comparison would be between a Volkswagen and a bus.

Mr. Baker: The Speaker knows.

Mr. Henderson: Yes, the Speaker knows full well.

Mr. Baker: He can give lessons to the present Minister.

Mr. Henderson: There is no question about that. These are very large vessels. They are floating factories. For this Minister to register and licence nine of those vessels to come into Canadian waters just so the Minister, and especially the Prime Minister (Mr. Mulroney) and the Secretary of State for External Affairs (Mr. Clark), could have some sort of cozy agreement later on with France on other issues, is disgraceful.

Let us look at this agreement, which everyone says is no agreement, and I agree it is not an agreement as such. It is possibly an agreement to negotiate. I do not even see where there is any stipulation by France, even after being given all these rights, that it has even to sit down and negotiate.

It was announced that Canada and France have agreed that the dispute be submitted for binding settlement by an international judicial tribunal subject to the negotiation of a treaty before the end of 1987. What is this negotiation of a treaty before the end of 1987? It is negotiation on the composition of the tribunal and its terms of reference. If they can get that settled, the negotiations will possibly start by March 15, 1987. Canada and France have also undertaken to negotiate before 1987 interim fisheries arrangements for French vessels in Canadian waters for the years 1988-91. It is not only this they are giving away, but they are starting to negotiate an agreement on something from 1988 to 1991, if they can get an agreement to negotiate. It is very confusing, extremely confusing. There is a paragraph at the very bottom of page 1 of this fancy news release from the Government of Canada and the two Ministers. They are the Secretary of State for External Affairs and the Minister of Fisheries and Oceans (Mr. Siddon). It states:

• (2300)

The two Ministers noted that solid scientific information is the first step toward resolving the overfishing problem.

I ask Hon. Members if they have ever heard anything as silly as that? They have already said that the French have been overfishing by something in the order of 20,000 tonnes. They have been overfishing the quota that was set by the scientists.

On page 2 of this document it states:

The rights of vessels from Metropolitan France to fish in the Gulf of St. Lawrence expired in May 1986 under the provisions of the 1972 Canada/France Fisheries Treaty.

This is the treaty that was signed by the Liberal Government. But it expired in 1986. So what are they talking about? Up until 1985 there had been no overfishing. We know the reason why there was no overfishing. It is because we used to board the vessels. We used to protect our fishery.

On this very subject I would like to quote a question to the then Secretary of State for External Affairs, the Hon. Mark MacGuigan, as reported in *Hansard* for March 23, 1982, at page 15719. This was a question asked by the Hon. Member for South Shore (Mr. Crouse) who is still a Member here, at least for the time being. He asked:

Madam Speaker, I wish to direct my question to the Secretary of State for External Affairs. I would like to ask the Minister what transpired between Canada and France while two French trawlers were hiding out in St. Pierre following orders from Canadian fisheries authorities to report to St. John's, Newfoundland, for alleged violations of our Canadian Fisheries Protection Act. Will the Minister table copies of the diplomatic exchange which took place between our two countries?

The Minister replied:

Madam Speaker, on Sunday, March 14, Canadian fisheries officers boarded two French fishing vessels in Canadian waters off the coast of Newfoundland and found that their log books had underreported their catches. The vessels initially refused to comply with orders to report to a Canadian port for inspection. Instead, they went to St. Pierre.

Following representations to the French authorities, the vessels proceeded to Halifax where charges are in the process of being laid.

In other words, this was a Government which knew how to negotiate.

Mr. Crosbie: You turkeys, you were the ones who got us into this problem.

Mr. Henderson: Do you know why it knew how to negotiate, Mr. Speaker? Because it negotiated from a position of strength. It was not a weak-kneed Government like this Government.

Mr. Crosbie: You turkeys got us into this.

Mr. Henderson: Yet this Government says that we should give the nose of Grand Banks to the Americans. My colleague, the Hon. Member for Gander—Twillingate (Mr. Baker), so eloquently spelled that out earlier this evening.

Mr. Crosbie: That is the first time that he has ever spoken up. Where was he in 1984? Where was he in 1972?

Mr. Henderson: The Government says give everything else to the French, or to the Americans. With respect to the softwood lumber it has said: "Give it to them. Give it to them". With respect to excise tax and codfish, I remember asking the present Minister of Transport (Mr. Crosbie) when he was the acting Minister of Fisheries if he would intervene and have the Prime Minister intervene in the great Shamrock Summit so that the United States would start to listen and not impose a duty. Oh yes, they would do everything at that Shamrock Summit. He said: "You can depend on the Prime Minister". What happened? On salt cod an 18 per cent duty was levied. That is the type of nonsense that is going on with the Government. Those are the kinds of negotiations it is entering into. It is no wonder that any country can come in and take our fish because the Government will not stand up to them. It immediately puts up the white flag.

A little bit further on in the press release from which I have been reading it states:

The French will also receive in 1987 fishing allocations in Canadian waters outside the Gulf in accordance with obligations under the 1972 Canada/France Treaty and under a separate fisheries treaty between Canada and the European Economic Community.

That is the treaty which expired in May, 1986. The press release goes on:

These allocations are included in the 1987 Atlantic Groundfish Management Plan and total approximately 15,600 tonnes of various species, the same as in 1986.

Let us take a look at what those species are. Let us take a look at what this quota entails. This is the quota that was given to the EEC and taken by the Germans up until last year. That is the same quota that was supposed to come back to our Canadian fisheries. In fact, it was supposed to come back to the fishermen of Newfoundland and Nova Scotia. That is what was given to France. Of course, 6,400 tonnes of cod was also included in the zone 3PS which Canada has established as a French quota for this stock. Mr. Speaker, did you ever hear the likes of it?

The press release goes on:

The level of the cod allocation for St. Pierre and Miquelon in the Gulf of St. Lawrence is an exception to the government's policy against non-surplus cod allocations to foreign fleets, as it is greater than what Canada's legal obligations require under the 1972 Canada-France treaty.

The treaty expired in May, 1986, but the Government still goes along with that and is even giving more. But it does not have to give anything.

The fishermen of the great islands of St. Pierre and Miquelon are asking Canada to live up to its obligations and kick the metropolitan fleet out of the Gulf of St. Lawrence.

Mr. St. Germain: You guys allowed them in there.

Mr. Henderson: There is a Member who does not know anything about fish. He obviously does not know anything about Atlantic Canada or he would not be talking the way he is talking. The first large trawlers that were in the gulf were brought in under the former Government of the present Secretary of State for External Affairs in 1979, with the support of the former Member for St. John's East, who is now the Lieutenant-Governor of Newfoundland.

Mr. Baker: And we know what happened to that Government.

Mr. Henderson: We know what happened. He got his reward. Obviously, the French metropolitan fleet is getting its reward for its overfishing which it does in a careless and reckless way. Its reward is 20,000 tonnes more fish. That is unbelievable. This is all in the name of good bilateral relations.

It is easy to understand why the people of Newfoundland are frustrated. I can understand it very well. They have to sit on their wharves and watch their fish leave their waters on vessels flying foreign flags. I can understand why they would be frustrated, especially when, in many parts of northeastern Newfoundland, they cannot catch enough fish to give them 10 weeks for their unemployment stamps. This Government knows that. The Government knows that as a result of a great deal of prodding by the good Liberal Members of Parliament from Newfoundland who prodded the Government time and time again to put some sort of program in place for Newfoundlanders so that they could make up between six and ten weeks to get unemployment stamps to carry on through the winter. That is what this Government calls constructive internationalism. It is unbelievable.

The old bad days have returned. We are going back to the future of the wild west. Winston Churchill termed this sort of a situation a sheep in sheep's clothing. That describes the Minister exactly. He is a wolf in sheep's clothing. It is so easy for the French to come over and pull the wool down over his eyes.

• (2310)

I sympathize with the Hon. Member for St. John's West because I know that he does not agree with this agreement, or with the fact that the Government did not consult with the Province of Newfoundland in the last number of days. Obviously, they did not consult with him when this decision was made. If they had consulted with him, and he had expressed his feelings about this agreement as eloquently as he did tonight, the Government would have had one of two choices: for the Minister to be removed, or the Hon. Member for St. John's West. The Government would have had no other alternative to stay and support a policy like that.

I know that the Hon. Member for St. John's West knows the fishery, because he is a former Minister of Fisheries in Newfoundland. I know he knows a bit about the fishery. I know that he knows Newfoundlanders. I cannot believe that he would come here and sing one song in Cabinet and sing another song back home. I know that the Minister would not do that. Therefore, this Government did not consult.

I remember very well when the Government took office that it discussed the consultative process and this great new relationship with the provinces which was going to be so good that no more would there be any divisions and differences in policy between the provincial and federal Governments and industry. Consultation with the Government is leading the people on and then telling them at the very end what they will do, and going about and doing it without any respect whatsoever for the consultative process.

I could go on for a while longer, but I have a number of colleagues who wish to speak on this resolution. I move a motion pursuant to Standing Order 9(4)(a):

That the House continue to sit after 12 o'clock midnight for the purpose of considering the adjournment motion now under consideration.

Mr. Deputy Speaker: Those Members who object will please rise in their places.

And fewer than 25 Members having risen:

Mr. Deputy Speaker: There not being 25 Members rising in objection to the motion, according to the provisions of Standing Order 9(4)(b), the motion is deemed to be carried.

Motion (Mr. Henderson) agreed to.

Mr. Deputy Speaker: On a point of order, the Hon. Member for Saint-Denis (Mr. Prud'homme).

Mr. Prud'homme: I wish to register for *Hansard* that the reason there are not 25 Members to object is because there are not enough people present.

Mr. Deputy Speaker: Order, please. Shall we resume the debate? On debate, the Hon. Member for Burin—St. George's (Mr. Price).

Mr. Joe Price (Parliamentary Secretary to Minister of Labour): I rise tonight to speak with some regret, frustration, and considerable mixed feelings. I have some regret because of the turmoil that this particular issue has created in my province. This agreement, this issue, and the irresponsible comments of some people has raised apprehension in the minds of people in the Province of Newfoundland.

The issue before us tonight is a very difficult and complex issue. For a number of years, governments have tried to resolve this issue with no degree of success. Acting in good faith, the Government has made a bold attempt to resolve this issue in the best interests of Canadians, and in particular in the best interests of Newfoundlanders. That attempt has generated a great degree of apprehension and controversy within my province. I very much regret that.

When the people of Burin—St. George's elected me, they gave me a trust on their behalf to protect the livelihood of their fishery. The events of the past few days have been very difficult for me, and for those people who have put trust in me. They are asking the question why. This agreement struck between the Government of Canada and the Government of France is found to be unacceptable in certain respects by the people of the province, and in some respects it is unacceptable to me.

Before I get into any great detail on this item of controversy, I wish to remind the House why the Government of Canada entered into these negotiations. We do indeed have a serious and deteriorating situation with respect to the French claims and subsequent overfishing in the area known as 3PS. Incidentally, this area lies directly south of my riding. It is an area which contains fish stocks that are very important to the fishing industry, particularly the inshore fishing industry of the riding of Burin—St. George's, and more particularly the area of Fortune Bay and the Burin Peninsula.

There have been ongoing negotiations since 1977 between the two jurisdictions of Canada and France. Those negotiations have been over the claims made by both countries as to which country owns the waters off the south coast of Newfoundland surrounding the islands of St. Pierre and Miquelon. The negotiations have centred around where the boundary should lie. That has been going on since 1977 and we have come nine years into that process. We recognize at this point in our history that we have not been able to successfully negotiate a boundary settlement that is acceptable to the Province of Newfoundland, the Government of Canada, or the Government of France. The negotiated boundary is not possible. In these negotiations, the French have insisted on a very large area of jurisdiction for the islands of St. Pierre and Miquelon. That position is totally unacceptable to Canada. We are at the stage where we recognize that these negotiations will not be acceptable. The only way to resolve this dispute is by reference to an international judicial tribunal. The need for the determination of this boundary has become far more serious in recent years because of the overfishing effort conducted by the French in the area known as 3PS.

• (2320)

Taking advantage of the fact that we do not have a negotiated settlement, the French have engaged in a massive overfishing effort in this zone. We have heard all kinds of numbers being put forward. The Canadian Government acknowledges the French right to fish in that zone with a quota of some 6,400 metric tons of cod. Last year the French caught 26,000 tonnes of cod. This year they have made it known to various people in Canada that they intend to ignore the quota set for them and indeed will catch some 25,000 metric tons. In fact, I would suggest that the 25,000 metric tons which are being tossed around is a minimum and that it might be more like 40,000 metric tons before the year has ended. That is a totally unacceptable situation in which we find ourselves.

What is the solution? I would hope some members of the New Democratic Party were speaking in jest when they suggested that we send gunboats out there. What a position to advocate! It is one that is totally unacceptable to most rational Canadians.

The reality we must face is that we are into a situation where we have a very rich resource in an area known as 3PS or St. Pierre Bank, and it is rapidly being depleted by overfishing by a foreign country. Because it is an area of dispute, we have no control over this effort by the French Government.

How do we gain control over this very difficult and unacceptable situation? As I said, the only obvious solution to anyone who has studied the situation and has some knowledge of it is that we must obtain a ruling through the World Court. That presents another problem. The only way to accomplish that is if both parties to the dispute agree to make that reference. Canada has agreed in the interests of conservation, of Newfoundlanders, and of the long-term stability of the fishing industry of that province. However, the French have been very difficult on this issue. Essentially, if we want to call a spade a spade, they have been attempting to hold the Government to ransom.

This brings us to the events of the last few days. In its wisdom the Canadian Government decided to enter into negotiations on how we could resolve this boundary dispute by agreeing on a course of action. That course of action resulted in an agreement this past weekend which gives me some cause for concern. I am not disputing the objective of the agreement. I have no quarrel with what it attempts to do. It is attempting to do something which every Member of the House should be willing to support. However, I must ask a question about the agreement—are we putting ourselves in a position of paying too high a price to get this dispute before the courts? That is my basic concern.

I feel that the agreement provides the opportunity to pay too high a price. I am somewhat disappointed and probably disillusioned with the process by which this agreement came about over the weekend. Until some time last week I think the whole process was on track, but from my perspective the events of last weekend got out of hand and the subsequent criticism has taken away from what good this agreement might have been able to do.

While this issue affects other provinces, its primary focus is that of Newfoundland. I think it is a case of bad judgment on the part of the federal Government to not have had representatives of the Government of Newfoundland present during the

negotiating process which occurred over last weekend. As I say, it is a case of bad judgment. As a result, we may have rushed into an agreement fraught with danger which could have serious implications for the province and for my constituents. I say "could"; I am not saying that it does. I feel that certain aspects of the agreement, had the Province of Newfoundland been represented, would not have been in it. People who live in the situation, as I have for many years and as have many Members from Newfoundland, would have been able to foresee possible complications which could arise with regard to the agreement.

I want to review very quickly the concessions in the agreement in respect of fish stocks. It says that the French are entitled to an additional 3,000 metric tons of cod in an area known as 2GH, which is in the far North. I do not think we would find anyone who would argue very strenuously against that concession. It is a surplus stock. Presently it is not being harvested by the fishing industry and as such it is not a difficult concession with which to live.

The agreement also stipulates that in the zones 4RS, 3PN, and 4VN the French fleet is entitled to some 3,500 metric tons of cod, and again there is no argument. It is an historical right, particularly for our neighbours who live just off our shores. Although the French Government does not recognize it, the agreement also says that they are entitled in the disputed area to a quota of some 6,400 metric tons. I think that is a fair allocation under the formulas.

There are two other aspects to the agreement. One is access to an area known as the Burgeo Bank. I have concerns about that one. They may turn out to be unfounded. I hope they do. However, for those who do not know, the gulf stocks migrate to the Burgeo Bank and we have just removed, because of the expiry of an agreement at the end of the past year, the French metropolitan fleet from the gulf. We did not renew the agreement. By allowing them access to the Burgeo Bank fishing area which is in the 3PS zone but not in the disputed area of 3PS, my concern is that we have again allowed the French metropolitan fleet access to some gulf stock, which as you, Mr. Speaker, should know and as all Members of this House should know is in serious decline. The biomass of the gulf fishery is declining at a very rapid pace. That fishery, unless the stocks stabilize and start to increase is in great trouble now, but that situation will be aggravated, which is a very serious concern on my part. Many inshore fishermen on the southwest coast of Newfoundland depend entirely on that stock for their livelihood.

• (2330)

The other area this agreement addresses is the area known as 2J+3KL, the northern cod stocks, which is the backbone of the Newfoundland fishery. This area has been in dispute in our provinces for some time. Now there is a possibility provided in the agreement that recognizes the right of access to that stock by the French. That is disconcerting, Mr. Speaker. The agreement does not specify the level of any quota that might be awarded, and that gives me a ray of hope. I have made it known for the past two days that I am not prepared to accept a quota in 2J+3KL that will negatively impact on any fishermen or the Newfoundland fishing industry in general. That stock is the future of the deep sea fishing effort in my province. We will be watching, I say we as Newfoundlanders, the negotiations as they progress if, indeed, they do progress at all. We will not accept any allocation that is not acceptable to each and every Newfoundlander affected.

I do not see and I doubt if you will find a Canadian who can see any surplus fish in that zone in the foreseeable future, Mr. Speaker. There will be none. In fact, we have reduced our domestic quota for 1987, not very significantly but there is a reduction. That indicates a stock with problems. I do not see how the Government or any Government can as a result of that accept the awarding of a quota to a foreign Government. I will not accept that on behalf of my constituents.

As I said earlier, the Government of Canada has acted in good faith. We have one basic objective, a real and admirable concern, and that is to resolve the dispute in 3PS. There is no easy solution to this problem, it has been ongoing for too long. We have to find a solution. Events of the next few months hopefully will give us that solution.

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I am happy to participate in this debate at this hour of the night. Like my colleagues before me, particularly the Member who just spoke, the Hon. Member for Burin-St. George (Mr. Price), I find the situation of great significance. The significance is not only for the people of Newfoundland, but I believe it extends beyond their boundaries. Indeed it is a Canadian problem affecting Canadians from coast to coast.

What do we have here, Mr. Speaker? What is at stake in this issue? Before one answers those questions one has to examine what has gone on in the past. We have seen the issue of a tariff regarding salt cod, an issue with the softwood lumber and, yes, more recently, an issue with the Christmas tree producers. Now we have this issue of fish. The people of Newfoundland, as evidenced by their Members of Parliament in this Chamber, by provioncial Members of the House of Assembly, and by commentators in that province, agree without qualification that that resource is akin, if you will, to the wheat of the prairie grain farmer, to the oil and gas in Alberta and, yes, to the language in the Province of Quebec. This issue is vitally important to the economic viability and the future of the Province of Newfoundland. No matter how you cut the cards, no matter who cuts the cards, the standard or the test that ought to be used should be an objective and reasonable test. In this instance, as we have seen in the three previous examples, Canadians, Newfoundlanders, and the people of Atlantic Canada have now again received the brunt of the central Government's policies as they relate to fisheries.

We have heard some statements by the Hon. Member for St. John's West (Mr. Crosbie). The French have had treaty rights to Canadian territorial waters going back to 1904

through a convention between the United Kingdom and France. Subsequent to that there was an agreement in 1972. The purpose, or the *raison d'être*, if you will, of that agreement was to phase out all the French fishing in the gulf. The Member for St. John's West—I do not think he did it intentionally, but perhaps he did it as a defence—did not talk about the provisions in that agreement with regard to reciprocal rights for Atlantic Canadians. He forgot to mention that but went on to talk about the concept of perpetuity. He did not quote the clause in which he substantiates his argument. He said that there is no definitive total allowable catch. On that point he is correct, Sir. But gross negligence is apparent when you listen to the Hon. Member for St. John's West. He refuses conveniently, I might add, to make mention of the fact that on October 9, 1980, there was an agreement between France and Canada with regard to the maximum allowable catch. He would allow the House to believe that there was a major omission in the 1972 agreement, and he is right. However, he should also be candid enough to tell Hon. Members and the people of Newfoundland that that omission was rectified in 1980.

• (2340)

That is one thing, but let us look at the duplicity of both the Hon. Member for St. John's West and, in particular, the Minister of Fisheries and Oceans (Mr. Siddon). That is a very strong term to use on the floor of the House of Commons but I want to tell you, Mr. Speaker, that the Hon. Member for St. John's West says one thing in Newfoundland and another thing in this Chamber. Talking about an obvious, flagrant misuse of documentation, the Minister of Fisheries and Oceans produced information in a press release on January 27 which was in contradiction to the private and confidential documentation possessed by the Department of External Affairs. That is duplicity at its worst.

Perhaps the crime in all of this is what the Government promised in 1984. It promised consultation. How many times have we heard government Members say in the Chamber: "We will consult with the provinces, with the working men and women of Canada, with industry and with the various sectors of the economy in order to arrive at public policy in the best interests of all Canadians"?

Tonight Members from the government side have said unequivocally that they are upset because there was no consultation. The Premier of the Province of Newfoundland and others have also echoed that. However, the remedy they wish to invoke now for the people of Newfoundland and Canadians in general is an apology. They want to say: "We are sorry we did not consult with you. We are really sorry. What has gone on is terrible". That is not enough. Conservative Members of Parliament from Newfoundland have a responsibility. They have a majority in this Chamber. They ought to do the proper thing and demand forthwith that this agreement be called null and void and that the Minister of Fisheries and Oceans resign.

Let us talk about the process of consultation. There was no consultation. The Premier of the Province of Newfoundland, the former employer of the Hon. Member for Cape Breton Highlands—Canso (Mr. O'Neil) and his idol and mentor, said about the Minister of Fisheries and the Government's policies that they are incompetent. What better evidence do you need than to have a provincial Premier of Tory persuasion commenting like that with regard to this particular policy? Why did the Premier say what he did? He said it because there was no consultation, just as there was no consultation in the Province of Newfoundland as evidenced by the statements made by Premier Peckford on behalf of his people.

The Minister of Fisheries and Oceans is not only incompetent, he is insensitive to the vital importance of a resource in the Province of Newfoundland. For those two reasons, he should do the honourable thing and resign from this federal Cabinet forthwith. If the Minister of Fisheries and Oceans is not prepared to do that, let us put this on the line. Let us see where members of the Conservative Party from Newfoundland really stand. Will they say that they will apologize or will they have the intestinal fortitude and guts to stand up for their people and say that they will cross the floor and resign from their Party if this agreement is not called null and void and if the Minister of Fisheries and Oceans does not resign forthwith? We will wait for 72 hours to see what these Members opposite will do. I am afraid that they will follow the likes of the Hon. Member for St. John's West by going down to Newfoundland to cry and wail, only to come back to Ottawa to say that they pulled the wool over the eyes of the people again. That is a shame.

The Hon. Member for St. John's West spoke on the radio and for the benefit of Hon. Members, I wish to let the House know what he said. I have a transcript from the VOCM action line of Wednesday, January 28, 1987. The Minister of Transport said that those responsible for this are certainly insensitive to the importance of the issue in Newfoundland and Labrador. This great paragon of Newfoundland concerns went one step further. He did not stop there. This great eloquent man, a paragon of Newfoundland interests, said that they were to have as one of their objectives better, improved federal relations, one of their hallmarks so far, but that this was hardly the way to go about it.

The Minister of Transport, the Hon. Member for St. John's West, says one thing down there and something different here in Ottawa. Who is the puppet and who is pulling the strings? Is it the Minister of Fisheries and Oceans? Is it the Secretary of State for External Affairs (Mr. Clark) or the Prime Minister (Mr. Mulroney) who is pulling the strings? Shame on the Hon. Member for St. John's West.

Hon. Members opposite are in disagreement with one another. The Hon. Member for Cape Breton Highlands—Canso has said that there is no agreement. The Hon. Member for Burin—St. George's has said that there is an agreement. I wish they would make up their minds. Either there is an agreement or there is not. To have an agreement, there must

be an intention to sign an agreement. There must be consideration and there must be the signatures of the parties. Do we have that here? One member of the Tory Party says yes and another says no. How convenient for the Tories—excuse me, Mr. Speaker, Members of Parliament of the Conservative Party of Canada—to try to be on both sides of the issue. It is typical of an incompetent, insensitive Government that does not deserve the trust of Canadians to run the administration of this country.

I would like to talk about something else in regard to this particular issue and it has to do with the Prime Minister, or Photo-Brian as he is known in my constituency. Why was this agreement made in secret? Did it have anything to do with the desire of the Prime Minister to have wonderful, glorious, picturesque photo opportunities at the upcoming first Francophone summit in Quebec City? Is that the rationale behind this agreement? If it is the rationale, I challenge the Hon. Member for St. John's West to have the intestinal fortitude to tell the Prime Minister that he is wrong and is not representing the best interests of Newfoundland. The Hon. Member for St. John's West has the habit of saying one thing in St. John's and another in Ottawa. That is typical.

• (2350)

Mr. Crosbie: You do not tell the truth in either place.

Mr. Dingwall: It is typical gross negligence and gross incompetence by Members opposite.

The Minister of Fisheries and Oceans issued a press release. You want to talk about someone not coming clean! Not with Members of Parliament on this side.

Mr. Holtmann: We know you are clean.

Mr. Crosbie: Your head is shiny.

Mr. Dingwall: Not with Members of Parliament on this side but with his own caucus. Do you hear them wailing and crying over there? They are 28 per cent or 29 per cent in the polls and they are gone. Gone. This will help your exit from political life.

Mr. Crosbie: You are gone with the wind, Dingwall.

Mr. Dingwall: The French catch, as indicated in the press release for 1984, was 6,607 tonnes. However, what does the confidential document say to which the Minister of Fisheries and Oceans, the Secretary of State for External Affairs, and obviously because he is a privy counsellor, the Minister of Transport (Mr. Crosbie) were exposed? It says 11,221 tonnes. If that is not duplicity, if that is not double-talk, if that is not misleading members of the Progressive Conservative caucus, I do not know what is. What was the figure used by the Minister in his press release for 1985? It was 6,010 tonnes as of May, 1985. In the secret document that Premier Peckford and Premier Buchanan have yet to see what does it say? This is the Minister of Fisheries and Oceans—

Mr. Henderson: Telling his own people.

Mr. Dingwall: —18,508 tonnes. It is very obvious that we are getting only one side of the story from the Minister. He is refusing to share with his caucus colleagues information germane to this discussion. That is gross incompetence and gross negligence. As I said earlier, it deserves as a bare minimum his resignation from Cabinet as Minister of Fisheries and Oceans forthwith.

Mr. Holtmann: Sit down.

Mr. Dingwall: I will conclude by saying that the Premier of Newfoundland and the Premier of Nova Scotia agree that the Government's handling of this issue—

Mr. Forrestall: That is right, the Conservatives agreed with Gerald Regan who agreed you were an incompetent MLA.

Mr. Dingwall: They both have concluded that this agreement is akin to gross incompetence.

It is one thing for Members opposite to say that, but quite another when provincial Premiers say it. I say to the people of Newfoundland that they have been let down by the Minister of Fisheries and Oceans. The Hon. Member for St. John's West has abdicated his responsibilities as their representative in the federal Cabinet, and I call upon Conservative Members of Parliament from the Province of Newfoundland to demand forthwith the resignation of the Minister of Fisheries and Oceans. If not, let them sit as independents. Put your money where your mouth is.

Mr. Les Benjamin (Regina West): Mr. Speaker—

Mr. Holtmann: From the Prairies.

Mr. Crosbie: Glad to know you are still breathing, Les.

Mr. Benjamin: I will be breathing long after my good friend, the Minister of Transport (Mr. Crosbie).

In taking part in this debate, the first thing I want to do—

Mr. Crosbie: Is sit down.

Mr. Benjamin: —is extend my congratulations and respect to the Hon. Member for Bonavista—Trinity—Conception (Mr. Johnson). I thought he spoke from his heart as well as his head.

Some Hon. Members: Hear, hear!

Mr. Benjamin: He made it plain that he was saying to his own Party and Government: This far and no further.

Mr. Forrestall: That is why we are a great Party.

Mr. Benjamin: Mike, would you get on the list and get up and make a speech?

Mr. Forrestall: We are a great Party.

Mr. Benjamin: You have made four speeches sitting on your ass. Now shut up.

Mr. Crosbie: You are talking through yours.

Mr. Benjamin: Get on the list and make a speech, Mike, I will be waiting to hear it.

Mr. Forrestall: It will be a little bit better and more knowledgeable than the one you have to make.

Mr. Benjamin: The respect and regard I have for my colleagues in this place from all Parties I have not only for the Hon. Member for Bonavista—Trinity—Conception but even for the Hon. Member for St. John's West, who also intimated that he is not completely happy and satisfied with this agreement. I respect and congratulate them for that.

Mr. Forrestall: So do we.

Mr. Benjamin: When you are involved in negotiations, whether it is over a union-management table or a nation to nation table, whether it is international or domestic, you do not offer something in advance. You do not telegraph to your opposite number what you are prepared to give, what lengths you are prepared to go to get them to agree to negotiate or arbitrate. You just do not do that. That is dumb bargaining. I am not suggesting that the labour side or the management side or the government side have not done some dumb bargaining because they have. All that is required here is for the Government to say, "We bargained dumb"—and you do not have to use my words, you can put it in much more diplomatic and statesman-like language than I would use. You do not lay those things out ahead of time. All your opposite number has to do is to sit back and smile sweetly.

The President of France, a Socialist, must be smiling to himself on his way to Canada. The Premier of France, a Conservative, must be laughing all the way over to congratulate his fisheries Department.

Mr. Forrestall: On what basis?

Mr. Benjamin: I hope I am wrong.

Mr. Forrestall: You are.

Mr. Benjamin: However, I expect there will be a ceremony where the agreement which was initialled earlier will be formalized when the President of France gets here. I hope that does not happen. We tipped our hand in these negotiations by having already cut back the quotas of our own fishermen. We did that in consultation with the four Atlantic provinces as part of the management of our fisheries. Having cut back the quotas of our own fishermen, we should have asked France to voluntarily cut back on the amount of fish they are taking. Surely it would have been a proper bargaining position to ask France to cut back in the same proportion as we have cut back our own fellows until we reach an agreement.

• (2400)

The Minister of Transport has said that the Government is trying to get out of something that previous Liberal administrations got us into many years ago. We do not disagree with that. This is an NDP motion rather than a Liberal one. However, there is no excuse for a Conservative Government to practice the supine acquiescence started by the Liberals. There is no damned excuse for sitting back and blaming it on the Liberals. The people of Atlantic Canada believed that the Tories would be different and correct the past errors of omission and commission. The Government gave France the right to fish in a zone where they were never allowed to fish before, unless it was in the 1500s.

Mr. Forrestall: You are playing politics with the lives of our fishermen. That's exactly what you are doing.

Mr. Benjamin: What do you mean I am playing politics?

Mr. Forrestall: You have no regard for them whatsoever.

Mr. Benjamin: For a hundred and some years Atlantic Canada has had nothing but Liberals and Tories, Liberals and Tories, and they have the highest unemployment and the poorest fishermen ever seen in the country. They keep thinking that maybe they will do better next time, but they continue to fail.

Mr. Holtmann: You're going to make it wonderful over there, aren't you?

Mr. Benjamin: We didn't do it to them. It was Liberals and Tories, Liberals and Tories.

Mr. Holtmann: And you are going to make it wonderful.

Mr. Benjamin: Liberals and Tories dictated to those people *ad nauseum.*

Mr. Holtmann: And you're going to make it wonderful?

Mr. Deputy Speaker: Order, please. Could we listen to the Member for Regina West (Mr. Benjamin).

Mr. Benjamin: It is not good enough for Tories to sit here blaming Liberals and Liberals to sit here blaming Tories.

Mr. Holtmann: Where do you fit in?

Mr. Benjamin: We have damn well had enough of that.

Mr. Holtmann: Where do you fit in? You aren't even there.

Mr. Benjamin: We fit in very nicely, thank you.

Mr. Deputy Speaker: Order, please. I ask Hon. Members to have the courtesy of listening to the Member for Regina West.

Mr. Holtmann: Where do you wonderful people fit in?

Mr. Benjamin: We are fitting in nicely, thank you.

Mr. Holtmann: Explain that to the people of Canada. Where do you fit in?

Mr. Benjamin: It is not good enough to sit around blaming the other guys.

Mr. Holtmann: We are waiting with bait on our breath.

Mr. Benjamin: My Leader, who moved this motion which was accepted by the Chair, proposed an alternative solution.

Mr. Holtmann: Oh, wonderful.

Mr. Benjamin: The hon. gentleman whose mouth is open now had his ears closed earlier this day.

Mr. Holtmann: Give us your solution, your wonderful solution.

Mr. Benjamin: The agreement was designed to placate France rather than meet the needs of Atlantic Canada. The agreement gives away fish stocks to France where it has never fished before and is not entitled to in any remote manner. France did not even ask for rights in this area. Why would the Government give France those rights before an arbitrated settlement was reached? It is more dumb bargaining.

Mr. Holtmann: What a wonderful group of people.

Mr. Benjamin: I can tell my hon. friend that a number of us have been on both sides of the bargaining table.

They say that fish is good brain food.

Mr. St. Germain: You haven't eaten any.

Mr. Benjamin: I have listened to my hon. friend opposite and I now know how the good Lord knows where to send the fish. I wonder when he last ate any. When is the last time the Minister of Transport ate any of that good brain food? More important, when is the last time the Minister of Fisheries and Oceans (Mr. Siddon) ate any?

Mr. Holtmann: He ate some good fish in Manitoba. I can vouch for that.

Mr. Benjamin: The Minister of Fisheries and Oceans represents part of the Fraser Valley and South Delta where they have Pacific salmon. If he wanted to be a generous Canadian statesman and negotiator, why did he not offer Pacific salmon instead of Atlantic cod to the French? Can you imagine what would have happened to the Minister of Fisheries and Oceans if he had told the French that they could have Pacific salmon if they did not mess around in the territory in dispute. The Minister from British Columbia would have been run out of town on a rail and it would have been too good for him. However, he can be generous with the northern cod off Newfoundland. If he were negotiating with the Americans and Japanese for Pacific salmon, would he be equally as generous? I hope my Conservative friends opposite will ask him that.

Mr. Holtmann: So far not too many people have trusted you guys.

Mr. Benjamin: Mr. Speaker, I do not pretend to know much, if anything, about fish, other than the ones we have in Last Mountain Lake.

Mr. Holtmann: Then sit down. Sit down if you don't know anything about fish.

Mr. Benjamin: On the other hand, my colleague opposite would not know a bushel of wheat if it hit him in the face and I am sure that he would get up and make a speech on it.

Mr. Holtmann: I am sorry, but I know as much about wheat as you do. Here you are talking about fish. Good for you, you're talking about fish.

Mr. Benjamin: Mr. Speaker, is there a rule that if a Member is going to talk he should be in his own seat?

Mr. Holtmann: There is no rule.

Mr. Benjamin: I am wondering whether you are sure as to who has the floor.

• (2410)

Mr. Speaker: All Hon. Members in the chamber this evening know that the Hon. Member has a great deal of experience in this place. He no doubt asks a rhetorical question but I understand perfectly why it is being asked. The answer, which I had to deal with earlier this evening, is that a Member not in his seat is not entitled to have the floor.

Sometimes it is very difficult to persuade Hon. Members that when they are in someone else's seat they ought also to recognize the fact that they ought not to take the floor in repartee, if I can put it that way, across the aisle. The Hon. Member is absolutely right. If someone is trying to seek the floor from a seat other than that which is their allotted seat in the chamber, of course the Chair cannot recognize the Member. I would advise the Hon. Member who, of course, is a very experienced Member, that perhaps he could continue his debate more effectively if he did not recognize that other Hon. Member either.

Mr. Benjamin: Mr. Speaker, I would only say to my friends opposite that I listened carefully to speeches of my colleagues opposite, without interruption. I like to be heckled because it means that in fact they are listening. However, in this instance, they are not listening.

We are aware that it is very difficult to govern this country, with 10 provinces and two territories. Perhaps the worst scenario for any party in power is that many of the provinces are governed by the same party. We appreciate that it can be a difficult situation. However, no matter what the disagreements or misunderstandings with the provinces, the fundamental principle to be held by the national Government and this chamber is that the enhancement and preservation of our

sovereignty and independence is inviolate and indivisible. Members on all sides of the House unanimously agree with that principle, even if we may disagree about how to uphold it.

In this case, our disagreement concerns the conduct of international negotiations. While we may disagree on how they are conducted, we do not disagree with their purpose. Our motion simply states that the Government has made a mistake. It should not bargain away the well-being of its own people and the integrity of its own territory in negotiations with other nations.

Perhaps if we were at war or were under extreme pressure such negotiations may be acceptable, but we are dealing with a power that has been friendly for years and allowing it to encroach upon our national integrity and nationhood by providing it with extra quantities of our resources that belong to Canadians. That is why my leader moved this motion, your acceptance of which we appreciate, Mr. Speaker.

The Speaker has ruled that this matter is serious enough that the House should take it into consideration and the Government should recognize its importance. The intent of the motion is to suggest that the Government has bargained mistakenly and should reconsider what it has done. Surely the Government should have learned something from its experience with our neighbour to the south during the past 18 months. There will be ample opportunity to discuss those free trade negotiations in the future, but the issue here is the principle of our integrity and sovereignty which all Canadians support.

We are not attempting to criticize any Hon. Member in the Government, but we sincerely felt compelled in the name of sovereignty to move this motion so that the Government would reconsider the issue. After listening to the Hon. Member for Bonavista—Trinity—Conception and the Hon. Minister of Transport, I believe they share that concern. It will be to the Government's credit if it reassesses its action and decides that it was mistaken.

Before the Government proceeds further with this agreement, which has only been initialled, it should listen not only to some of its own members, but to the fishermen and their unions, and the fish plant owners and operators and some premiers. I do not suggest for a moment, however, that the premiers are 100 per cent correct. Surely there is sufficient ground to reconsider reopening negotiations with France.

Mr. Speaker: I thank the Hon. Member for his intervention. The Hon. Member for Mission—Port Moody (Mr. St. Germain).

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, let me begin by saying that those of us who come from constituencies with fishermen who earn their livelihood from the ocean understand what we are facing here tonight.

Let me also say a few words about Newfoundland members of our Party and their concern, dedication and devotion toward their province. I speak of the Hon. Minister of Transport (Mr. Crosbie) who so eloquently put forward the case of Newfoundlanders as it really is. He did not preach fear or use scare tactics, but represented the people of Newfoundland and Canada as he has done so well for so many years.

• (2420)

The Hon. Member for Burin—St. George's (Mr. Price) rose in this House tonight to speak to the plight of those Newfoundlanders who live along the southern part of Newfoundland and who are so impacted by any adjustments made to the Newfoundland fishery. He is concerned, and has a right to be, and he spoke well in this House. He represented Newfoundland proudly.

The Hon. Member for Bonavista—Trinity—Conception (Mr. Johnson) also rose in the House to represent his riding. I was present at a meeting today when he spoke of the ocean and of fishing and of the people of Newfoundland. He is a captain by profession, a man who has lived on the ocean from which he has sought his livelihood.

Mr. Speaker: A skipper.

Mr. St. Germain: A skipper, as you point out, Mr. Speaker. He is a man who understands every problem related to fisheries which affect Newfoundland and other parts of this country. As the Hon. Member pointed out, there is not a family in Newfoundland which has not lost a son, a father or a friend to the ocean. Yet they continue to eke out their existence from the ocean.

Those who spoke before me are very well qualified. They put forward the case of Newfoundland better than anyone could. As I pointed out earlier, Mr. Speaker, they did not rise in this House to preach fear, scare tactics or to malicously attack. They are not fearmongers. They are very, very concerned Members of Parliament from Newfoundland.

The New Democratic Party, the Socialist Party, moved the motion for debate. Its Leader rose in this House and advocated armed insurrection against a friendly nation. He said we may have to resort to a military resolution. The Hon. Member for Regina West (Mr. Benjamin) called it a friendly power. I do not believe that Canadians, regardless of whether they are from British Columbia, Newfoundland, Nova Scotia, or wherever, would advocate the use of arms. That is the type of rhetoric we have heard here tonight. It is insincerity. It is not that which Canadians want. We are looking at a situation in which our Government has faced the fact that the quotas and very livelihood of some Newfoundland people has been reduced because of overfishing in the oceans which surround them. That is unacceptable. There has to be a resolve. There has to be a method of controlling the fisheries so that we as Newfoundlanders, Nova Scotians and Prince Edward Islanders—we as Canadians—can have first right to the fisheries and do not have to cut back our quotas or allocations. That is the reason it is so important we try to establish some form of agreement with the country of France in dealing with this very important issue.

Let us visualize what will happen if we do nothing and the overfishing continues. As someone from British Columbia, Mr. Speaker, and one who was so involved with the salmon enhancement program on the West Coast, you will know that if a fishery is overfished, the livelihood of Canadians is placed in jeopardy. It is no different on the West Coast than it is on the East Coast. This is the dilemma the people of the East Coast of Canada are facing. This is the reason our Government is attempting to seek a resolve to this situation.

There is no doubt that there is concern in the minds of people on the East Coast tonight. That has been brought on to a large extent by the fear tactics which have been preached here tonight. However, it has been clearly enunciated by Hon. Members that they know of the concerns of Newfoundlanders and those concerns will be attended to immediately and efficiently as those Hon. Members who represent Newfoundland have always done on all issues which come before the House of Commons.

The Hon. Member for Regina West suggested that consultations should take place. I believe there is no government which has consulted more sincerely than the present Government of Canada. That has been a hallmark of this Government and it will continue to be a hallmark. I can think of a multitude of agreements arrived at that the previous administration could never even come close to reaching. For instance, there were the ERDA agreements with the provinces and the Atlantic Accord, which was a favourable agreement for the Province of Newfoundland. But here again we have the rhetoric, the screaming and yelling that no consultation has taken place. Our Government did consult in this case and it will continue to consult with Premier Peckford and the industry. There will be no final decision without the input of the industry and Government of Newfoundland.

I appreciate having had the opportunity to enter into this debate. As I pointed out, it is only those of us who live in and represent fishing communities who can truly relate to the lifestyle of the fishermen. I would just like to reinforce what was said here tonight by the Hon. Members from Newfoundland in their representations, and to tell the people of Newfoundland they have been well represented. None of their fishery is in jeopardy. There will be no agreement unless the agreement is favourable for the people of Newfoundland and for all the people on the East Coast of Canada.

Mr. Manly: Mr. Speaker, I rise on a point of order. I am sure the Hon. Member for Mission—Port Moody (Mr. St. Germain) would not want to leave an erroneous impression with the House that our Leader has been advocating violence, or that anyone in the New Democratic Party had done so.

Mr. Crosbie: You did.

Mr. Manly: That is not what we have been saying in this debate at all.

Mr. St. Germain: That is not a point of order, Mr. Speaker. That is debate.

Mr. Speaker: The Hon. Member for Mission—Port Moody (Mr. St. Germain) is absolutely correct. The Hon. Member is engaging in debate. However, sometimes the Chair does not know until the debate has commenced exactly what is the purpose of the comment.

[*Translation*]

Mr. Gérald Comeau (South West Nova): Mr. Speaker, I welcome this opportunity to take part in the debate this evening and to add a few comments on the debate and the speeches we have heard.

I would like to give a short summary of the three options that Canadians were given this evening.

[*English*]

First, there was the do-nothing option. This was the option proposed by the Liberal Party. That is what it has been doing for years. France continues to overfish cod stocks off the south coast of Newfoundland, costing the fishermen of Newfoundland something in the order of $40 million per year. Doing this would condemn the south coast fishery to extinction. The French have shown no sign of good management intentions, none whatsoever. Thus, the Liberal option to continue with the 1972 agreement to grant fishing rights was just not acceptable. The 1972 agreement granted the fishing fleet of France fishing rights in perpetuity, which is what we have to live with today. The June, 1984 pre-election Liberal agreement to abstain from regulating each other's fishing efforts was a means by which both countries could turn their backs on what the other was doing. This was not the way to go either. Obviously, the Liberal option is simply not an acceptable choice.

• (2430)

Let us now consider the NDP option. I will not call it the "NDP Party" because the members of that Party become so sensitive and hot when we say that. So I will say it is the NDP option. That option is to send in the gunboats Rambo-style. Their option is a call to war. It was Rambo Broadbent, the Leader of the NDP, who recommended that. It is irresponsible. It is good in that he will hit the national news with it. Rambo Broadbent says: "Let's go to war with France". He will hit the national news for sure with a statement like that. But it is irresponsible to come up with such an option. It is something which we simply cannot accept.

The Leader of the NDP brought up the Spanish trawler confrontation, a completely invalid point. The Spanish were fishing in undisputed Canadian waters. At that time we showed the Spanish how we could get rid of them if they were overfishing in waters which were undisputed. The difference between that case and this case is that France claims the waters off the coast of St. Pierre and Miquelon. Sovereignty over waters that are not internationally recognized to be our own cannot be enforced. Confrontation makes no sense when the possibility of a negotiated settlement exists.

We are not living in the Falklands. Nor are we in Argentina. We cannot send in the gunboats, no matter how attractive it

may appear to Rambo Broadbent. I apologize to the sole member of the NDP who is in the House if I have offended his Leader.

The third option is negotiation, something which appears almost foreign to the NDP way of thinking tonight. It is the only reasonable option. It is the only courageous option, an option which the Liberals were afraid to take or even consider. Getting the French to agree to go to international third party arbitration is a major achievement. I might even say that it is a major breakthrough. It is an historic event. This gives us a chance to undo the harm caused by the 1972 agreement and the unholy pre-election 1984 agreement. Negotiations will involve give and take. We should be prepared to pay a small price in order to get the French into arbitration. If we fail, then we will never have full sovereignty over our waters. If we fail to stop the French from overfishing it will continue. The future of the south coast of Newfoundland depends on our coming up with a negotiated settlement.

In the process the Government of Newfoundland and Labrador and the industry have been consulted at every stage. Our Government's first and foremost commitment and obligation is to the people of Newfoundland and Labrador. If as a result of our discussions over the past few months with the Government of Newfoundland and Labrador and the fishing industry it is determined that the cost is too great, then there will be no agreement, and we in Nova Scotia will join with our Newfoundland colleagues in saying that there will be no agreement. It is as simple as that. Both the Government of Newfoundland and Labrador and the industry will continue to be involved in ongoing and continuous negotiations.

I would now like to say a few words about misinformation. I listened tonight to the Hon. Member for Gander—Twillingate (Mr. Baker) and to the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin) who attacked the Hon. Member for St. John's West (Mr. Crosbie). Where were those two Members when the 1972 and 1984 agreements were entered into? Where were they then with their fine rhetoric? In fact, where are they now? I do not even see them in the House after they moved a motion to continue the debate all evening. They are not even here to listen. They had the help of their socialist Rambos, the NDP gunboat diplomacy led by Rambo Broadbent, the Colonel Gaddafi of the NDP. Where are they now? Where were they when the Government was giving fish stocks in perpetuity and signing agreements which turned their backs on overfishing?

I listened tonight to the Hon. Member for Bonavista—Conception—Trinity (Mr. Johnson) and the Hon. Member for Burin—St. George's (Mr. Price). I was proud to listen to their speeches. They are good and fine representatives from Newfoundland.

Some Hon. Members: Hear, hear!

Mr. Comeau: They want to see this issue resolved. They pulled no punches tonight. They knew where they were coming from. They were speaking on behalf of the fishermen of Newfoundland.

With respect to Georges Bank, we sent that problem to third party arbitration. Let me say to Hon. Members that this was a fine agreement. If an agreement cannot be reached by gunboat diplomacy, it sometimes pays to go to negotiation.

I would now like to talk about misinformation. The Leader of the NDP made a fine speech. It was probably written by one of his assistants in order to make the national news. His speech was full of misinformation, as usual. He mentioned the issue of having 15,000 extra tonnes of quota, which is simply not true. I wish he were here to listen to what I am saying now. However, he left just after making his speech. His research assistant who wrote his speech did not do his homework. The 15,000 tonnes was a figure mentioned in the 1987 Atlantic Groundfish Management Plan. All I ask the Leader of the NDP to do is to have his assistant read the plan. It is very simple. It is not a big project, if he can find the time.

I will say this. Rambo Broadbent never lets the facts affect what he has to say. He said what he wanted to say in spite of the facts.

When the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall) ran out of things to say he started making up things. He quoted from what he called a secret document. If he were in the House right now I would ask him to table that secret document. If he has one, then he should table it. He should put his paper where his mouth is.

While we are on the subject of Rambos, the President of National Sea raised the rhetoric today to the point of racism. I would like to quote what he said as reported in an article which I read in *The Chronicle-Herald* today. He said: "I hope the Government gets a lot of votes in Quebec for being so nice to France". Mr. Speaker, you are from Quebec.

[*Translation*]

and Quebecers had nothing to do with it. The President of National Sea had no business dragging Quebec voters into this affair.

• (2440)

[*English*]

I wish to apologize on behalf of Nova Scotians, because this was not coming from a Nova Scotian. This is a transplanted Bay Street lawyer who came down to Nova Scotia and who thinks he is speaking on behalf of Nova Scotia. He will pay the price for this type of thing, because he is not speaking on behalf of Nova Scotia. This is not acceptable to the people of Nova Scotia. On behalf of all Nova Scotians I apologize to all Francophones of Canada. Again I say that it was not coming from a Nova Scotian, but a transplanted Bay Street lawyer, a friend of Senator Michael Kirby.

Mr. Crosbie: Machiavelli.

S.O. 29

Mr. Comeau: The Machiavelli of Liberal politics, the next campaign chairman for the Liberal Party with Gordon Cummings—

Mr. Forrestall: The next Rainmaker.

Mr. Comeau: The next Rainmaker, of course.

In conclusion, and I will not take too much of the House's time, I would suggest that the fearmongers who stood up tonight and tried to spread fear in the heart of Atlantic Canadians should be ashamed of themselves. I wish to paraphrase my friend, the Hon. Member for Bonavista—Trinity—Conception, that as an Atlantic Canadian I am not afraid to speak on behalf of the fishermen of Atlantic Canada. If I think that the Government is doing something wrong for the fishermen of Atlantic Canada, I am not afraid to stand up and say so publicly. If these members of the Liberal Party from Atlantic Canada were here tonight listening to this, I would challenge them as well. I am not afraid to speak on behalf of Atlantic Canada. I will continue to do so. Like my friend from Bonavista—Trinity—Conception, I have not been told what to say. I am saying what I believe in.

I wish I had the gift of words of my friend who spoke tonight straight from the heart, and that I were able to deliver the type of speech that he gave. But I recommend to Rambo Broadbent, who was not here to listen to the Hon. Member from Newfoundland and the speech that he gave, that he read that speech and learn something about Atlantic Canada, what it means to be an Atlantic Canadian, and what it means to speak on behalf of our people in Atlantic Canada.

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, it is an interesting evening, but I am sure we occasionally wonder why we do this to ourselves and we drag the point on often beyond where it makes sense. Unfortunately, today we have been dealing with a very serious problem through the mechanism of an emergency debate. There is no doubt that at some point a serious problem can always be examined from 500 different directions. Somebody has to grab the thing by the face and begin the process of solving it. It appears that this is what the Government did this week. There really had to be some type of movement toward a solution of the dilemma at St. Pierre and Miquelon.

The Conservative Government has undertaken that task and, for better or worse, we will hopefully move forward to a satisfactory solution for Canadians, or at least an interim solution that will lead us to some form of decent and equitable arrangement where Canadians are not deprived of resources which truly are theirs, and which we all in the House feel belong to Canada.

The issue with St. Pierre and Miquelon extends back to the last vestiges of the colonial process of France. If my history serves me, at the end of the Napoleonic wars France's colonies were stripped and she was left with two small pieces in Canada to exploit our fisheries in St. Pierre and Miquelon. It is unfortunate that we in this generation have inherited that problem which simply will not go away.

We heard the Conservatives blast the Liberals in the House tonight for beginning the process of trying to make some agreements with France. France has fought very hard to maintain its economic stake in the gulf fishery, and to extract the wealth from it. At the time when Canada pushed the 200 mile limit forward there was a need to begin the process of making agreements with foreign nations that fished our Atlantic coast. That process began; the initial agreements were certainly unacceptable. What happened was that is over a long period of time the process has moved forward of trying to limit more and more the incursions by those foreign fleets into areas we claimed. That has been coming about.

As the Liberal Government passed away in 1984, the task of resolving one of the toughest problems in the Atlantic area fell upon the Conservative Government. There were some interesting aspects of it. I happened to be looking over some previous speeches made in this place a year ago about the problem with the factory freezer trawler. At the time, France had very large factory freezer fleet intentions in the area. When we came to the point of moving forward, I would suggest without adequate consultation although others would argue that there was adequate consultation, I found, when reading some old speeches in here, that we had harmed ourselves by moving forward quickly with the factory freezer trawler effort on our part. We had set a precedent where France was entitled to go ahead and do it. Our attempts to seek an arbitrated effort not to have France do it seemed ridiculous after we had approved that technology. Since Canada could use it in our areas, therefore, France reasoned, why should they not be able to? The problem of setting precedents by moving too quickly caused us some problem.

It has been some time now that I have moved into other areas as fisheries critic, but it seemed to me that some time ago Premier Peckford was very concerned about having more access into the northern cod stocks. On numerous occasions he spoke to the Government about the possibility of a mid-shore fleet, a fleet that would be able to move in and begin to harvest that resource and use more of to work for the people of Newfoundland.

It is unfortunate that we find ourselves tonight more than slightly ahead of ourselves and having to seize a very nasty problem and move forward with it, without having dealt with the requests of Newfoundland to move in and harvest those stocks, so that Newfoundland might not feel so completely deprived by this agreement. Had several things moved forward, maybe with a little more caution on the factory freezer trawler issue, maybe with assistance in developing that mid-shore fleet and access to the northern cod stocks, at this time when we find ourselves in need of national consensus to deal with a nation like France, a tough, hard bargainer in any forum, had we taken those types of procedures earlier, we may not have been faced with the potential for a serious split in national consensus that we do need.

To clarify the record, I have known my Leader in this Party for many years. Of all the people that I know who would never recommend an armed intervention in this type of situation, the Member of Oshawa (Mr. Broadbent) is the individual. Whether we debate it, or whether it was misunderstood, it is simply not correct to say that.

We have a very difficult situation. In the debate tonight and at other times when looking at some of the ways in which this House operates, one does get a little embarrassed. I must admit that there are times when even I am embarrassed at my own behaviour. We tend to get carried away.

On a serious issue like this, there is a basic need for unity in approach against other nations. There is really a need to attend a process. For Canadians to be effective in the world, there has to be scrupulous attention paid to the process of making sure that consultation has taken place, that the concerns and fears of other people have been examined and dealt with to the greatest degree possible, so that we can all move forward together.

• (2450)

I am certain it is difficult for the Government at this particular point in time to have Premiers in the Atlantic provinces expressing serious concerns on a major initiative which really needs support and unity to deal effectively with them. This will now take its course. The Government has bit the bullet and moved on. For better or for worse, the moving finger having writ moves on.

However, we are faced with many other issues. Recently we in the House debated the free trade problem. There is not consensus in the country on that issue. There will not be unity in facing the United States. There were some serious problems with the softwood lumber deal. In a speech which I made in the House my expression of concern was more that the Premier of British Columbia had undercut a national effort which had gone on for quite a long time. I guess there is a time when there is some need for consensus in an approach to solve an extremely difficult problem. There is a need, on the part of the Government, to go through the process of consultation to ensure that there is a field on which the maximum consensus achievable can be attained. On the part of the Opposition, I think there comes a point, when the country faces another nation in a very difficult situation which is critical for Canada, where we must look at facing it together to the best degree possible.

There are other such areas in British Columbia; this is certainly not the last one to go. I and many people in British Columbia have serious concerns about the Canada-U.S. salmon interception treaty. Most people on the West Coast remember very seriously that the document was pushed forward quickly and without adequate consultation, we feel, in order to be signed at a meeting between the Prime Minister (Mr. Mulroney) and the President of the United States in Quebec City. There are those people who would argue that it was not done hastily. So be it. However, in the minds of many people it was. What was the motivation which pulled that agreement forward? It seemed to be more the Shamrock Summit than certainly the needs and concerns of the people who would live under its terms.

There is another issue. The St. Pierre and Miquelon dispute is not the last time we will have troubles with our neighbours. I draw to the attention of the House a serious problem with the A-B line bordering the northern part of British Columbia and Alaska. The Americans have claimed an equidistant operation. The old A-B line is not acceptable to them. They would move it out further. It would give them enormous access to Canadian fishery resources. The Americans have issued oil and gas leases on the other side of the A-B line. Canadians, fishermen who live in my constituency, have been arrested by armed American vessels on the other side of the line. They have fished on Canadian charts which show that to be Canadian waters.

Mr. Forrestall: Does that have anything to do with the motion before the House?

Mr. Skelly: That process has begun. The Hon. Member brings me back to the topic at hand. However, I would stress with him that there will be an enormous battle in the House once again unless the process is followed. It is of extreme concern to Canadians what happens in that northwestern corner where the A-B line sits. It is a gate which controls some of the richest fishery resources of Canada. If we do not do it properly, we stand the risk of losing them.

I would urge that the mistakes which have been made—and I use the term "mistakes"—be carefully examined and hopefully not repeated.

I think we have had an extremely vigorous debate tonight. I think the Speaker chose wisely by rating this problem serious enough for an emergency debate in the House. I think there has been a full debate on it. Hopefully the agreements which are put forward with France can be ones in which Canadians have a stake and on which Canadians work together. Hopefully the Government will move forward and try to assist Newfoundland with its very justified concerns. There have been concerns expressed about factory freezer trawlers and about the ability of Newfoundlanders to share in the wealth in those northern stocks. Hopefully they would be listened to and, even though late, there would be an opportunity to move in quickly, not only to bring Premier Peckford on side in seeking a solution, but to deal with the issue of trying to provide for Newfoundland fair and effective access to those resources, so that Canadians living in Newfoundland can be beneficiaries of our resources.

There is much to be done. Hopefully the Government will move forward from here in a positive direction, so that Canadians can back it, to whatever degree possible, in its endeavours to obtain a decent agreement with France.

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, I rise this morning to join with my colleagues

from Atlantic Canada and from other parts of this great country to speak on a topic of tremendous interest and importance to the fishing industry and fishermen of Atlantic Canada.

The Canada-France boundary and fisheries agreement which we are debating tonight is really not an agreement. In first year law I was taught that an agreement to agree is not an agreement; it is merely a statement of intention. The Minister made very clear that there was no agreement. He simply said that there was an intention to proceed with a program which should lead to settlement of the dispute over the maritime boundary off the south coast of Newfoundland and St. Pierre and Miquelon and to provide fishing quotas for France for 1988 to 1991 while the boundary is being determined.

The question many Canadians are asking themselves these days is: How is it that France is in our waters? How is it that France has any access to so-called Canadian fish? All Canadians must realize that until 10 years ago these fish were international fish and there was no such thing as a 200-mile economic zone. International law had not evolved to the point where a country such as Canada could declare a 200-mile economic zone, that being 200 miles from the coastline of our country or to the edge of the continental shelf.

Over the last 25 years we have reached the point in international law where coastal states have recognized jurisdiction over certain resources, marine and under the sea bed adjacent to the land. Those rights which Canada has accrue to other coastal states. Whether or not we like it, St. Pierre and Miquelon are part of France and when we speak about them we speak about France. Attached to that land mass are similar rights accorded to France under international law. Of course it is known by Members of the House that France cannot go 200 miles from St. Pierre and Miquelon without intersecting an area which falls within 200 miles of Canada. There we have the disputed zone.

Where will the line be drawn? The international court of justice has a series of rules, some of which are complicated equidistant rules and others which reflect the continental shelf, the land mass, et cetera. Ultimately these boundaries can only be decided in such a forum. Such was the case in the Georges Bank issue which was settled between Canada and the United States.

It was with a view to settling this dispute and exercising some control over the fishing effort of France that Canada has been attempting to strike an accord with France. We want an accord with France because to this point France has exercised no control over its fishing efforts in the disputed zone. France's fishing effort represented a threat to the continued health and viability of the entire Atlantic fishery off Newfoundland. It is with this motivation that Canada moved to negotiate or attempt to reach some kind of accord. From where else does France get its right to fish other than from international law?

• (0100)

There are three principal historical documents on which the French base their fishing rights. First is a 1972 treaty between Canada and France. Second is a 1982 agreement between Canada and the European Economic Community and third is a 1984 exchange of notes between Canada and France of June, 1984. For the interest of all Canadians, these three agreements were entered into by the former Liberal Government. It is, therefore, the ultimate hypocrisy on the part of the Opposition Liberal Party over the last two days to say that it accepts no responsibility for the fishing effort that France has expanded into Canadian economic zones.

The Liberal Party is not being consistent. It is clear that the Liberal Party is not putting the facts before the fishermen of Atlantic Canada. It is clear that the Liberal Party views this dispute or uncertainty as an opportuntity to gain votes, the votes of people who are concerned about their continued economic viability. Fishermen in this country and in Atlantic Canada who expend a great deal of effort and incur great risk to put food on the table deserve more and better. The treatment they receive from the Liberal Party is shameful.

Just what is it that Canada has agreed to do, Mr. Speaker? Canada has agreed to talk. Nothing else. There is no giveaway of cod or any other fish to France. In fact, the record should show that there is more than a 50 per cent reduction in the cod allocation to France for 1987 over 1986. In 1986, French vessels caught 21,000 tonnes of cod. In 1987, that figure will drop to 8,000 tonnes.

Some Hon. Members: Hear, hear!

Mr. O'Neil: The Opposition accuses us of going easy on France. It is quite the opposite, Mr. Speaker. We hear a lot about a treaty expiring in December 1986. What expired was only the right of French vessels to fish in the gulf region. The treaty itself, signed by the Liberal Party, is a perpetual treaty, a perpetual obligation on the people of Canada and the fishermen of Atlantic Canada to share their fishing resource with a foreign country. We reject that. We also heard earlier in tonight's debate from the Hon. Member for Cape Breton-East Richmond (Mr. Dingwall) who selectively quoted statistics and compared apples and oranges. The contrast put before the people of Canada and Members of the House is not valid. It was misleading. It did not reflect the reality in which we find ourselves.

What about France's jurisdictional rights? What were the options? We heard from earlier speakers that Canada had three options, having decided that it wanted to resolve this problem. It could have reached a voluntary accord with France. Our Government tried and, like other Governments, it was unsuccessful. We then decided to pursue the objective of an arbitrated settlement, a third party settlement. What we are talking about tonight is whether or not a mechanism that has been agreed upon will result in a third party settlement.

Most alarming was to hear from the Leader of the New Democratic Party (Mr. Broadbent) that we should have put our war boats in the water and that we should have used military force to deal with this issue. That, Mr. Speaker, is not the Canadian way. I suggest that that is not a route to be followed by any leader of a civilized nation. There are easier, better and more effective ways of solving a problem. There are more mature ways in the international community to resolve a problem than to pursue such aggression. The need for determination of the boundary, as I said, has become serious because of French overfishing in the area.

France has been taking advantage of the fact that the boundary has not been settled. In these circumstances, Canada cannot enforce Canadian fishing regulations in the large area France claims off the south coast of Newfoundland. The French fleets have expanded their fishery in this area to an enormous extent. While the customary share for France of a total allowable catch for cod in the area off the south coast of Newfoundland was 6,400 tonnes in 1986 and is again in 1987, in fact the French fleet caught approximately 26,000 tonnes of cod and had planned to take approximately 25,000 tonnes in 1987. This rate of overfishing produces a total catch of about 60,000 tonnes as compared with a total allowable catch established by Canada of 41,000 tonnes.

This represents a serious risk to the cod stock off the south coast of Newfoundland which is rapidly becoming depleted. The French have taken a position that they will not agree to refer the boundary dispute to an international tribunal in the absence of another agreement. Again, that underlies the whole point that there is no agreement to debate. There is simply a concensus as to a mechanism for resolving a very difficult international problem, and the resolution of this problem has eluded Liberal Governments that have preceded us.

As a Nova Scotian Member of Parliament, I feel that I must respond and I must comment on a press release which was telexed to me from Gordon E. Cummings, President and Chief Executive Officer of National Sea Products Limited.

Mr. Forrestall: He is not a Nova Scotian.

Mr. O'Neil: He is not a Nova Scotian but a resident. He is from Bay Street and is an active member of the Liberal Party. The press release reflects concern about the fishing industry and much concern about the political industry. The telex is really without basis in fact. It criticizes the Government and suggests that the Government of Canada has taken fish from Nova Scotia fishermen. This is clearly not true. The suggestion being put forward is that Nova Scotian jobs will be lost. This is not true, Mr. Speaker. If anything is true, this whole issue indicates the drive with which the Government of Canada is attempting to secure employment for the fishermen of Canada and the fishing processors.

Mr. Foster: He should be asked to resign.

Mr. O'Neil: I would like to join with my colleague, the Hon. Member for South West Nova (Mr. Comeau) in expressing my deep regret upon reading in the provincial newspaper of Nova Scotia that this same Mr. Cummings viewed this communication with the Government of France as an attempt to gain votes in Quebec. What is being said and articulated and I believe what is being revealed is bigotry. Why bring the people of Quebec into this debate as we negotiate with the Government of France? I have the honour to represent an area that has thousands of people who speak the French language. Why were the thousands of Acadians not singled out? This is a reference that I find most objectionable and offensive. It is an attempt to introduce, if you will excuse the expression, Mr. Speaker, a red herring.

• (0110)

When people cannot deal with the facts in a debate, they try to put up straw men. This reference in *The Chronicle Herald* forces me to conclude that this particular gentleman is unprepared to deal with the facts, that he does not know what the facts are and that those facts do not support the conclusion that he wants to reach in any case.

There may be some legitimate complaints that can be raised about the lack of communication in the last week but let those complaints be complaints about the lack of communication, not an attack on the merits of a worth-while initiative. Let those complaints be recognized for what they are. They are simply a criticism indicating that perhaps there was not sufficient consultation and communication.

I do not believe that it is correct for anyone to suggest that all of this has been a tremendous surprise. Negotiations have been ongoing for months in this entire issue. It was inevitable that a point would be reached as it was on the weekend. The issues and options did not change that much and a choice was made. It was a choice that was on the table for some time.

As I prepare to close, I as other Members of Parliament from Atlantic Canada want to state my commitment to ensuring that the fishing industry, the backbone of the economy of Atlantic Canada, will continue to be well and aggressively represented by Members of Parliament from Atlantic Canada. We will ensure that Members of Parliament in the Progressive Conservative caucus speak with an independent voice and are not trained seals. We were not the ones who sat in this Chamber in 1972, 1982 and 1984 when the federal Government of the day executed agreements with the Government of France and the European Economic Community, agreements that signed away the fishing resource that properly belonged to the people of Atlantic Canada. That is the issue to which the Liberal Opposition must respond but they refuse to address it. In the days that follow, that is the issue that Liberal Members will be forced to address by the people of Atlantic Canada who are listening tonight and hearing the facts. They will want to hear an explanation of the activities of the Liberal Government in those years. They will applaud the efforts of this Government and the Members of Parliament from Atlantic Canada to put behind us those mistakes and to secure for all time and for all Canadians the

right to harvest and manage the fishing resource of Canada for the betterment of all Canadians.

Mr. Fred McCain (Carleton—Charlotte): Mr. Speaker, I do not believe that Members of the House should have a careless disregard for the truth as they speak and present their cases to a national television audience, they hope, and certainly to all Atlantic fishermen in the area. I do not believe that a Party should suggest that a debate go beyond midnight and then evacuate the House. I think that is a fair statement to make and I hope someone in the fishing community of Atlantic Canada is aware that that is what has happened. It is a farcical motion to move if one is not prepared to support it. Obviously the Liberal Party was not prepared to support its suggestion for an all-night debate. Where are they?

I listened to the Hon. Member for Egmont (Mr. Henderson) and I must say that in all the speeches I have heard in the House since I came here in 1972, I have never heard a more careless disregard for facts as I did while he presented his case to Canada and the Canadian fishing industry. I wish to address that.

The Hon. Member mentioned surveillance. It was a Liberal Government that made a deal with France that in the disputed area, we would not have surveillance over their boats for the amount of catch they took and they in turn would not have surveillance over ours. That was the Liberal deal with France. The difference was that the Canadian boats that fished within that territory landed at Canadian points and were subject to Canadian quotas. They could not catch beyond that limit. There was no such condition imposed upon the French fleet. They could catch to their heart's content and we had no rights or privileges to surveillance, examination or to board them because we surrendered those rights under a Liberal Government.

If the fishery policy of the former Government was so good, why was the Minister not re-elected to the House of Commons? He was defeated in a fishing community. Following the political map throughout the Gaspé, the Gulf, down the East Coast of New Brunswick, into Nova Scotia and over to Newfoundland, how did it happen that the Liberals lost so many seats to the Conservative Party. If the Liberal policy was so good, why did this happen? Not one former Liberal Fisheries Minister now sits in this House. Two of them had to seek haven in the other place and the third was defeated. One cannot speak very well for one's Party when that is the history of its Ministers.

Hon. Members spoke about surveillance. The Fisheries Committee, including the Hon. Member for Gander—Twillingate (Mr. Baker) and later the Hon. Member for Egmont, heard Conservative Members emphasize surveillance meeting after meeting. When we pointed out that the herring quota within our own waters had probably been exceeded threefold because of a lack of surveillance, we were mocked. The fact is that those on the coast of New Brunswick, Nova Scotia, P.E.I. or the Gulf knew that the quota of herring was being caught threefold and surveillance was not part of the program.

A member of the crew of one of the boats that was supposed to be on surveillance duty in the North Atlantic came before members of our committee and said: "I have been afloat all summer in a fisheries boat which is supposed to be surveilling the catch of the foreign fleets. We have never seen a foreign boat pull its gear from the water so that we could examine what was in that catch. We have never seen a foreign boat come to the mother ship and unload its catch. We have never been permitted to go into a hold of a Russian factory ship to see what was in it". That is the surveillance to which the Hon. Member for Egmont referred. That was a mockery of surveillance.

When surveillance was discussed in committees, I can remember the Hon. Member for South Shore (Mr. Crouse) saying repeatedly that within our 200-mile limit, it looked like a city at sea because there were so many lights from the factory boats and their suppliers. Yet, as we were told, we never saw a boat haul in its gear or unload onto the factory ship and we never got into the hold of a boat. The Hon. Member for Egmont says we were doing the surveillance. Then, on top of that, they abandoned surveillance in the disputed territory except for Canadian boats.

• (0120)

The Hon. Member also mentioned the duty on fish. I believe the Hon. Member for Gander—Twillingate and the Hon. Member for Egmont were on that committee. We had to deal with a very difficult situation in our trade with the U.S. It was pointed out repeatedly that if we established a government-supported company in the fish processing industry we would unavoidably be subject to duty by the U.S. There was no way we could get the Liberal Government of the day to do anything but establish a subsidized company. Yes, duty was applied and the Hon. Member for Egmont says that is all the fault of this Government. That is just another one of the deceptive statements made in this House and we and the people of Canada deserve an apology.

I am sure that viewers did not get a different impression of the statement of the Hon. Member for Egmont than I did. He said the nose and tail of the bank were surrendered by this Government. The facts are that in the negotiations at the Law of the Sea Conference and in the establishment of the 200-mile limit, Canada dropped its right to the ownership of the resource in the coastal waters and under the sea bed. That treaty was approved by coastal states about 30 years ago. The only nation which supported Canada on the 200-mile limit issue was India. They were mad at us because they have a 600-mile coastal shelf and they could not afford, they felt, to surrender any of their rights in that shelf in view of the Coastal Nations Treaty. However, we put it on the table and that is where the fishing privileges on the nose and tail of the bank went down the tube before we even negotiated anything.

We were told by the Liberal Minister of Fisheries that NAFO will look after that. That is the same group that was precluded from the coast of North America, from Florida north, by virtue of the 200-mile limit. The only waters available to an international fishing fleet without regulation are on the nose and tail of the bank. That was surrendered without a fight as we so generously put them on the table to the detriment of the fishing industry. NAFO will not do the surveillance or designate anyone with authority to do the surveillance. It is fished indiscriminately and our efforts to maintain stocks at a reasonable level just cannot be maintained as long as that very fruitful area is left without surveillance and fished indiscriminately. We also gave permits to fish within our 200-mile limits to Cuba. That country already had its own 200-mile limit and in no way needed more fishing territory.

That is the history of the Liberal Party. It was received with great disfavour by the voters who pretty well cleaned the Liberals out in the Gaspé, the east coast of New Brunswick, and a few in Nova Scotia and Newfoundland. That is the reception their policy got and they are trying to say that they looked after the fishermen. The voters did not think so then and they will not think so later. From the abandonment of our fish, to the abandonment of the seal hunt, right straight through to the nose and tail of the bank, the Liberal policy failed and the voters told them so. Any pretense that France has not given up many of its rights or that the treaties are still not in place is just that, a pretense. The only treaty the Hon. Member for Egmont mentioned which is not in force is that part which allowed the metropolitan fleet into the gulf area. That expired in 1986. The rest of the treaty is still in place. They will still fish without surveillance by virtue of a Liberal treaty.

It is a sad day when an issue cannot be debated on its merits and on its truth and when the people of Canada cannot rely on the statements of those who would incite, excite and mislead them. It is a deplorable situation that the Party which did so much of that in this debate has vacated the House to the last man. The Party that moved the motion now has one Member in the House. That is the seriousness with which this debate has been taken. I hope Canadians will note that. Canadians have been misled by their speeches. That is the reputation those two Parties put together for themselves.

Mr. Howard Crosby (Halifax West): Mr. Speaker, I want to participate very briefly in this emergency debate for really just one reason. I want to give an overview of how I, as a Member from Atlantic Canada, see this issue. Let me begin by saying that Atlantic Canada has a very proud and ancient history. It did not start in 1867 with Confederation. It started centuries before that and very much involved the Atlantic fishery. It very much involved fishermen from France, Spain and Portugal who travelled here at great risk to fish the waters of the North Atlantic. We in Atlantic Canada know the contribution Europeans have made to the Atlantic fishery. We know the history of Atlantic Canada on land and in the ocean. We know the Province of Newfoundland, which is so affected by the issue of stocks in the Atlantic fishery, was founded by those who braved the Atlantic waters in search of fish they needed to feed their people. We know the history and recognize the facts.

Today, in 1987, the fishery is one of the richest resources in the world. In a world starved for protein we now recognize, once and hopefully for all time, the importance of the fish resources of Atlantic Canada. I hope every Canadian from the East Coast to the West Coast recognizes its value just as we recognize the value of the oil resources of Alberta and the grain resources of the prairie provinces. It is in this connection that we must move to protect this resource and preserve it for all Canadians. In order to protect that resource we must recognize the history of all the nations which were involved in the Atlantic fishery, which history extends back 500 years or more. I am sure all Canadians remember the voyage of Christopher Columbus in 1492 which led to the discovery of North America, the voyages of Jacques Cartier and all the other explorers, and the proud history of Newfoundland and Atlantic Canada. This is all part of our heritage and we understand that very clearly in Atlantic Canada.

• (0130)

The historic event which gives rise to the difficulty which we face on the floor of the House of Commons today is the establishment of the 200-mile economic zone. The establishment of that zone is the most important incident which we have to deal with in this context. All those centuries were compressed to result in the imposition of the 200-mile zone. Therefore, those who say that there was a simple solution, that something very simple could have been done to right the problems of 500 or 600 years, are not dealing with reality.

Only 30 years ago the Soviets, for example, plundered the fishery of Atlantic Canada. Many nations took whatever fish stocks they could by whatever methods they could employ. There was absolutely no control on the fish stocks off the Atlantic coast. Only when the economic zone was established in 1972 were we able to get any control over the situation.

It has taken a long process of evolution to get us to this point. As well as recognizing the history, we must recognize what was involved in the dramatic event of the establishment of the 200-mile economic zone. When it was established we all knew that nothing would change overnight. We gained control of the zone through a long process.

The subject of this emergency debate is the participation of France in the Atlantic fishery. We very recently had the same problem with Spain which fished in Atlantic Canada for centuries. Spain is now excluded from the zone through actions of the Government of Canada in order to protect that fish resource for Canadians. We have turned away the followers of Christopher Columbus who fished in Atlantic waters for centuries. We required those fishermen to adhere to agreements established through the European Economic Community.

It is misleading to suggest that it has been a simple process or that there are simple solutions to this problem which has evolved over the centuries. It is an insult to the intelligence of the people of Canada, and particularly the people of Atlantic Canada, to suggest that there is a simple solution, a specific action which can be taken to right the problems which accumulated throughout centuries in relation to the Atlantic Canada fishery. Anyone who has dealt with this issue over any period of time knows that it is a long and difficult process to obtain for Canada complete control of the 200-mile economic zone in Atlantic Canada. That is the ultimate goal. However, people should not be so anxious. It has taken 500 years to get to this point. We cannot overcome those centuries of activity in a decade or two.

When the Liberal Party was in power in Canada it made, at best, slow progress toward attaining total control of the economic zone. We are taking new steps in the process to gain the ultimate goal of total control. In that connection we must recognize that various European countries, particularly Spain, Portugal and France, have fished in Atlantic waters. That must be overcome over a period of time. Some of the specific problems have been dealt with, but the right of France to fish in Atlantic waters has not been overcome.

Particular difficulty arises from the presence of St. Pierre and Miquelon in what would otherwise be our national waters. Everyone involved in the Atlantic fishery knows of the existence of St. Pierre and Miquelon and of the traditional rights of the French to fish in Atlantic waters. The problem is what to do about it. How can the problem be resolved? How can we put in place a mechanism to deal with the problem? We are trying to eliminate the mischief of the rights of four nations to fish in Atlantic waters. In relation to France, that is only one part of the problem.

Those who would make more of it than only an evolution of the problem which has existed for centuries, which has been particularly prominent in the last four or five decades, are not being fair with the people of Canada. They know that there is and has been a problem and that it must be resolved. The question is how to do that. I defy anybody in this House or in Atlantic Canada to deny that there is a problem with regard to foreign intervention in the Atlantic fishery.

The Government of Canada has proceeded on the course of resolution of the problem. To disagree with the specifics of how the Government of Canada has attempted to resolve the problem is only to quarrel with relatively minor details. One must agree that the problem must be resolved in a manner which solicits the concurrence of the international community. It cannot be resolved by unilateral action.

That raises the matter of gunboats. We know that that kind of unilateral action has never in the history of the world resolved any problem. It is very clear, based on the history of Atlantic Canada and its fishery, that there is a problem with respect to foreign participation in the Atlantic fishery. There is a very specific problem with regard to the participation of France in the Atlantic fishery which, in turn, is related to the existence of St. Pierre and Miquelon as a French territory. Everyone recognizes that that is a problem in connection with the traditional fishing activity of France in Atlantic Canada over the centuries.

• (0140)

That problem must be resolved and it is ridiculous for anyone to suggest otherwise. The question is: how does one resolve it? I have yet to hear anyone suggest in the House a way to resolve the problem. I am sure the Minister of Fisheries and Oceans (Mr. Siddon) would be amenable to any suggestion from any Member of the House who could tell the Minister how to resolve the problem in a manner that did not involve any concessions on the Atlantic fish stock. No one has made that suggestion, apart from blowing them out of the water. Anyone who has taken that kind of approach has been sunk himself. We know that this is not a solution.

The Government of Canada, following the precedents of international negotiations in the last decade or more, has arrived at what it believes, through the Minister of Fisheries, is a step toward a resolution of the problem. Let the person who has a better solution to the problem come forward and resolve it in another way. However, they must be prepared to take the risk of failure of the solution. That is a risk that falls to us as members of the Government, supporting the Minister of Fisheries and Oceans. We recognize that we must take the risk of the failure of the solution that has been proposed. That is the lot of those who govern. However, it is not the lot of those in opposition to take the risk of failure of the solutions that they may propose as alternatives. In short, it means nothing for someone in opposition to say that we should take another course of action than that which we propose. They take no responsibility.

The Minister and the Government have recognized that there is a problem with respect to the Atlantic fishery in relation to the participation of the French in that fishery. A solution has been proposed and the Government of Canada is prepared to take the risk of the failure of that solution. What more can one ask of the Government? I rise in support of the Minister of Fisheries and Oceans, who has at least proposed a solution to a problem that has existed for more than 500 years and has been present in Atlantic Canada since the very foundation of this country in 1867. It has come to prominence in the decade or more since the establishment of the economic zone.

The case, simply stated, is that there is a problem and the Government of Canada has proposed a solution. It has done so in good faith, to the best of its ability, and the Government is prepared to take the risk of failure of that solution.

Let me conclude by simply dealing with those who would argue that this is not a good solution. I repeat emphatically that no one has proposed another solution. Those of us who were elected by the people of Atlantic Canada have an important duty to represent the best interests of Atlantic Canada and make certain that the interests of the people of

Atlantic Canada are protected in this Parliament and in the Government. That is why I take grave and great exception to the remarks of an individual who, in this case, heads National Sea Products, an important fishing company in Atlantic Canada. I am referring to Gordon Cummings and the remarks he made that have been referred to by my colleagues, the Hon. Member or South West Nova (Mr. Comeau) and the Hon. Member for Cape Breton—Highlands—Canso (Mr. O'Neil). Those remarks are to the effect that the Government of Canada has sold out Atlantic Canada. We in Atlantic Canada have supported the Atlantic fishery, and our colleagues in Newfoundland, Prince Edward Island and New Brunswick have supported Nova Scotia in the establishment of a factory freezer trawler and other initiatives designed to enhance the Atlantic fishery particularly for the benefit of Nova Scotia. For anyone in the position of a director president of a private enterprise company that has drawn on the resources of the Government and people of Canada to say that there is a sell-out of the East Coast fishery is contemptible in the worst degree. We will not stand for that.

If Mr. Cummings wants to stand before the people of Nova Scotia and seek election to this House of Commons where he can represent the views of Atlantic Canada, let him do so. However, if he is going to stand up and say that we are selling out Atlantic Canada, he will have to answer for it. I can tell Mr. Cummings that when he comes to Ottawa to seek assistance for his company, we are only going to consider the interests of the people of Nova Scotia, the employees of the company and those who are employed in the Atlantic fishery. We will not take that kind of nonsense from a business executive who denies the interest of Atlantic Canada and the people of Atlantic Canada in favour of the profits of his particular company. We are here to protect Atlantic Canada and we will protect it for all the people, but mostly from the Gordon Cummings.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, if my distinguished friend from the great City of Montreal does not want to participate—

Mr. Prud'homme: I did not say that. You continue, I will listen.

Mr. Forrestall: My intention was only to thank the staff and express appreciation for all their efforts. I also want to express appreciation for this motion having come forward this evening. I suggest to the House and my hon. friends from both the New Democratic Party and the Liberal Party that perhaps they have now learned a very fundamental lesson about our distinguished Prime Minister (Mr. Mulroney) who talked about parliamentary reform and the rights of back-benchers to make their mark. This has been a free and open debate and I think it has been very enlightening.

I wish only to commend the House for the level of debate and commend those who participated for their thoughtfulness and very deep concern about the issue that is before us. Above all, I want to thank the staff who have been here with us so patiently for these almost six hours.

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, of course, I will join with my friend who just spoke in thanking all of the staff and yourself for your patience.

[*Translation*]

In fact, my main reason for taking part in this debate is that I would like to make a few comments on some of the speeches given in the House this evening.

• (0150)

[*English*]

I must say, Sir, that having been here since eight o'clock, like those who are still in the House, it is very enlightening for an urban Member of Parliament to get acquainted with a very important issue. I do not want to be facetious, but I will say I was impressed with the speech of the last speaker, the Hon. Member for Halifax West (Mr. Crosby), which I listened to on the television in the lobby. I am sorry there were not more Hon. Members in the House because it is a very important issue. We could have learned a lot.

Mr. Forrestall: You were the only Liberal in the House for four hours.

Mr. Prud'homme: If my friend wants to be—

Mr. Forrestall: You were the only Liberal in the House for four hours.

[*Translation*]

Mr. Prud'homme: Mr. Speaker, I repeat, if the Hon. Member wants to be disagreeable, as usual, he knows perfectly well that I can be even more so—

[*English*]

And a lot more than he, I can assure the Hon. Member. I am making comments now and I do not think he should be *désagréable*, as we say in French. I have shown courtesy to every Hon. Member tonight. I have listened because I am interested. He cannot blame me for being interested in learning about a very important subject. I was present—

Mr. Forrestall: You were not present.

Mr. Prud'homme: Mr. Speaker, I wish either the gentleman would leave the room or behave, as I know he always does.

Mr. Forrestall: I will come back and challenge you on a point of order.

Mr. Prud'homme: I have been in the House of Commons—

Mr. Forrestall: On a point of order, Mr. Speaker. With respect to comments or otherwise of Hon. Members in the Chamber, my distinguished friend has not been here. He has not been in this Chamber. There has not been a member of the Liberal Party in this Chamber for the last three or four hours.

S.O. 29

Mr. Deputy Speaker: I must rule that this is not a point of order.

Mr. Prud'homme: I will certainly raise a question of privilege. If my hon. friend reads *Hansard* tomorrow, he will see most likely that I was recorded all night as saying: "Mike, Mike". I was addressing myself to him, asking him to shut up, as I do now. All night I have been here and all night I have listened to every speech, so much so that I will quote from every single one. I intended to say only a few words, but I will now take my 20 minutes and if the Hon. Member keeps interrupting, he will get more.

I was impressed by the speech of the Hon. Member for Halifax West from whom I learned a lot. It gave me great pleasure to listen to the exceptional speech tonight of the Hon. Member for Gander—Twillingate (Mr. Baker). He was so good that even the Leader of the New Democratic Party came to shake his hand and congratulate him. Everyone who listened to that Hon. Member, and to the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall), the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin), the Hon. Member for Egmont (Mr. Henderson), and others, was extremely impressed. The Hon. Member for Carleton—Charlotte (Mr. McCain) said we were not present. Well, I must have ears which can hear outside of the House because I listened to his complete speech when he said we were not present. The same applies to the Hon. Member for Cape Breton Highlands—Canso (Mr. O'Neil) who said we Liberals participated in the debate tonight strictly for votes. I did not know that Mr. Peckford and Mr. Buchanan were Liberal, unless they switched allegiance today.

An Hon. Member: They were not even in debate tonight.

Mr. Prud'homme: The Hon. Member for Carleton—Charlotte said the Liberals were eliminated and our lack of interest in the fisheries eliminated us. It seems that he is not aware of the results of the last election. We were eliminated almost all across the country, not only in the Maritimes. But it will be interesting for the Hon. Member to know that the place we had the most success was in the Atlantic Provinces. Seven Members were elected. That represents 22 per cent of the Members there. Of the 250 Members left in Canada, we only took 13 per cent, so we did rather well, especially in Newfoundland which is the subject of the debate tonight. Three Members of the Liberal Party were elected out of seven.

The Hon. Member for Cape Breton Highlands—Canso keeps talking. I must say to the Hon. Member who interrupted me earlier—and I have seen so many Hon. Members in and out that we are used to a one-term Member, and I hope that this would not apply to him—that if he keeps being disagreeable, as he seems to be tonight, he may be a one-term Member. Therefore, I do not think we should pay much attention to what he is saying.

The real reason I want to participate has nothing to do, really, with what has been said tonight. I wanted to listen because for so many years I have listened, and this is a part of Canada which is of great interest to me.

I am telling you, Mr. Speaker, that someone is going to get it, and it is not going to be me, if those Hon. Members keep interrupting. I have listened politely for 23 years to arguments. We may disagree but at least we listen to each other.

What is my main motivation?

[*Translation*]

You know I am a Francophone, a French-Canadian, that my heritage is French and that every time we have a debate in which one of our two mother countries is involved, whether it be Great Britain which gave me its political institutions—

[*English*]

You may laugh at that if you like.

[*Translation*]

But my political institutions come from Great Britain, respect them and I think they are probably among the best political institutions in the world. That is what Great Britain means to me. France gave me my cultural blood, what I am today. That is why when we have a debate where either both or one of our mother countries is involved, a debate that might arouse feelings among some people, feelings we would rather not see aroused, we must be very sensitive and realize what the debate is really about. I was delighted to hear one or two Members say that it was not engraved in stone. It was a consensus, not an agreement.

I have been listening very closely, and there is one thing I learned from the debate this evening, and I say this for the benefit of my friends at the French Embassy who will certainly be reading the proceedings. Anyone who knows anything about international politics realizes that this evening's debate will be followed very carefully and read by Ottawa's Department of External Affairs and by the French Embassy to find out what the mood was in Parliament during a debate involving this country and France. I hope they understand it would not have been in the best interests of either Canada or France if either country were to feel it had come out the winner.

I agree with the Hon. Member for Halifax West (Mr. Crosby) that the problem has been going on for some time. It is very difficult to find a solution. I agree. I learned something from his speech. I am one of those who after 23 years, naively perhaps, still listen to the speeches of these Members because we come from all regions of Canada and we can learn something by listening to others. I did learn something this evening. I am glad to say in French that I did learn a lot from my colleagues from the Atlantic Provinces. But I know as well that if one of the two sides—Canada or Canadians, and the French—were to gain a lot from these negotiations, one or the other will inevitably become quite frustrated. Experience has taught us that all boundary problems are always potentially very dangerous and very explosive because this kind of difficulties can indeed have dire consequences. We know that. There are in excess of 100 boundary problems in the world, Mr. Speaker,

in Latin America and in a number of other countries which every time run the risk of witnessing individuals tearing at each other. That is the last thing we want to see happening between Canada and France, obviously.

So this evening I heard something I knew already, but still I listened to all the speeches, I repeat, all the speeches of my colleagues, and we do have a major problem on our hands. It is unbelievable, simply unbelievable.

• (0200)

[*English*]

It just cannot be that a group of people can be so unhappy. I am talking now about the fishermen in the Atlantic provinces, especially those in Newfoundland. There must be something wrong somewhere. That is why I wish to attract the attention of the House and the attention of the Government to this issue. The Government must be extremely careful.

Yes, it is true that in 1984 Canadians had enough of the Liberal Party. We were severely rejected. But that is democracy.

Mr. Forrestall: Why don't you talk about fish?

Mr. Prud'homme: Canadians made their choice but the Prime Minister (Mr. Mulroney) said: "I want to offer you a program on this and that. I want to have a new era in federal-provincial consultations". We were told in 1984 that the Liberals were arrogant. We were told that the Government always wanted to have its way. There may be some truth in that. At any rate, Canadians saw fit to reject the Liberals. But the Prime Minister was elected on something that he keeps repeating. Everyone knows that the Right Hon. Prime Minister is a friend of mine. I would not attack him. But I do remember one thing because I had to face that election. As a matter of fact, it was my best in 23 years, but that is on *en passant*. It was my easiest election. It seems that that was not the case for some of my colleagues.

The Prime Minister talked about a new era of federal-provincial consultations. So I ask myself: Why is it today that the Premiers of Newfoundland and Nova Scotia are so unhappy? No one can deny us asking that question. How is it that the fishermen of Atlantic Canada seem to be so concerned and so unhappy? Why are we here tonight? Why is it that Members opposite had a chance to participate in this debate? It is because I asked that the debate be allowed to continue. That is why the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) is still in his place. We would have sent him home at 12 o'clock if I had not asked for this extension. I asked for it because I wanted to listen to all of the Members from Atlantic Canada, not only those Members from the New Democratic Party who asked for this debate. I wanted to know where each Member from Atlantic Canada stands on this issue. I wanted to learn what there was to learn for the best interests of the Maritimes. So Members opposite participated. Why should we cut the debate off at midnight when Members opposite may want to put their views to the public?

[*Translation*]

Mr. Speaker, I think it is my right. Would you kindly ask the Hon. Member to settle down? Indeed, I am about to conclude—

[*English*]

Mr. Deputy Speaker: The Hon. Member for Saint-Denis (Mr. Prud'homme) has the floor. I am sure Hon. Members will listen to him since he has approximately 10 minutes remaining.

Mr. Prud'homme: Truman said something along the lines of: "If you cannot stand my speech, it may not be the best I have made, you have the option to go home". So I suggest that perhaps, Mike—

Mr. Forrestall: I have been here all night.

Mr. Prud'homme: I know. The Hon. Member for Dartmouth—Halifax East has interrupted everyone tonight.

Mr. Forrestall: Except for those who were speaking.

Mr. Prud'homme: And the Hon. Member is still doing it. I am trying to find the riding of the Hon. Member on the seating plan. I know him so well by his first name which is Mike. He is a friend of mine. He does not change, he is always the same. I ask him in the name of our long friendship to be calm for a few more minutes.

[*Translation*]

Mr. Speaker, I would like to say first of all that I greatly admire your patience with the Government's provocation tactics. Of course they aren't used to being on the Government side and since it won't be long before they are back on the Opposition benches, we can't really blame them for taking advantage of some of the trappings of power, and heaven knows some are doing more than their fair share in that area nowadays. Mr. Speaker, I think the subject of this debate is far more serious than we think.

[*English*]

Politics is like that. We know when it is a serious debate and when it is a frivolous debate.

I wish to conclude my remarks by thanking all the Members who participated tonight. I want them to know that I have learned a great deal. I am very delighted and happy to have listened to them all.

Some Hon. Members: Hear, hear!

Mr. Prud'homme: I wish to emphasize the fact that it is not because some of us come from Montreal or western Canada that we have no interest in what is going on in other parts of Canada. I did not come here as a Quebecer. I came here as a Canadian from the Province of Quebec to participate and learn what is going on.

Some Hon. Members: Hear, hear!

Mr. Prud'homme: I will never neglect the affairs of Quebec, as Members opposite do not want to neglect the affairs of the Atlantic provinces. I thank them for enlightening us.

It seems to me that the malaise is much more profound—

[*Translation*]

The feeling of unease is far more profound than Members have been willing to admit this evening. And if the effect of this debate was to make the Government think twice to avoid any future problems,

[*English*]

That is the exact reason why I participate. If there are Canadians from one part of the country who are absolutely unhappy, we know only too well where that will lead. It will lead to confrontation and people coming here to demonstrate on the Hill. I am not predicting the future. It seems obvious to me that that is what will happen. My father always told me when I had an important decision to make to think twice, and then think three times. He said that if no one says a word that means that I would be all right but that if people started quarrelling and if people said: "It cannot be. It cannot be", then there must be a problem. And as the Hon. Member from Halifax says, there is a time when one has to take a decision. I remind Hon. Members that this is not the end of the debate.

I would like for Members from the Atlantic provinces to remember that they were elected under a clear platform of consultation with the provinces. Two Premiers who are not Liberals seem to be extremely unhappy at this time. That is why I asked myself what is going on. Two Conservative Premiers are attacking a Conservative Government. That is quite unusual. It was enough to cause me to reflect. I will not apologize for participating in the debate tonight.

If Mr. Bourassa were to attack the Liberal Government in Ottawa, I would want to know what was going on. We are supposed to at least understand each other. But it seems that there is a great misunderstanding. I want the Government to be extremely careful in this case. No one needs this industry more than the people of the Atlantic provinces need it, in particular the people of Newfoundland. One does not need to come from Newfoundland to understand what the people there are going through.

When there is unemployment in Quebec, I know that there will always be more in the Atlantic provinces. I know that when not everyone is too rich in Quebec that in other parts of Canada there are some who are poorer. I do not want people in one part of Canada to say that the federal Government does not listen. I do not want them to say: "You should see what they do to us. They listen to us even less". That is not good federalism. That is not good understanding. That is not what the Government which was elected by Canadians was chosen to do. They were chosen on a platform of co-operation, listening, and new avenues in Canada. It was supposed to be great, a love-in. It seems the love-in has been broken today, and I want to know why. I thank Hon. Members for their attention. I thank the staff for having stayed so long.

• (0210)

Mr. Pat Binns (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, it is a great privilege for me to rise in the House at this time and to speak after the Hon. Members for Saint-Denis (Mr. Prud'homme) and Dartmouth—Halifax East (Mr. Forrestall). Those two Members have close to 50 years experience between them in this Chamber. Because of that, they have great knowledge about the institution and the important place it has in the lives of Canadians and of the East Coast fishery. This has been an important debate for the House.

I am pleased to acknowledge that 14 Members on the Government side of the House have participated in the debate, which indicates that this issue is very important to the Progressive Conservative Party of Canada. We have welcomed the debate. In fact, there are Members who may wish to speak after I am finished. I am not sure that will be the case. I notice that there were only 10 speakers from the New Democratic Party and the Liberal Party. I will not chastise them for that. It is honourable that they were concerned about the fishery in Atlantic Canada. Sometimes I wonder how far their sincerity carried, because there have been a couple of speeches from Members opposite in which I do not think they mentioned fish in 20 minutes of dialogue. We will forgive them for that.

This debate has been important to Atlantic Canada. It has been important to members of our Party. It has been established beyond a shadow of a doubt that members of the government Party can stand in the House and speak their own minds. They are not told to follow the Party line. If Members on this side of the House have questions, they are welcome to put those questions and challenge policy directions, and to provide direction on behalf of their constituents, their fishermen who are involved directly in the industry, and make sure that we get the best deal for Atlantic Canada.

It could also be for the inland fishery or the West Coast fishery. I mention that because it is perhaps a departure from what the House has seen over the last 25 years when members of the governing Party would follow the direction and policy laid down by the leader and the Cabinet of the day. That was a shame, because the Members were not given the opportunity to speak their own minds, to stand up for their constituents, and to influence government policy in the way Members have done here tonight. The House will function best if that opportunity continues.

In this debate, members of the Conservative Party have put the interests of Canadian fishermen first. They have said that other countries have fished within our territorial waters, and perhaps before they were established as our territorial waters, for hundreds of years. Yet the Government has taken it upon itself to conclude agreements which will establish for all time to come that that resource must first belong to the fishermen of Canada.

The Government has laid out a plan of action that will enable us and our fishermen to benefit from that resource for

years to come. Within the next year, the next five years, more and more benefits will flow to the fishermen of Atlantic Canada from our fishing resource and from within the 200 mile limit of the shores of Atlantic Canada. The Government has not been backward in approaching that objective in a deliberate way. There can be differences of opinion in how we achieve that objective. But there can be no question that this Party and this Government has as its objective obtaining the best possible opportunity in the next year, in the next five years, in the next 25 years, and in the next 100 years for the fishermen of Atlantic Canada.

I would only say beware of the sceptics of this plan. There are people who have expressed scepticism from the opposite side. They have listened to the debate and I think that they will conclude, as other Canadians will, that based on the remarks of Members on the government side, that we are proceeding on a course which will offer the best long term opportunities for fishermen in Atlantic Canada.

With that, Mr. Speaker, I wish to close by thanking the staff, yourself, and all of those who have participated in this debate until 2.15 this morning. It is 2.45 a.m. in Newfoundland and I am sure some of our supporters there are watching, and I am sure that they will be very pleased with the strong stand that the government Members have taken. With that, I would conclude the debate.

[*Translation*]

Mr. Deputy Speaker: Pursuant to Standing Order 29(13), I am satisfied that the debate is ended. I therefore declare the motion carried.

Motion agreed to.

[*English*]

This House stands adjourned until later this day at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 2.15 a.m.

HOUSE OF COMMONS

Thursday, January 29, 1987

The House met at 11 a.m.

[*English*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF 1987 REPORT OF ELECTORAL BOUNDARIES COMMISSION FOR PROVINCE OF MANITOBA

Mr. Speaker: It is my duty pursuant to Section 9 of the Representation Act, 1985, Chapter 8, Statutes of Canada, 1986, to lay upon the table a certified copy of the 1987 report of the Electoral Boundaries Commission for the Province of Manitoba.

[*Translation*]

Pursuant to the Act, this report is deemed to have been referred to the Standing Committee on Elections, Privileges and Procedure.

ROUTINE PROCEEDINGS

[*English*]

BROADCASTING

TABLING OF REPORT ON POLICY

Hon. David Crombie (Secretary of State): Mr. Speaker, pursuant to Standing Order 67(2), I have the honour to table, in both official languages, copies of the report on broadcasting policy.

* * *

CITIZENSHIP

FORTIETH ANNIVERSARY OF DECLARATION

Hon. David Crombie (Secretary of State): Mr. Speaker, I rise today to ask all Members of the House of Commons and all Canadians to join with me in celebrating the 40th anniversary of Canadian citizenship.

[*Translation*]

The Canadian Citizenship Act came into force on January 1, 1947. Before that day we could say we were Canadian citizens, but there was no legal definition of this status. In fact, legally, we were British subjects.

[*English*]

Our concept of citizenship is relatively new and still changing to reflect the realities of this nation. However, I think all Members of this House will agree when I say that three of the fundamental principles of Canadian citizenship are equality, diversity and community. Our Citizenship Act makes equality a basic tenet of the law. It makes no distinction between citizens by birth and citizens by choice, as do many nations. It also treats the citizenship status of women in their own right rather than simply in relation to that of their spouses. The Charter of Rights and Freedoms defines our national commitment to diversity; respect for the heritage and values of the many cultural groups which enrich the Canadian personality. New Canadians are encouraged to retain their heritage when they accept the responsibilities and rights of Canadian citizenship.

[*Translation*]

Community spirit is that which prompts us to promote the well-being of others and contribute to the growth and expansion of Canada as a whole. Evidence of this can be seen in all regions of the country.

So we do have many reasons to celebrate the 40th anniversary of Canadian citizenship. I urge all Canadians to organize and take part in various activities in their regions. It does not matter much whether it be a festivity, an exhibition or a show, the main thing is to celebrate Canadian citizenship together.

[*English*]

I hope all Members will get involved, work with groups in their ridings and plan and hold celebrations, particularly during Citizenship Week in April and on Canada Day. As parliamentarians we can teach much and we can learn much about what Canadian citizenship is all about. To assist members my department has produced a planning guide to help community groups organize local events. The guide is available from the Department of the Secretary of State or through the 28 citizenship courts across Canada.

[*Translation*]

The concept of citizenship may be relatively new in Canada, but it has certainly evolved over time. This being an anniversary year, I intend to introduce amendments to make the Citizenship Act even newer.

[*English*]

While most of these amendments will be of a housekeeping nature, I believe a preamble to an amended Act would

reaffirm the citizenship principles so important to all Canadians. I will be asking Members of this House and groups across Canada to consider what those principles should be since it is very important that Canadians define them themselves.

I hope we will use this 40th anniversary of the Citizenship Act to increase public understanding of, and reaffirm our commitment too, a dynamic multicultural society and a great country.

Some Hon. Members: Hear, hear!

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, to be a Canadian citizen is one of the greatest privileges in this world. I know because I became a Canadian citizen. Millions of people in Canada have done so and there are many who are awaiting to attain that privilege. I am sure as well that there are tens of millions of people in this world who would love to be living in this country and have the privilege and honour of being Canadians.

• (1110)

Citizenship is a relatively new concept in Canada. Canadians have had that special privilege for only 40 years. We should be more concerned about recognizing the importance of being a Canadian citizen. We should celebrate when people have the privilege of becoming a citizen bestowed upon them. We should do more to emphasize its meaning and the responsibilities which it entails, not only for those who become Canadians but for those who are already Canadians.

Other nations understand the privilege and importance of being citizens of their country. The bestowing of an honorary citizenship is the highest honour a nation can give. That is why I enjoyed the privilege of working on a resolution of the House of Commons to bestow an honorary citizenship of Canada upon Raoul Wallenberg for his great achievements on behalf of the human race of saving tens of thousands of lives. The highest recognition that Canada could give was for the House of Commons to pass a resolution supported by all Parties to bestow citizenship upon him. No amount of money and no gift could be as meaningful as the gift of citizenship of Canada. Raoul Wallenberg became the first honorary citizen of Canada.

There are two matters which concern me. The first is that many people who are now elderly came to this country, spent their lives building this nation, and raised their families here. They would like to feel that they belong in this country now. They may not have attained the linguistic requirements which were demanded of them in their earlier years and, therefore, did not become Canadians. They would like to become Canadians in their older years but are hesitant. They feel that there are barriers and requirements which they cannot meet. It would be helpful if the Hon. Secretary of State of Canada (Mr. Crombie) would reach out to these people to let them know that they need only present themselves and indicate their love for their country and their desire for citizenship. I know that efforts in this regard would be greatly welcomed by the families of these elderly people who gave of their lives for this country and would now like to have the honour of finally becoming Canadians.

The other matter which concerns me is citizenship court judges. It is sad that we have some negative images of them because of the behaviour of several of these judges. I believe that a great effort should be made to enhance their image, to show the importance of their work, and to accord them the respect that is accorded to other judges. They should be respected so that people can look upon them as friends and people who play their important role in our country. I believe there should be training programs given to new judges to ensure that they conduct themselves in a reputable manner which will give those who are applying for citizenship a good image of our country. We should do everything we can to improve the quality of the service of citizenship judges as well as improving their image in the eyes of those who come before them.

In conclusion, we should think of citizenship in the words of the late President Kennedy of the United States who said those famous words which certainly apply to the people who contemplate their citizenship in Canada. He said: "Ask not what your country can do for you, but what you can do for your country".

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, it is a great privilege to be able to join in this brief discussion on the fortieth anniversary of the Canadian Citizenship Act on behalf of my colleagues in the New Democratic caucus and as spokesperson for multiculturalism in our caucus.

Citizenship represents the personal involvement of members of the Canadian community with the nation. It defines the individual experience of Canadian nationality. The Canadian nation came very slowly to this assertion of its existence as distinct on the face of the globe. It was only in the eightieth year of Canadian Confederation that an Act stated the distinct experience of this nationality. For years preceding, those who had lived in the Dominion of Canada regarded themselves primarily as subjects of the British monarch and members of the Empire, although they did realize that they lived in a distinct country within that Empire that had begun to foster a sense of nationality.

Those who came to Canada from other countries in the years preceding the Citizenship Act of 1947 and were naturalized valued their naturalization papers. However, it was only in that eightieth year that the Canadian Parliament passed an Act which established the reality of Canadian citizenship. It was a citizenship in which all were equal. As the Secretary of State of Canada (Mr. Crombie) has pointed out so well, the act of choosing to come to Canada and becoming a citizen made one as much a member of the family as if one had been fortunate enough to be born into an existing Canadian family and grow up here. There may have been a need for growing in experience, but there was no distinction in law.

As the Minister has also pointed out, the experience of women was a primary and individual experience of Canadian citizenship, whatever the status of their spouses might be. Those realities very well anticipated the sensitivity to equality and human rights which Canadians have been fostering in the past few years.

It is in the context of the development of Canadian citizenship that I value the opportunity to participate in citizenship court proceedings in Thunder Bay. As a Member of Parliament I have had the opportunity to attend a number of times. I regard each of these as a very special opportunity. I join in the experience of watching new citizens swear or affirm, according to their own choice, allegiance to the Queen of Canada and to accept the responsibilities and recognize the rights which they now have as new Canadian citizens. When I have the opportunity, as a Member of Parliament, to speak about the rights and opportunities which they now have to partake in Canadian life. I personally appreciate what Canadian citizenship means.

We have made a commendable advance in Canadian citizenship by expecting all who come to Canada to become citizens in order to vote. The decision to require those who come from the British Isles, the quintessential British subjects, to take out citizenship before they can vote, was the proper decision in an effort to attain full equality.

As we contemplate the provisions of the Canadian Charter of Rights and Freedoms and explore the implications of diversity for this country, we appreciate the words of Section 27 which say:

> This Charter shall be interpreted in a manner consistent with the preservation and enhancement of the multicultural heritage of Canadians.

I know that citizenship will be developed and experienced by Canadians in recognition of this diversity. We will cultivate this diversity. We will enrich the cultural life of the country with elements from all over the globe. We will strengthen our national life with these various elements of our heritage and our Canadian citizenship will be enriched in the process.

Mr. Speaker: I have been asked by the Hon. Minister to recognize him for a brief additional statement. I think Members will find it appropriate under the circumstances.

* * *

• (1120)

CHINESE NEW YEAR

GUNG HAY FA CHOY

Hon. David Crombie (Secretary of State): Thank you for your indulgence, Mr. Speaker. I know the Hon. Member for Eglinton—Lawrence (Mr. de Corneille) and the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) will join with me and all Members of the House in wishing members of the various Chinese-Canadian communities across the country happy new year today. It is the year of the rabbit, which implies prosperity and success, which we wish them and, indeed, all people in Canada. On behalf of members of the Opposition and members of the Government, I want to say to members of the Chinese community, "gung hay fa choy".

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, I thank the Hon. Secretary of State for his words and certainly would be happy to say that our Party joins with him in wishing the Chinese community a very happy new year.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I believe I have more Chinese Canadians in my riding than any other Member in the House. Therefore, I also want to say, "gung hay fa choy".

While I have the floor, Mr. Speaker, let me point out that 40 years ago I emigrated with my mother from Scotland, my father having arrived here a few weeks earlier. We were among the first to be subject to the new law that the Minister is celebrating on its fortieth anniversary. Forty years ago Scots were not automatic citizens and we had to obtain our citizenship. I recall my mother asking the citizenship officer if we had to swear our citizenship. The officer said: "Mrs. Waddell, you must go through this procedure but we are not asking about your background". My mother said: "You are lucky to have us".

Those who came here 40 years ago, including my family, have contributed a lot to the country. It is a great occasion to celebrate 40 years of equality. We should not forget Robbie Burns Day as well as the Chinese New Year for which I stood to discuss originally.

Mr. Speaker: Of course, the Chair cannot enter into debate. It is perhaps a good thing because I too, in my riding, have a great number of Chinese Canadians. I also wear a kilt.

* * *

[*Translation*]

COMMITTEES OF THE HOUSE

STRIKING—TENTH AND ELEVENTH REPORTS OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, I have the honour to present the Tenth Report of the Striking Committee.

I also have the honour, Mr. Speaker, to present the Eleventh Report of the Striking Committee.

If the House gives its consent, I intend to move concurrence in this report later this day.

COMMUNICATIONS AND CULTURE—THIRD REPORT OF STANDING COMMITTEE

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I have the honour to present the Third Report of the Standing

Committee on Communications and Culture in the two officials languages.

That report is entitled Federal Museum Policy. The committee request that the Government respond to that report pursuant to S.O. 99(2).

Our report on the federal museum policy stems from the consideration of important matters of Canadian cultural policy undertaken by the committee.

[*English*]

The committee concurs with the recommendation of the National Museums Task Force that new legislation be introduced to establish the four major federal museums as autonomous institutions. The committee feels strongly that the granting programs to non-federal museums should be administered at arm's length, in accordance with the established and well-founded relationship between government and its cultural agencies.

The standing committee also recommends that the administrative costs of the four autonomous federal museums must be kept within the level of financial resources currently allocated to the National Museums of Canada for that purpose.

[*Translation*]

The federal Government should keep playing a major role in the area of museums, without neglecting to consult the main parties involved. To that end, the Committee recommends that the federal Government develop a new museum policy in consultation with the provinces and the museums community.

I would like to take this opportunity to thank representatives of all parties in this House for their sustained effort in having this unanimous report ready to be presented to the House. I also want to thank all the staff of the Committee for their commitment.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, pursuant to Standing Order 106 I wish to present petitions signed by people from Saskatchewan, Alberta and British Columbia.

Whereas the proposed changes to the Patent Act will affect directly all Canadians who are not protected either by private or governmental medicare programs; and whereas the federal Government's proposal will raise the costs, already high, for provincial health care programs; and whereas the monopolies granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase in drug costs and drug prices and will severely restrict the ability of average Canadians to buy necessary prescription drugs; and whereas those changes to the Patent Act are another example of the Canadian Government's concession in the free trade negotiations with the United States at the expense of everyday Canadians, the undersigned, your petitioners, humbly pray and call upon Parliament to reject these proposals which increase prescription drug prices for Canadians.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have several petitions which have been certified pursuant to Standing Order 106, signed primarily by people from Ontario who request the Government of Canada to remove its retaliatory tariff on imported books in the English language which has, in their opinion, limited the access of Canadians to literature and information. Whereas the tariff has had little negative effect on the publishing industry in the United States, yet penalizes Canada's consumers, book publishers, book sellers, distributors and Canada's culture; and whereas rising book prices have placed a strain on the book acquisition program and policies of our nation's public and specialized libraries, the undersigned humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises public policy on cultural industries in respect of free trade negotiations.

CRIMINAL CODE—ABORTION

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, pursuant to Standing Order 106, I wish to present a petition from many members of the congregation of the Rothesay Baptist Church in the Kennebecasis Valley region of my constituency in Fundy Royal. They are calling upon Parliament to protect the rights of unborn children of our nation and to prevent the killing of innocent babies by abortion. I should add that this petition has my full and total support.

[*Translation*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Hon. André Ouellet (Papineau): Mr. Speaker, pursuant to Standing Order 106 on petitions, I wish to table a petition from residents of the Saint-Zénon region who object to the proposed changes to the Patent Act which, in their view, constitute one more example of concessions detrimental to Canadian consumers made by the Canadian Government to the United States in the free trade negotiations.

I also have a petition from citizens of the Saint-Fortunat region, who object to the proposed changes to the Patent Act because they will directly affect all Canadian men and women who are not covered by governmental or private drug insurance plans.

[*English*]

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, pursuant to Standing Order 106, I wish to present two petitions. The first is from residents of my riding of Thunder Bay—Nipigon who protest that the Government's proposals to change the Patent Act relating to prescription drug prices will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners are concerned that the proposals of the federal Government will result in higher costs of provincial Government drug plans and represents another example of the concessions of the Canadian Government to the United States in the free trade negotiations at the expense of average Canadians. The petitioners therefore call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

• (1130)

JAPANESE CANADIANS—COMPENSATION

Mr. Ernie Epp (Thunder Bay—Nipigon): I have another petition, Mr. Speaker, from residents of Alberta and British Columbia who assert that the National Association of Japanese Canadians is the only elected national organization of Japanese Canadians with representatives from 15 centres across the country. They remind us that the National Association of Japanese Canadians has held public meetings about redress for the forcible dispossession and reallocation of Japanese Canadians during the Second World War, that the organization has used a national questionnaire to obtain grass roots advice from Japanese Canadians about redress and it has developed a position. The petitioners now urge the Parliament of Canada to deal honourably with Canadian citizens of Japanese descent by entering into negotiations immediately with the National Association of Japanese Canadians.

* * *

[*Translation*]

STRIKING

CONCURRENCE IN ELEVENTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, if the House so agrees, I wish to move, seconded by the Hon. Member for Ottawa—Vanier (Mr. Gauthier):

That the eleventh report of the Striking Committee tabled earlier today be concurred in.

Motion agreed to.

Motions

[*English*]

BROADCASTING

REFERENCE OF TASK FORCE REPORT TO STANDING COMMITTEE ON COMMUNICATIONS AND CULTURE—AUTHORIZATION TO TRAVEL

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have three motions which have been discussed with the other Parties. I think you will find unanimous consent to move them and have them heard right away. Therefore, I move:

That the document entitled, *Report of the Task Force on Broadcasting Policy*, tabled earlier this day, be referred to the Standing Committee on Communications and Culture for study;

That the Committee be authorized to travel from place to place inside Canada; and

That the Committee report its findings and recommendations on all matters relevant to the development of broadcasting legislation no later than April 15, 1987.

Motion agreed to.

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EXTERNAL AFFAIRS AND INTERNATIONAL TRADE

AUTHORIZATION TO TRAVEL—STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move:

That the Standing Committee on External Affairs and International Trade be authorized to travel to Washington and New York on February 3, 4 and 5, 1987, for the purpose of studying multilateral development assistance, and that the necessary staff accompany the Committee.

Motion agreed to.

* * *

FINANCE AND ECONOMIC AFFAIRS

AUTHORIZATION TO TRAVEL—STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move:

That the Standing Committee on Finance and Economic Affairs be empowered to travel to New York City, New York, from February 10 to February 12, 1987, for the purpose of visiting and studying international banking centres, and that the necessary staff accompany the Committee.

Motion agreed to.

Mr. Gauthier: Mr. Speaker, I just want to underline to the House that we have just passed three motions which were moved by the Parliamentary Secretary to the Deputy Prime Minister, the Hon. Member for Simcoe North (Mr. Lewis). He does a good job in the House and I just want to make sure we realize that this is the first time in this session that the

Parliamentary Secretary has moved such motions, unless I am mistaken.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

[*English*]

The Acting Speaker (Mr. Paproski): I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 12 minutes beginning at one o'clock p.m.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Wednesday, January 28, 1987, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I think I have I think, three or four minutes left from my speech of yesterday. I thought I should return to the House as a matter of courtesy, to make Hon. Members endure another three minutes, and to be available for questioning. Hopefully, there will not be any.

Let me just summarize my objections to this Bill to deregulate transporation. I do not believe Canadians want the Government to control all aspects of their lives. I agree with some Hon. Members of the Government who have said that. However, having said that, I think Canadians need and believe they need strong laws and enforcement to protect their health and safety. This Bill follows blindly the Americans in their deregulation, which has produced some scandals, such as the treatment of older people in nursing homes, in anti-safety measures, anti-health measures and so on, which have come about. If that is what the Government means by "deregulation", I do not believe the people of Canada want it.

Deregulation sounds like a good idea and in some respects it can be. However, with respect to rail or airline safety, I am not so sure it is a good idea. Why should the corporations escape responsibility to the public and public authorities in these particular areas? If we let the large corporations, the large banks, railway companies and airlines operate without regulations, they will find more and more ways to take advantage of both their employees and the ordinary consumer. Government regulation in Canada has ensured that Canadians are provided with services such as transportation and communication at a fair cost. With this kind of Conservative deregulation, corporations may choose to serve only highly profitable areas and wealthy customers, forgetting about the rest of us.

Let me say that I find this Bill anti-competitive, anti-safety and anti-service. I say it is anti-competitive in that we will have a few companies which will have all of the market, or at least most of it. We already have two airline companies which control 90 per cent of the market now. This Bill does not deal with the problem of the lack of competition.

• (1140)

Second, I find this legislation anti-safety. It is easy to see what can happen when we pick winners and losers, when one airline takes over another that is going under. What we see is the cutting of safety measures. I cited the example of the Arrow Airlines case in Newfoundland where they wanted to cut de-icing procedures to save money. They wanted to overfill the plane, and they did overfill it. There was also a bad record in terms of inspections. That is a good example of what happened with the United States in terms of anti-safety.

I cited articles in my speech yesterday from *Time* magazine and *Business Week* with respect to the problems of airline safety in the United States where there are overworked controllers. There were also a number of near misses. There are accidents just waiting to happen.

Finally, I would like to deal with the issue of anti-service. Canadians have had pretty good service and now, for what I think are ideological reasons, to follow blindly the United States to be trendy in this area of deregulation, we will in fact see worse service for Canadians. The Government should remember that Canada is different from the United States. We are not the fifty-first state. We have a history of Crown corporations and a history of laws that protect the safety, service and fairness among companies competing for the business of the ordinary Canadian. Canadians will not stand for a system in which the Government changes its policies to follow blindly the Americans simply to feather the nests of its rich friends in the business community. That is what Canadians believe. That is why we will see some opposition to this Bill.

I want to conclude by saying that I think this is a perfect Bill for a legislative committee to study with hearings across Canada. I heard a motion earlier today about a committee travelling to New York, and other committees looking at different aspects of foreign trade. This Bill deals with something which really affects Canadians in their day-to-day lives. I think the Government should allow a legislative committee to

travel across Canada and to hold hearings with respect to this particular Bill. If the Bill is as good as the Government says it is, then there is nothing to fear from ordinary Canadians.

Mr. Redway: Mr. Speaker, I listened intently this morning to the Hon. Member for Vancouver—Kingsway (Mr. Waddell). Yesterday I had the opportunity of catching a few of his comments on television, although I was not in the House. I was pleased to hear the Hon. Member say this morning that he thought that deregulation could be a very good thing. That statement gave me heart and encouragement. However, I was disappointed in the bulk of the Hon. Member's remarks this morning.

He talked about this legislation being anti-competitive, anti-safety and anti-service. As Hon. Members are well aware, that is certainly not the case. The Bill deals specifically with the question of competition. It does not deal with the question of competition between different modes of transportation, but it deals with trying to promote more competition within each mode. An example of that is with respect to having confidential contracts for rail transportation which will allow for more competition than exists right now. Right now a take-it-or-leave-it situation is being foisted on the public in terms of rail transportation. Once there are confidential contracts and agreements then there will be more competition. I think that is quite clear. I cannot understand why the Hon. Member suggests that this in any way, shape or form is an anti-competitive Bill.

The Hon. Member then went on to say that the Bill is anti-safety.

The Acting Speaker (Mr. Paproski): Does the Hon. Member have a question?

Mr. Redway: Yes, I have a question, which I am coming to, Mr. Speaker.

The Hon. Member says the Bill is anti-safety and cites an example with respect to nursing homes. This legislation has nothing to do with regulating or deregulating nursing homes, so there is no question about that issue at all.

It has been indicated that members of the NDP and the Canadian Labour Congress feel that the deregulation policy in transportation may well affect the employment situation in that sector. Will the Hon. Member comment on the fact that between the years 1980 and 1985, when deregulation took place in the United States, employment in the air transportation industry actually increased by some 9 per cent and employment in the trucking industry actually increased by some 22 per cent, even though the United States was experiencing a substantial recession at that time? Does that not undermine the argument that this measure will have a negative effect on employment in the transportation field?

Mr. Waddell: Mr. Speaker, I draw the Hon. Member's attention to the December 22, 1986 issue of *Business Week*, in particular to an article entitled, "Is Deregulation Working? True, Prices Have Fallen but the Top Players May Stifle Competition". *Business Week* is hardly a socialist magazine. This particular issue talks about the problem with the lack of competition.

I also understand that in the United States there are now fewer air traffic controllers than there used to be, which is one of the problems that country faces. The air traffic controllers are overworked, and some people say underpaid and undertrained. In this respect I draw the Hon. Member's attention to the January 12, 1987 issue of *Time* in which there is an article on air travel in the United States. The article points out that the number of controllers is down from 16,300 to 14,700 since President Reagan fired striking air traffic controllers. The article points out that only 62 per cent of controllers are qualified at full performance levels versus 80 per cent before the strike. United Airlines Captain Mel Hoagland declares bluntly: "The air-traffic-control system is at the ragged edge of coming unravelled for lack of fully qualified controllers."

We do not want such a system in Canada. We like the Canadian system. We believe in—and do I dare use the word—conserving a good system.

At the beginning of the Hon. Member's comment he said that he was glad to see that I was not against deregulation. I am not against deregulation or privatization *per se*. I do not want big Government telling Canadians that they have to fill out forms or that it will look after every aspect of their lives. I want ordinary Canadians to have power over their lives. That is what I would like to see. The problem is that we have to be careful in this area.

I tell the Hon. Member that what happens with these types of government Bills is that they shift the power in certain areas in which Canadians want some regulation in safety, health, competition and so on. In those areas Canadians want some regulation. The Hon. Member makes a mistake to follow so quickly the Americans in getting totally rid of regulation. Something which often happens in these cases is that the big guys benefit. They become sort of self-regulated. What they end up doing after some decrease in fares is that they put up the fares because they control the whole market, and they have fewer safety standards.

The Hon. Member should consider the Arrow case. It is a good example of an airline in the United States which, when it was going down, had difficulties in a deregulated environment. It had to cut corners. So they may cut de-icing and save $1,500, take larger loads, or not let their pilots rest. They may cut staff and get more work out of their pilots, or the engineers on a rail train in Alberta. Then accidents happen and people die. Canadians do not want that. That is why they wish to look at this Bill very carefully.

• (1150)

The Acting Speaker (Mr. Paproski): On debate, the Hon. Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Shields).

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, I am pleased to have this opportunity to address the House on Bill C-18, an Act respecting national transportation. Once enacted this transportation legislation will serve Canadians and the Canadian industry through a new and exciting era in transportation. Canada has reached a critical juncture in its transportation history. We must now position ourselves to optimize our growth and develop potential to respond to a very competive world economy. Canada's existing National Transportation Act is now some 20 years old. It served Canadians well through the years, but the time has come to restructure our legislative framework to respond to the dynamics of the international business world, and recognize the fundamental changes experienced by our own economy.

We have listened to the strong signals for changes to Canada's regulatory regime which emanate from all factors and facets of the transportation community. These signals call for a major restructuring of our transportation legislation; changes which recognize tremendous competition in international trading markets, changes in the regulatory environment in the United States, and new operating and technological developments in Canada. We cannot afford to stand still. Transportation is a fundamental and critical element of Canadian business. Reforms to our legislation are critical in meeting the real challenges faced by Canadian industry and realizing our country's potential. Bill C-18 will provide Canadian industry with this opportunity.

Bill C-18 is best characterized by the two words competition and opportunity. This legislation will promote greater competition in the transportation industry, an initiative which will translate into better prices and services for Canadian travellers and producers. These objectives are of particular significance to western Canada where transportation costs are of vital importance to the survival of resource industries that are competing in a tough international market.

The Canadian economy is continually exposed to greater competitive forces; competition from our traditional trading partners, and ever increasingly from developing nations of the Third World, and those of the East Bloc. Canadian producers are neither sheltered nor shielded from such competition. Daily our industries must compete with producers benefiting from lower production costs, and in some cases cheaper wages and equipment costs. Canadian producers or shippers are keenly aware of the competitive pressures in the market-place and must either respond to them, or withdraw.

In the interests of promoting a responsive, cheaper, and effective transportation service for Canadian travellers and shippers, an increased degree of competition will be introduced into the Canadian transport industry. Bill C-18 does not represent a three-headed monster formulated to scuttle Canada's transportation system. It is a balanced and reasoned approach to the current situation faced by Canada's carriers, and the users of Canada's transportation service.

In June, 1985 the Government released a discussion paper entitled *Freedom to Move*. This outlined the Government's perspective on the need for change in the legislation governing all modes of transportation. I wish to quote from that paper:

> We are a trading nation that must export in order to grow and prosper. It is therefore crucial for our economic well-being that we maintain an efficient, responsive and productive transportation system.
>
> A movement to deregulation has occurred in the United States, Canada's major trading partner. Greatly increased domestic and international competition has become a fact of life for Canadian producers and manufacturers.

On June 26, 1986 the former Minister of Transport, the Hon. Don Mazankowski, introduced two Bills into the House of Commons. Both were designed to introduce greater competition in the transportation industry. I might add that this was the culmination of a great deal of hard work by the former Minister of Transport, and he is to be lauded for this initiative.

This legislative package was aimed at increasing Canada's ability to expand its trade, and thereby increase production and employment. The legislation we are debating today has grown from one of those Bills. It has been refined through the consultative process and revised, where warranted, without sacrificing the principle of increased competition in the transportation industry.

Canada has traditionally been an open economy that is significantly dependent on trade as an engine of growth. In every year from 1980 to 1985 exports ranged around 25 per cent of the Gross National Product. During this period the Gross National Product increased from over $300 billion to over $460 billion, an increase in excess of 50 per cent. In the same period total exports increased from $77 billion to $120 billion, or 55 per cent of the Gross National Product.

While total export growth kept pace with economic growth, the same was not true of exports to particular markets. In current dollar terms, Canadian domestic exports to the United States increased by 92 per cent, but our exports to all other markets combined actually decreased by 7 per cent. We must ask ourselves what happened. The reasons are many. One of the more important factors was the decline in value of the Canadian dollar relative to that of the United States which made us more competitive in the United States' market. Another factor was that the value of the currencies of Canada's competitors declined still further relative to both the United States' dollar and our own.

The Canadian dollar has significantly appreciated relative to other currencies, particularly certain European currencies. For example, our currency appreciated 42 per cent relative to Sweden, 30 per cent relative to Finland, providing those two Scandinavian countries with enormous competitive advantage over Canada, particularly for forest products in European markets. The performance of the Canadian dollar relative to the pound, the franc, and the mark was similar, with the high value of our currency virtually eroding our competitiveness. The recent resurgence of certain European currencies relative

to our own is barely sufficient to restore our previous competitive stance.

In short, because of the relative strength of our dollar, Canada faces substantial difficulties in retaining traditional markets, and may experience difficulties in penetrating new markets. It is difficult to remain competitive in world markets when that much ground is lost to competitors on currency exchange alone.

Therefore, Canadian producers must exploit every resource available to them to stay competitive. They must ensure that every aspect to getting goods to market works as efficiently, and I stress, as cost-effectively as possible. This includes the transportation network that links us to those markets.

• (1200)

Clearly we have become far more dependent upon the U.S. market, one of the few major export markets left open to us. In October 1980 the Congress of the United States enacted the Staggers Rail Act of 1980, which radically altered the regulation of railways in that country. That Act encouraged competition between U.S. railroads and stopped the practice of collective pricing by railroads. Confidential contracting for rail services and legalized rebates on published tariffs were introduced and are extensively used. U.S. railroads began to compete vigorously with each other, with trucking, barge and even shipping companies on the basis of price and service. Those able to offer service at the best price prosper at the expense of those who cannot. This has led to a lower level of freight rate.

The Staggers Act had important effects in Canada. First, Canadian railways complained that they were being competitively disadvantaged relative to their U.S. counterparts. Current Canadian legislation did not permit Canadian railways to enter into rebate or confidential contract agreements. Both contracts and rebates were, however, finding their way into Canada via transborder joint through rates with U.S. carriers and U.S. subsidiaries of Canadian carriers. In hearings before the Canadian Transport Commission, Canadian railways claimed to have lost $100 million in revenue due to the competitive disadvantage they suffered *vis-à-vis* American railroads.

I believe the railways are pleased with the confidential contract provisions of Bill C-18 as they apply to transboarder rates. They will eliminate this competitive disadvantage relative to U.S. railroads and provide our railways with an opportunity to regain ground lost to U.S. carriers.

Recent developments indicate that Canada's railways are overcoming their reluctance to compete for traffic. Markets virtually controlled by one railway will be exposed to competition. I am confident that our railways will respond to the challenge of competition.

Since Staggers, a number of Canadian shippers have become aware of the opportunity to realize savings in transportation costs using U.S. rail carriers to a greater extent and have devised methods to access them.

Canadian shippers are currently pursuing options to truck products to United States carriers for furtherance by rail to U.S. destinations. We have heard of one shipper who has seriously evaluated the possibility of pipelining his product to a U.S. railroad located just south of the Canada-U.S. border, to be loaded on a U.S. railroad for delivery to U.S. destinations. We must recognize that today, under present transportation legislation, shippers are disregarding traditional transportation solutions and devoting much time and effort to develop innovative and competitive transportation systems to get across the Canada-U.S. border. In many cases these solutions amount to a short hauling of Canadian railways.

Why are shippers resorting to these tactics? We have made some comparisons to help explain this phenomenon. I would be the first to concede that these comparisons are rough. Exact comparisons are most difficult with numbers produced under the auspices of two different Governments for two different countries. However, the indications are most clear that Canadian railway pricing has not remained competitive with that of U.S. counterparts.

In the pre-Staggers period from 1978 to 1980, the annual revenue per tonne for major commodities carried by U.S. and Canadian railways increased at virtually the same annual rates; close to 10 per cent in each case. However, in the post-Staggers period from 1980 to 1984, Canadian railway revenue per tonne increased an average of about 7 per cent, whereas in the U.S. railway it increased by only 3.7 per cent, that is, by just over half the average Canadian rate of increase.

For certain commodities the prices paid to move products on Canadian railways have been even higher. Commodities including coal, lumber, wheat, potash, sulphur, wood-pulp, and newsprint experienced an average aggregate revenue per tonne increase in rail rates of over 30 per cent between 1980 and 1984. By comparison, U.S. rail rates increased by just over 15 per cent in the same period.

Since the passage of the U.S. Staggers Rail Act of 1980, United States carriers have had to compete vigorously with each other on the basis of price and service. This has resulted in more competitive freight rates. Many Canadian shippers who must compete in the U.S. market with U.S. producers of the same product are placed at a competitive disadvantage in that market-place because they must pay higher freight rate costs. Clearly, Canadian railways have not operated in a similar business environment as have U.S. railways since 1980. Relatively speaking, this absence of competition has led to significant increases in transportation costs, costs borne by Canadian shippers.

The importance of reducing costs in today's environment is obvious, particularly for those western Canadian resource industries for whom transportation costs represent a large

portion of their delivered price. Lower transportation costs are vital, especially for shippers whose traditional markets have tightened up enormously in the last several years. Lower transportation costs are vital to the western economy.

What are the implications of this? This is perhaps best illustrated by what happened in the transportation of lumber, a subject which is of vital importance to Canada and one which has certainly received its fair share of attention recently.

In 1985 Canada exported nearly $4 billion worth of lumber to the United States, supplying about 33 per cent of the total American market. Close to 50,000 Canadians are employed in the softwood lumber industry in Canada. Lumber traffic is also extremely important for the revenue of both Canadian railways. In 1984 lumber accounted for close to 8 per cent of total railway revenues or more than $410 million. Lumber is second only to coal as the largest single revenue contributor to the Canadian railways. A large portion of this total lumber movement originates in western Canada and is shipped by rail to the sunbelt, north central and northeastern United States. Because of the long distance involved, weights, value of product, et cetera, lumber lends itself well to transportation by rail.

Nonetheless, an analysis of western Canadian lumber shipments to the U.S. over the last five years indicates that there has been a continuing and growing shift from rail to truck, which has been both substantial and dramatic.

Lumber is a rail oriented commodity, especially for the major markets of the United States. However, the railway portion of western Canadian lumber shipments to U.S. markets has declined each year since passage of the Staggers Act. In the same period, the proportion of western Canadian lumber shipments shipped by truck to U.S. markets has increased almost threefold, a rather significant change.

How many millions of dollars of forgone railway revenue does this represent? How many railway jobs has this reluctance or inability to compete cost?

I am not suggesting that healthy intermodal competition between motor vehicles and railways be discouraged. However, I am advised that rail has shown a marked inability to compete in some western transportation markets. What has happened to this traffic? A small portion of this lumber is being trucked to destination, some of it to U.S. ports by container. However, the bulk of the tonnage is not trucked to ultimate destinations. The majority of this traffic is only trucked to, or across the Canada-U.S. border to reload centres for U.S. railroad carriers, for onward movement to U.S. destinations. As we can see, just as water always seeks the lowest levels and finds its own way to get there, traffic managers seek the lowest levels of freight rates and, as I have illustrated, a lot of them also find a way to get there.

Intermodal rail competition for these shippers will only be realized through effective competitive rail access provisions. No effective alternatives to these competitive access provisions have been found which will provide competitive rail service to these shippers.

• (1210)

These provisions have been greeted with almost universal approval and support of the shipping community.

In closing, Mr. Speaker, the Government maintains that no carrier need necessarily lose long haul movement if that carrier is willing to price competitively. In other words, if a railway is prepared to be competitive, we are convinced that no other railway will be in a better position to meet that rate than the carrier to which the shipper is captive.

Members will undoubtedly have heard that certain measures in Bill C-18 will expose hundreds of millions of dollars of Canadian freight traffic to U.S. carriers. The key word here is exposure to loss, not necessarily loss. Loss will only occur if Canadian carriers are non-competitive. Is that not the kind of competition Canadian industries face each and every day?

The benefits of increased competition among U.S. railways have been actively sought by Canadian shippers. For many shippers, lower transportation costs are the key to remaining competitive in world markets. It is now time to bring the benefits of increased competition to Canada.

Mr. Waddell: Mr. Speaker, one of the things people ask is that we be consistent in our approaches. The Liberal Party has some inconsistencies. The Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) is father of deregulation. He began the process when he was Transport Minister. Last night the Hon. Member for Hamilton East (Ms. Copps) was totally against, it seemed to me, the process of deregulation and was critical of this Bill. It looks like the Liberals are against the Bill and deregulation. That is an example of inconsistency, but you expect the Liberal Party to be inconsistent in policy.

I have a question for the Hon. Member, who I expect to be consistent in policy. He comes from Athabasca. If I might use the nickname "Syncrude Jack", he has made some statements on Syncrude and his caucus in Alberta has made different statements. This is an issue of regulation or deregulation. Does he believe in a regulated price for Syncrude oil or does he not? Is the Member in favour of helping Syncrude in the expansion of its plant which his Government turned down or is he not? How is the Member consistent in his views on this matter? If he is in favour of helping Syncrude, then he is inconsistent with what he has just said about being for deregulation and letting the market work.

Mr. Shields: Mr. Speaker, I am glad to have the opportunity to answer the Hon. Member's question. There are two points to it, the first being deregulation of oil and natural gas. I think the Hon. Member was trying to tie this to transportation. Second, I do not believe in a regulated oil price. We just got rid of the most onerous piece of legislation perpetrated on western Canada, namely, the National Energy Program. God help us if we ever see anything like that again.

The second part of the Hon. Member's question had to do with advocating assistance to Syncrude, one of the oil sands plants or the automotive industry, I assume. It could be any specific industry where the high cost of production is maybe related to security of supply or security of the nation. Would we be amenable to that sort of thing? Well, those are the kinds of things that will be discussed at an energy First Ministers conference starting tomorrow morning. Let me point out that for the first time in nine years all Energy Ministers from across Canada will be sitting down to work out the very issue that the Hon. Member for Vancouver Kingsway (Mr. Waddell) brings forward.

Mr. Taylor: Mr. Speaker, some of the New Democratic Party Members have been suggesting that confidential rates are going to be predudicial and detrimental to small shippers. I have a short comment and then I have a question for the Hon. Member for Athabasca (Mr. Shields). Before doing either, I wish to commend the Hon. Member for a very excellent address.

Some Hon. Members: Hear, hear!

Mr. Taylor: It took a lot of preparation and the presentation indicates the supreme effort which the Hon. Member from Athabasca makes on behalf of the people.

Several years ago in Alberta confidential rates for small truckers was permitted. It did not hurt the small shippers. It increased their business. Things were more buoyant and more truckers were able to get jobs. I found that the confidential rates were sensible and excellent for the country. For instance, the other rate was hurting our shippers. When you have a standard rate, you must know that everything is not standard. Some things are bulky, some are light, some are heavy, some are easy to load and some are very difficult to load. Consequently, if you cannot get a confidential rate you hurt the small shipper. I suggest the very opposite to what the NDP Members say. Confidential rates should increase the market and encourage small shippers. I would like the comments of the Hon. Member on this matter of confidential rates.

Mr. Shields: Mr. Speaker, I want to thank the Hon. Member for Bow River (Mr. Taylor) for his question. He has brought forward a very important point. Shippers, small and large, will under Bill C-18 be able to negotiate rail prices and services that they do not now have for movement of goods and services. I have an example that clearly illustrates the Hon. Member's question, and it will probably answer it most graphically.

I come from the City of Fort McMurray which is the centre of the oil sands and the oil sands development. When I first moved there 20 years ago the town had around 2,700 people and today it has around 35,000 people. Massive growth took place because of the development of Syncrude and Suncor. There was a lot of movement of goods and services up to and out of Fort McMurray. The one product that comes out of Fort McMurray as a by-product from the development of the oil sands is sulphur. Open sulphur cars are used to move the sulphur from Fort McMurray to the markets, world-wide. Cars holding that sulphur go back to Fort McMurray empty. Young entrepreneurs approached the railroads to try to garner those cars to load black dirt. Can you believe it, Mr. Speaker, Fort McMurray does not have a supply of black dirt for lawns, gardens and that kind of thing? People wanted to move black dirt from sidings on cars just out of Edmonton. They could not get a preferential, confidential rate to move that black dirt north from Edmonton to Fort McMurray. The price was too high because they had to pay the same rate as moving the sulphur from Fort McMurray to Edmonton. The cars went north empty and the people of Fort McMurray did not get their black dirt. That is exactly the kind of thing we will eliminate.

Let me come to the back-haul rate. You can get a back-haul rate which works well. Whitehorse and places like that had difficulty moving empty re-usable beer bottles from communities to the factories where the bottling took place because they could not move them economically before Alberta introduced competitive or confidential rates. Now these communities get good back-haul rates and they have spawned an industry in itself. I hope that answers the Hon. Member's question, which was a very good one.

Mr. Waddell: Mr. Speaker, is the Hon. Member aware that there are contracts now that could be classified as more confidential contracts after the deregulation of natural gas, that is contracts in the United States? That gas is now being sold in the United States at $1.75 a thousand cubic feet while it is being sold in Manitoba and Ontario for $3 a thousand cubic feet, at a loss really. It means Canadians are paying $125 more a year than they should be paying for their natural gas. It is a loss of $60 million for Manitoba and $600 million for Ontario. Is that an example of what he means by—

• (1220)

The Acting Speaker (Mr. Paproski): The Hon. Parliamentary Secretary.

Mr. Shields: The Hon. Member is bootlegging energy—

Mr. Waddell: It is deregulation of natural gas.

Mr. Shields: We are talking about deregulation of transportation. I talked about two specific cases which I thought would underline what I was saying. The Hon. Member should realize that in the absence of confidential contracts railways are hesitant to offer lower rates to small shippers. Under the present legislation railways cannot offer the very small producer or shipper back-haul rates. That is ridiculous. If they are unable to do that they become uncompetitive.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate.

[*Translation*]

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a special interest in this Bill because, when I was Minister of Transport, I began to develop new regulations for the transport industry in Canada. At the time, Mr. Speaker, I had recognized the existence of a serious problem, especially as concerns the lack of flexibility in the rules and regulations. There was no competition to help consumers and producers. I agree with the comments of the Hon. Member for Athabasca (Mr. Shields) who said that it is a problem to have the railroads fix set prices for small businesses in Western Canada and other regions.

However, I do have some reservations, Mr. Speaker. I believe that it is important to use caution when making changes in our transport system. At the time, I referred a number of questions to committees of the House of Commons for consideration, including safety, labour management relations, and the role of Crown corporations under deregulation.

Mr. Speaker, after the election in 1984, the Conservative Government dropped all the questions that had been referred. This means that the regions, consumers and producers have not had a chance to examine them and express their views on these very important changes.

Mr. Speaker, the Bill is weak because it ignores the concerns and the views of all Canadians.

[*English*]

There is no question that our transportation system is essential to our health and vitality as a nation. We have always recognized that, with our geography, if we made a mistake in our transportation system we would suffer drastically in our attempts to keep the country together, serve world markets, and develop the dynamism in our economic system that we require. There is no doubt that from time to time major changes have to take place. However, those changes should not be driven by some ideological imperative, but by a clear and careful judgment of what is going to work well.

When I initiated the movement, as the Hon. Member for Vancouver—Kingsway (Mr. Waddell) said, to change the rules governing airlines, there was incredible opposition from civil servants, the CTC and transportation companies themselves. Everyone said it could not and should not be done. It was a very happy and cosy little club. However, decisions were taking far too long. There was no sensitive response to local conditions. Certainly there was no market-place dynamism which would allow prices to respond to supply and demand.

It is quite true that at that time, in comparison with many other countries, our airline system was in a deep decline. The number of passengers was falling off because we did not have the incentive to broaden the base of people who could afford to fly. The system was catering to the business traveller, Members of Parliament and Senators who do not have to pay for their own tickets because they have expense accounts. For the general public at large air travel was becoming a less attractive option. That is when we brought in a new airline policy, and I would remind Members of the House that that policy is still in place today. The new Conservative Government has not changed it. Legislation is in front of us now, but changes have not been made to break down the regional divisions and allow airlines a much freer pricing system, or elimination of the conditions of licensing which set rigorous requirements on too many air carriers.

We also initiated discussions with the provinces on changing the rules governing trucking. Consensus was reached on the need for changes in this area at a federal-provincial conference in April, 1984. The legislation before us has an important history, a history with which I associate myself. However, I ask why the progress made up to that point in time was blocked. In effect we were deflected away from something that should have had the basic agreement of all political parties. Instead we had a peculiar partisan move. The Government did not want to be associated with the past initiatives of the Liberal Government so the Minister of Transport (Mr. Crosbie) said we were going to do it all over again. However, in doing so, some fundamental mistakes were made. Those mistakes have yet to be corrected. They are not corrected in this Bill or in the policies and programs of the Government and that is why there is such great concern.

The NDP ask why the Liberal Party, which advocated the liberalization of transport in 1984, is critical of this Bill. The reason is that this Bill does not reflect the initiatives, objectives and concerns we raised at that time. Simply because you use the word "deregulation" does not mean that is what it is. I think it is quite correct to say that the Government has adopted, without much thought, the style and methods used in the U.S. It does so in almost everything else, so why not in transportation?

Let me pose a key question. Can you have a fully-deregulated system subject to the discipline of the market-place when you have major Crown corporations still occupying a large part of the market? If you talk to those who have gone through the experience of deregulation their answer is no, of course. If you are going to have a free market you cannot have a government-owned enterprise as a major player in that market. You have to decide what you are going to do with it. If not, you have a hybrid system, one which is highly distorted.

The Government opted for full deregulation but we did not. We carefully used the word "liberalization", a word which is far more compatible to our ears, but it also made more sense because it would allow us to maintain the mixed system we have. This Bill proceeds with a full court press on deregulation. The Government is left with the embarrassing problem of what to do with Air Canada, CNR and VIA Rail. You cannot have a Crown corporation funded by the Government under a deregulated system. No one in the Government has faced that issue. I presume that the previous Minister of Transport was about to face it when the Prime Minister (Mr. Mulroney) said that he could not do anything with it. We all know of the great

policy analyses the Prime Minister makes. If he gets through one day without changing his mind it is a small miracle.

• (1230)

The fact is that we now have incredible disharmony that is putting the transportation system out of whack and giving all the wrong signals to the market-place. You cannot say that the private sector is going to make the decisions and still maintain total control over Crown corporations. In addition, the Government has imposed a complete set of restraints upon Crown corporations. Over the past two and a half years the Government has refused to come to grips with the essential financial problems of Air Canada and the CNR. This system has no coherence.

The Government wants to keep Crown corporations but will not give them any money to modernize and respond to the market-place. The private operators do not want the Government to do that anyway because it would be unfair to them. They cannot be subject to the discipline of the market-place where they live and die by supply and demand if one of the big players is government-owned and can always bail itself out by going back to the federal Treasury. We have no formula whatsoever to deal with that fundamental problem.

How can the Government pass a Bill to make the market-place supreme without coming to grips with what its policy will be in relation to Air Canada and CNR? Will the Government fund them, keep them, partially deprivatize them? What will the Government do? All we get is a great yawning silence from the benches opposite. To proceed with this legislation and the series of principles behind it without coming to grips with that fundamental issue is a recipe for disaster. It will not be a deregulated market-place driven system. It will be hybrid, distorted, and out of whack. We do not know whether the decisions will be made by public sector signals or market signals.

Another fundamental issue which we began to address in 1984 and which has since been wiped off the agenda is that of how to deal with employer-employee relationships. We carefully examined what had happened in other systems under liberalization or deregulation. The crucial issue for many was how to accommodate that change and still maintain effective, proper employer-employee relations. We seem to be adopting the American model of throwing the workers on the scrap heap. That seems to be the system written between the lines in this Bill because nothing else has happened to make any changes.

For example, in 1984 the previous Government was working with various employee groups to make them partners in certain Crown corporations as an incentive. We had started negotiations with several of the major unions and Air Canada. We believed that was one way of solving the serious problem of dislocation. In addition, the problems of harmonizing union rules, seniority, and providing for certain job guarantees must be dealt with. By treating the workers like scrap the Americans created a total lack of morale and disloyalty in the system. That is why many of those airlines have gone bust. They did not get the productivity, worker involvement, and caring that was required.

In 1984 we gave the simple but important direction that, before proceeding further with any more liberalization or changing of the rules, there must be an agreed upon approach among the unions and employers in transportation with regard to how to deal with worker problems and worker dislocation. Have we heard anything at all from the Minister of Labour (Mr. Cadieux)? Has the Minister of Employment and Immigration (Mr. Bouchard) uttered a—

[*Translation*]

—a word or made the slightest comment on major problems that would have to be considered? None at all.

[*English*]

That is because the Government does not have a policy. It does not know what to do. It has not decided how to come to grips with that fundamental issue.

We have two very major and serious problems which require answers before we can proceed with a fundamental overhaul. The Canadian people, particularly those involved in the transportation industry, are without answers to those questions. It is not as though we in the Opposition have not tried to get answers in committee and other places. However, there has been a stone wall, a refusal to come to grips with those problems.

Do the Conservative Members now in the Chamber have answers to these questions? If so, they should put them forward in the House today. Let us hear what the Conservatives want to do about those two issues. If they do not have answers, they had better not vote for this Bill because that is asking for a pot of trouble. I do not say that for partisan reasons. I say that from experience. I have looked carefully at the issues and, having initiated this in 1984, I can say with some credibility that I knew what to expect.

When the Conservative Government took power and said it was going to continue with this initiative I gave a speech to *The Financial Post* conference and said, "God bless them, I hope they do well". I was not critical, but said that we should wait and see what they do. We have waited two years and they have not done it right. They have not put it together in the right way.

My colleagues have discussed the Government's policy of ensuring that competition is continued by insisting on fair competition between companies. Instead, we have seen an incredible rash of mergers and acquisitions. How is the Government going to support and stimulate the emergence of commuter and regional airlines to serve small communities?

We shifted allocations in the Department of Transport away from some non-essential expenditure to help smaller private Canadian companies buy new equipment to start up new regional and commuter airlines to serve the Maritimes and the north. One of the first acts of this Government was to wipe out

that support. It did not give those smaller companies an opportunity to get the new equipment they needed to start competing.

That initiative was not a Liberal bogyman. It had worked well in the American system. When larger airlines evacuated a certain market the American Government assisted smaller companies to start up. In the State of Alaska there was an emergence of a number of new regionally based airlines which have been quite successful. The American Government recognized that in order to make that happen there had to be a kick-start, an initial incentive. We had money in our Budget for that. It was not new money. We had reallocated old expenditures. However, the Conservative Government wiped that out.

The Government says that it wants to bring prices down. If that is the case, why has the Government increased user prices for transportation year after year? Why have airport and airline fees gone up? Why have the costs of using ports and dry docks gone up? Why are public charges to the users of the transportation system being increased when the Government says it wants the private sector to bring prices down. Is it telling the private sector to bring the prices down so that it can grab the surplus amount? Is that a coherent and sensible transportation policy? There are no answers to those questions.

• (1240)

We hear fine rhetoric about competition and productivity, but what about the user fees? If the Government intends to apply user fees, it ought to follow through on the logic, rather than ignore it so that the Minister of Finance (Mr. Wilson) can secretly grab more money from the taxpayer. I cannot believe the Government is interested in lower prices and costs when it has added substantial costs to the transportation system over the past two years. That will not wash because the evidence is in every budget that the Minister of Finance brings down.

There is severe criticism of this Bill because its stated purpose is not its intent and it carries the portent of real jeopardy to the transportation system. It will not lead us toward the objectives that we believe were clearly established in 1984.

[*Translation*]

Mr. Gauthier: Mr. Speaker, I would like to make a comment. Perhaps I may point out again that, unlike what the Hon. Member for Vancouver—Kingsway (Mr. Waddell) maintained in this debate a few minutes ago, the Liberal Party, the Official Opposition is not against a more flexible system or regulatory framework. In fact, we were the first to look into the matter, and our aim was and still is today to have a regulatory framework that is better adapted to new economic configurations and the changing face of the transport industry.

I want to ask the Hon. Member who, as we all know, was a very competent Minister of Transport and who has always maintained a very keen interest in the subject, to explain two things.

First, according to Bill C-18, the Canadian Transport Commission will be abolished and replaced by a new agency called the National Transportation Agency. The CTC has seven commissioners while the new agency will have nine. I want to ask the Hon. Member whether he or the previous Government, the Liberal Government at the time, had any plans for making such radical changes in the Transport Commission.

Second, would he agree that here lies a very real danger for Canadians and for the whole transportation policy, since by making such radical changes, it will be impossible to establish any continuity between the former Transport Commission and the new agency, which I imagine might cause major safety problems and occasionally even require radical action on the part of the agency? Does he have any thoughts on the subject he would like to share with us, first of all, with respect to regulation, where I believe he agrees with me that we are in favour of greater regulation, provided it is flexible, and does he agree with me that the changeover from the Transport Commission to the new agency might represent a safety hazard for the Canadian public that uses the various transport modes?

Mr. Axworthy: Mr. Speaker, I am pleased to answer my friend the Hon. Member for Ottawa—Vanier (Mr. Gauthier). A major change has been made with the appointment of the former member for Yukon as president of the Commission. Unfortunately, we will have a president of a new commission when we sit on the Government side. Who knows what will be the answer of the new president?

Mr. Speaker, I do not think there will be a dramatic change in the roles and responsibilities of the new commission, without a new government policy in the area of security, but a policy calling for investing millions of dollars in security for the railway network.

It is not a problem of regulation. It is a problem dealing with a number of railway lines in the downtown district, with the transportation of highly dangerous goods. Also, as indicated in the commission's report, there is a serious problem in the communications system as well as the hiring standards in the railways. It is also a problem of the Government's will to seek a policy change, a change in operating methods for the railways and the airlines.

[*English*]

I did not refer to the safety problem. However, I could have said that one of the real dominant concerns among Canadians about deregulation is safety and security. I am not fearmongering, it is simply a real concern that the proliferation in the number of carriers creates greater potential for mistakes and accidents.

The commission that studied the Gimli air accident made a number of recommendations for changing responsibility and

control in airline maintenance. Virtually none of those recommendations were implemented since they were made a year and a half ago. I do not know what the former Minister of Transport was doing, but he had an opportunity to take serious action on an important report.

There have been recommendations with respect to the whole question of air controllers and responsibilities in the airports. Serious problems relating to training were raised, but there has been no response.

I have already stated the need for introducing a much more efficient and modern system of safety and security in the railway system. While no one denies that it will cost money, the fact remains that it has not been implemented. I suggest that simply changing the name of a commission and appointing a new president who basically does not believe in the operation of that system will not give anyone assurances that a real change has taken place.

Mr. Clifford: Mr. Speaker, I welcome this opportunity to question a member of the Opposition, particularly since we have a former Minister of Transport with us this morning. The Hon. Member, who spoke on behalf of his party, said much about policies and is now alluding to safety and the need to communicate. I suggest that it is important to communicate the proper policies, because members opposite apparently are not aware of them.

Many Members opposite have said that the Bill does not contain any provision to prevent situations which could effectively reduce air safety. I would like to hear the Liberals explain that statement because the first provision for obtaining a licence to air service is that the firm must be fit and safe.

The Liberals said that Auditor General Dye stated that Transport Canada has been unable to check all the carriers under his jurisdiction at least once a year. However, the Minister of Transport (Mr. Crosbie) has repeatedly made the pledge that we will have 100 new inspectors. Does the Hon. Member deny that?

Let me advise the Hon. Member of our response to the question of safety. The Minister made a statement about airport safety systems. He followed that with action and we have changed all the airport safety systems with a new system of bag checking and personal security checks. I believe our record is unblemished in our pursuit of air safety. I question how much members opposite understand these policies and what they are trying to communicate to Canadians.

• (1250)

The Liberals have said that this deregulation will enable foreign interests, namely the U.S., to take over the trucking companies. I think we should point out to the Liberals that the existing legislation does not prevent American carriers from coming into Canada. In fact, there are over 2,000 American carriers in our country. This occurred under the Liberal Government and its regulations.

Perhaps the Hon. Member could shed some light on these two areas since he brought them up; the lack of policy, with which we do not agree, and the lack of safety. Perhaps then he would like to go on and talk about who really did let the U.S. trucking companies into the country.

Mr. Axworthy: Mr. Speaker, in the short time available to me I will attempt to answer those questions, which I think are honest and sincere. Safety is not a matter of a few small changes or announcements by the Minister. I liked the comment of the Democrats the other night in responding to President Reagan. They said: "Actions, not words, are what count". It is very easy for the Minister of Transport to say we are going to do these things. The question is, where is the proof that they are being done? Have they been done? Have the 100 inspectors been added to the Department of Transport? In fact, the number of personnel in the Department of Transport has been cut back. The numbers are way down. There is a shortage of personnel. The regions are being reduced.

Therefore, if the Government is foreseeing a wider range of transport activity and is reducing the capacity to provide for surveillance and maintenance then, of course, we are going to raise the questions. I do not, frankly, give a damn about what the Minister of Transport said. What I want to see in the Estimates book is what in fact he has done. I can tell you, Mr. Speaker, he has not done what he said he is going to do. That is the problem.

The Acting Speaker (Mr. Paproski): I regret that the time for questions and comments has now terminated.

The Parliamentary Secretary to the Minister of Transport (Mr. Kilgour).

Mr. Kilgour: I was getting up to make a comment or ask a question, Mr. Speaker. You say the time has expired?

Mr. Gauthier: He has already made a speech.

The Acting Speaker (Mr. Paproski): It is now debate. Does the Hon. Parliamentary Secretary want the floor?

Mr. Gauthier: He has already spoken.

The Acting Speaker (Mr. Paproski): I am sorry. The Hon. Member for St. Catharines (Mr. Reid).

Mr. Joe Reid (St. Catharines): Mr. Speaker, I rise to speak on Bill C-18, recognizing that it is a Bill designed to bring the Canadian transportation industry and Canadian business and commerce into a more competitive mode of operation. I would like to direct the attention of the House to a particular aspect of Bill C-18, the tough watchdog of safety and public interest, the new national transportation agency which is established under the provisions of Part 1 of the Bill. I trust Hon. Members opposite have addressed themselves to Part 1 of the Bill and that particular agency.

As Hon. Members know, this new agency will replace the Canadian Transport Commission, so that it does become a

replacement agency, yes, but it will operate in a far different way. It will not be a regulatory body in the sense that the old one was. It will, however, be a transportation ombudsman, a mediator and, as I said before, a public watchdog. Its powers allow it to monitor compliance and establish new regulations if the public interest is jeopardized by unsafe practices or a lack of competition. It will have the ability to make inquiries into complaints, establish competitive line rates, grant entry into markets and provide mediation services to help resolve shipper-carrier disputes.

The over-all intent of Bill C-18 is to reduce the regulatory burden on industry and at the same time deal more quickly and effectively with real problems as they emerge. The new agency is uniquely designed to do that. First, the agency has a wider range of options to deal with complaints and disputes between the various modes of transport. Indeed, the main responsibility of the new agency will be to administer a family of dispute resolving mechanisms contained within the bill itself. These include mediation services, a final offer arbitration service, a simplified procedure for investigating complaints from aggrieved parties. All of these provisions are new. They are all designed to assist industry to operate in an environment which is freer of Government regulation and intervention.

Let us look at disputes between a shipper and a carrier for a moment. The new agency, at the request of both parties, will call in a mediator. If the mediator is unsuccesssful in resolving the dispute, and if the shipper requests it, an arbitrator may be appointed. The arbitrator will then choose between the final offers. We used to do that in the practice of law between disputing parties. We would make our best offer and then let the chips fall where they may. The arbitrator makes his decision and, according to the Bill, that decision must remain in effect for a period up to a year. That is enough to prompt each party to make its best offer and enough to encourage shippers and carriers alike to settle their disputes between themselves and without recourse to the agency. However, the agency is there to do it for them.

The same applies to cargo rates and fares. Under the new rules, carriers will be permitted to establish fares and rates without regulatory approval. However, the provision is there for complaints in case of abuse. Increases in regular passenger fares on monopoly routes can be appealed to the National Transportation Agency. If it is determined that the rates are unfair, are being abused or that the increase is unreasonable, the agency can disallow the new fare and order a reduction, with refunds where practical.

The national transportation agency will be smaller and more streamlined than the old Transport Commission. It will have to adhere to time limits when dealing with complaints and applications for new services. The old Board was never constrained in such a manner and as a result those disputes would drag on and on, which was a disservice, not only to the parties to a complaint but to the users as well.

The size of the agency, along with the time limit, will make it far more responsive to the needs of shippers, users, the industry and the public than was the former Canadian Transport Commission. Further, the new agency is given functions and powers specifically tailored to the Government's new policies and approach.

The agency will be bound by policy directions which may be issued by the Governor in Council. Some Hon. Members opposite may say this is political manipulation. I want to point out that, with the provisions in this Act, nothing could be further from the truth. Any policy direction issued to the new agency must first be presented to both Houses of Parliament. Further, as in the normal course of business in the House, a policy direction might be referred to a committee for detailed consideration. What more could one ask than that?

In addition, under the Bill, no policy direction can have any bearing on any specific case before the agency at the time. Government will not be able to intervene in any case being considered by the agency. The legislation is phrased to prevent this type of interference or intervention. It is a protection from the type of allegation that might be made by Members opposite.

• (1300)

Too often there is a type of regulatory capture between a government body and the industry it regulates. The new agency will be structured on a multimodal basis to prevent that. We are talking about deregulation of all modes of transportation just to prevent that type of occurrence. Agency members will deal with the transportation network as a whole rather than the railway component, the airline component or even a marine component. These are separate entities in themselves. This structure is inherently more fair, as well as being more flexible than that found in most government agencies.

Before closing I would like to make the point that while the Canadian Transport Commission itself will be terminated, the Government intends to draw upon the expertise as presently contained within that body in the staffing of the new agency. This intention was clearly stated in the *Freedom to Move* document, and I can assure Hon. Members that it remains the policy of the Government. While the headquarters of the agency will be in Ottawa, it may also have regional offices across the country to give closer contact with the users and providers of transportation services.

Bill C-18 is an important part of the Government's over-all program to spur economic renewal and create jobs by removing regulatory obstacles. It is a vehicle whereby the transportation sector can renew and strengthen itself. The new agency will play an important role in this effort. With its new responsibilities and structure, with the time-limit on decisions and with a greater responsiveness to government policy the agency will be well designed to foster the development of a first-rate transportation system throughout our land.

Mr. Blaikie: Mr. Speaker, I was wondering if the Hon. Member for St. Catharines (Mr. Reid) could elaborate on why he has so much confidence in what will replace the Canadian Transport Commission. It seems to me that the Canadian Transport Commission has operated well over the years. It is not that we have not had our complaints with it from time to time, we have. However, I wonder if the Hon. Member can explain what he means by the ombudsman function of the new agency that is to replace the CTC. It seems to me that one of the features of bureaucracies with an ombudsman function, as opposed to a regulatory function, is that matters often take a very long time to be decided upon, whereas the Canadian Transport Commission now, particularly when it receives complaints related to safety or other operational concerns, has the power to act rather swiftly. Any experience I have had with ombudspersons tells me that will not be the case with that type of function. I would like to hear more from the Hon. Member with respect to why he thinks it is such a great thing. Why does he want to replace a regulatory commission that has a good record with a bureaucracy in which we have no reason to have very much confidence?

Mr. Reid: Mr. Speaker, the type of commission to which the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) refers, the Canadian Transport Commission, is just the type of regulatory commission that takes days on end to resolve an issue. He says that has also been his experience with respect to ombudsmen. I wish to point out to the Hon. Member that he should not be afraid to take a chance. As Samuel Johnson has said, "Nothing will ever be attempted if all possible objections must be first overcome".

I wish to tell the Hon. Member that the streamlining of the new agency will make it accessible to the people involved in transportation. It will make it possible for them to reach early decisions. When we talk about an ombudsman role we are talking about a commission that is prepared to hear complaints, problems relating to rates and entry into markets. For far too long my friend has been dealing with the old types of commissions and the old types of ombudsmen's offices. I suggest he wait to try the new one.

Mr. Blaikie: Mr. Speaker, I think we will find, if this Bill is passed and if it becomes law as it is now proposed, God forbid, that many of the people who formerly had complaints about the Canadian Transport Commission and the existing regulatory process will be wishing it back. They will be wishing it back after they have been subjected to the type of process that the Hon. Member has in mind, because that process will be much more subject to the political whims of the day than the process we have in place today.

An area upon which the Hon. Member did not go into great detail, and upon which I would like to know his position, is with respect to whether or not he is supportive of that element of the legislation that calls for mandated joint line rates which will put American railways directly in competition with Canadian railways. Is the Hon. Member aware of the concern expressed by both Canadian National and Canadian Pacific, and everyone else in the railway community, that this could lead to the demise of our railway transportation system? Has the Hon. Member considered that point? If he has what is his position on it?

Mr. Reid: Mr. Speaker, the suggestion made by the Hon. Member is that if we follow the route of Bill C-18 the railways in Canada will reach their ultimate demise. I think that is a completely wrong premise. Frankly, what we want to do is make use of the joint resources of both railways on the northern portion of the North American continent. Given the resources of CN and CP we should be able to come up with a railway mode of transportation as effective, as efficient, as reliable and as responsible as that of the Burlington line south of the border. Obviously, with an intermodal form of transportation capable of fixing rates and linking trucking aspects of transportation with the destinations of railway lines we should be able to put in place a transportation system with both modes of transportation in operation. This will give a complete service to shippers, as well as providing efficient pricing. In this way we can compete completely with the Burlington line across the river. I would support that aspect, even if it comes to an agency consideration of a dispute.

• (1310)

Mr. Gauthier: I think the Hon. Member will agree with me that deregulation does seriously impact on existing carriers and on new carriers. It has created stressful situations in some employee-employer relations, and some concessions are demanded from the personnel of these large carriers. For example, I am thinking of the airline industry where we know that stressful jobs, often insecure positions, lay-offs, and longer hours of work cause human error.

Earlier in my remarks I was referring to the safety angle. First, would the Hon. Member tell me what he thinks about the employer-employee relations? At no place in this Bill are there questions of improving employee-employer relations. Does he agree that we should be concerned and preoccupied with putting something into this Bill which would indicate our will, as the Parliament of Canada, to protect and secure employment for those who may be touched by deregulation? Does the Hon. Member agree with me that there could be some severe or serious security factors involved in this rapid deregulation?

Mr. Reid: I thank the Hon. Member for his question which gives me an opportunity to emphasize that safety is a priority not to be compromised under this Bill or by the Government. We have said that over and over again. One of the reasons that the agency is established is for the specific purpose of monitoring the operation of these different modes of transport from the point of view of safety, security, and the environment. The agency is not there to protect each private mode of transport, or even the public mode of transport from an employer-employee relation. We want to rid ourselves of this type of

regulatory process which the old Canadian Transport Commission had in its operations. That is the whole streamlined purpose of this agency. We will limit its operation to the powers as set out in the Act. Safety will be uppermost in one of its terms of regulatory operation.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

It being 1.12 p.m., I do now leave the chair until 2 p.m.

At 1.12 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

STRATEGIC DEFENCE INITIATIVE

GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I should like to recall certain facts.

Fact No. 1: The Tory Government rejects the American invitation to take part in the star wars research program.

Fact No. 2: The Tory Government takes away tens of millions of dollars from our research budgets to invest $800 over a 10-year period in the American orbital station program.

Fact No. 3: The Pentagon announces that it will use the orbital station in its star wars program.

Fact No. 4: I raise that inconsistency in a speech which I made in the House of Commons on January 20, and Mr. Jeffrey Simpson of *The Globe and Mail* goes further in the analysis of the problem the next day, January 21.

Fact No. 5: *The Globe and Mail* reported last week the comments made by the Secretary of State for External Affairs (Mr. Clark) who said that he was so concerned about the situation that he has written to the American administration.

Mr. Speaker, the Government's position in this respect shows that it is entirely out of control, that it does not know what it is doing, that it is naive once again and is blindly handing over to the Americans the whole area of research and development.

[*English*]

ABORTION

CALL FOR PARLIAMENTARY STUDY

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, the present Canadian abortion law has been in place for almost two decades. During this time hundreds of thousands of abortions have been performed. Many of those unborn children did not pose a significant threat to the lives of their mothers and were aborted for the sake of convenience.

Many Hon. Members of the House agree with me in deploring the over 65,000 abortions performed each year in Canada. In fairness, other Hon. Members of the House do not agree and believe that abortion should be made more available.

Whatever the opinions of Members, they should stand up and be counted on this important issue. Canadians expect their legislators to take up the issue of abortion since the present law satisfies no one. The matter should be studied with the intent of creating a new and better law. Let us at least have the courage to speak freely about this issue.

There are no easy answers in the abortion debate, but we owe it to millions of concerned Canadians to begin asking the questions.

* * *

CHINESE NEW YEAR

INJUSTICES SUFFERED BY EARLY CHINESE IMMIGRANTS

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, on behalf of all Members of Parliament and my constituents of Vancouver East, I say: "*Gung hay fa choy*", Happy Chinese New Year, with good wishes for health and happiness to all Canadians in the Year of the Rabbit.

I was pleased to learn recently that the Minister responsible for multiculturalism has agreed with the Chinese Canadian National Council that an all-Party resolution is needed to acknowledge the early injustices and the racial discrimination which occurred against Chinese immigrants because of the Chinese head tax and the Chinese Exclusion Act.

Some elderly victims who paid this tax are alive today. Their grandchildren recall the many hardships they suffered. These same grandchildren lead their fields in many endeavours. Immigrants come to settle in Canada as equals. By acknowledging these disgraceful injustices and seeking remedial action, all Canadians will be relieved of our collective guilt. We celebrate multiculturalism by celebrating Chinese New Year today.

TRADE

SUPPORT FOR CANADA-UNITED STATES NEGOTIATIONS

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, I am standing today in the House to applaud the people of Ontario. Today's edition of *The Globe and Mail* published the results of a recent poll which indicates that support for the position of provincial Liberals on freer trade is fast dwindling. Nearly half the respondents disapprove of the provincial position.

The facts are clear. Freer trade is an idea whose time has come. Despite the flimsy arguments put forward by the Opposition, the people of our country are throwing their support behind the initiatives of the Government. Perhaps, in light of these recent developments, the Opposition and the Government of Ontario will realize the wisdom of a unified approach to these negotiations.

The President of the United States supports freer trade with Canada. The Canadian Government supports the freer trade initiative. The people of Ontario support this initiative. Perhaps it is time for the Opposition and the Government of Premier Peterson to come over to the side fighting for economic security for all Canadians.

* * *

FISHERIES

CANADA-FRANCE AGREEMENT—REGIONAL MEETINGS SCHEDULED BY LIBERAL CAUCUS

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, last evening the Atlantic Liberal caucus met in an emergency session and consulted with our Leader. We wish to announce today that members of our caucus will be visiting various parts of Newfoundland and Atlantic Canada to hold a series of meetings beginning today with interested individuals and groups in the particular regions affected by the Canada-France fishing agreement.

The caucus members will discuss the impact of the arrangement and will consult on appropriate alternatives to the present agreement, which we say is totally unacceptable to the people of Atlantic Canada.

My colleagues from Newfoundland are presently there consulting with affected individuals. We wish to come back to the House with suitable alternatives to what is known as an unconscionable agreement which affects the lives and livelihood of the people of Newfoundland and Atlantic Canada.

S.O. 21

[*Translation*]

ENVIRONMENTAL AFFAIRS

GOVERNMENT'S PERFORMANCE

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, a recent Decima poll made public by the *Globe and Mail* last January 21 indicates that the environment is the first priority of Canadians. The Abitibi—Témiscamingue socio-economic summit has just emphasized that the environment issue is also the first concern of the residents of that region.

Mr. Speaker, such findings are proof positive that for nearly 20 years now Canadian public opinion has been made fully aware of and kept well informed about the damage and negative impact of pollution on human health and the ecology. In the past two years our Government has made firm commitments to reduce this scourge. Last December 18 the Minister of Environment (Mr. McMillan) tabled in the House the proposed Environmental Protection Act, again showing our resolve to fight against polluters in our society. With this measure, Canada ranks first among industrialized nations in the fight against pollution.

* * *

• (1405)

[*English*]

INVESTMENT CANADA

WEST KOOTENAY POWER AND LIGHT COMPANY—SALE TO AMERICAN CORPORATION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, more and more Canadians from coast to coast are beginning to ask the question: "Who stands up for Canada?" Who stood up for Canada when our softwood lumber industry came under attack? Not this Government.

Who stood up for Canada when the Reagan administration demanded that Canada change its patent laws on drugs that will inevitably mean higher drug prices for Canadians? Not this Government.

Who stood up for Canada when our agreements with the Reagan administration on acid rain were not lived up to? Not this Government. Who stands up for Canada as French, Spanish, Portugese, American, and Korean fishing fleets steal our fish on the Grand Banks? Not this Government.

And now, Mr. Speaker, the people of southern British Columbia are wondering who is standing up for their interests as a big American corporation is on the verge of taking over West Kootenay Power and Light Company and its water rights to a major western Canadian water system. Why is this Government on its knees watching this potentially disastrous take-over go ahead? Why did the Government give approval through Investment Canada for this take-over before hearings were even completed to hear the views of local residents?

The Government is caving into United States' interests as it sits idly by and watches West Kootenay Power and Light Company fall into foreign hands. The people of central and southern British Columbia will not forget.

* * *

BANKS AND BANKING

DESIGNATION OF VANCOUVER AND MONTREAL AS INTERNATIONAL BANKING CENTRES

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, yesterday our Government designated Vancouver and Montreal as international banking centres. But this is actually a tale of three cities: Vancouver, Toronto, and Montreal, and it is an excellent example of how this Government is a Government of all Canadians.

Toronto will continue to be the financial heart of our nation.

[*Translation*]

Stability, ready access and good economic environment make Montreal an ideal international banking centre.

[*English*]

And for Vancouver, it means better access to the Pacific Rim market-place.

But this happy tale of three cities has a dark side, Mr. Speaker. The Liberal Premier of Ontario insists that it leads to regional tensions. He has said one might as well move the financial centre in the United States from New York to Des Moines. Vancouver is not Des Moines, Mr. Speaker. It is not a region, it is Canada. Toronto is Canada, and Montreal is Canada.

Mr. Peterson's attitude is typical of the Liberal Party: paternalistic, centrist, and derogatory to western Canada. Western Canadians will never forget the Liberal legacy. We will never forget.

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FISHERIES

CANADA-FRANCE AGREEMENT—GOVERNMENT CONSULTATION CONDEMNED

Mr. George Henderson (Egmont): Mr. Speaker, how quickly the Government forgot the word consultation. This week we hear about this agreement that was signed, or is it an agreement? It is an agreement on a program to lead to negotiations to settle a dispute, negotiations not actually to arrive at a settlement of the dispute but negotiations to find out if we can go to arbitration.

The consultation which the Government took on itself has been nothing but a farce. The Government went behind the doors and behind the backs of Newfoundlanders, behind the back of the Premier of Newfoundland and behind the back of the Premier of Nova Scotia. The Government went behind the backs of all of those people in the great Atlantic provinces that have fishing as their lifeblood. I am surprised that the Minister of Transport (Mr. Crosbie) and all of the other Atlantic Ministers have not really given it to the Secretary of State for External Affairs (Mr. Clark) and the Minister of Fisheries and Oceans (Mr. Siddon) in this case. That is why we in the Liberal Party will be going to Newfoundland, Nova Scotia, and other parts of Atlantic Canada to consult so that we can come up with some sort of suitable arrangement.

* * *

• (1410)

CHINESE NEW YEAR

TRIBUTE TO WORK OF CHINESE IMMIGRANTS

Mr. Bill Attewell (Don Valley East): Mr. Speaker, Chinese Canadians are today celebrating the Chinese New Year of 4685. Canada has benefited immensely from the splendid contribution Chinese Canadians have made to help this country grow and prosper.

My good friend Norman Ho was instrumental in setting up the Scarborough-North York Chinese Business Association which now has several hundred members under its current president, Stephen Chung. On Saturday I will be bringing greetings from the Prime Minister (Mr. Mulroney) to members of the North York Chinese Heritage Language (Mandarin) School whose president is Mr. Ivan Peng.

My Government is very aware of the many successful businesses started by Chinese Canadians under our entrepreneurial business immigration class. We continue to support enthusiastically and welcome the number of persons of Chinese heritage emigrating to Canada under our Family Reunification Program.

In this Year of the Rabbit I ask all Members of this House to join me in wishing all Chinese Canadians good health, happiness, and prosperity.

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ENERGY

SUGGESTIONS FOR FORTHCOMING MEETING OF FEDERAL AND PROVINCIAL MINISTERS

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, when Canada's Energy Ministers meet here in Ottawa tomorrow they need to work out a planned energy strategy for Canada and not leave it up to the vagaries of the market. They have not asked me, but I see the Minister of Energy, Mines and Resources (Mr. Masse) so I will give him my suggestions. First, let us have energy security. The National Energy Board

says that in 15 years we will have used up our conventional natural gas and will be importing two-thirds of our oil. Let us get going on one or more of the frontier projects at a negotiated price for the oil.

Secondly, and in the meantime, let us resist the short-term temptation to export oil and gas to beat hell, as we are doing now.

Thirdly, if Canadians are expected to pay more taxes at the pump for energy security, show them that the gasoline prices are fair. Canadians are paying more than Americans now because oil company downstream profits are too high. Use Petro-Canada. Tell the provinces to quit loading on taxes at the pump.

Finally, do not forget conservation. That is really the number one priority.

Those are all my suggestions to the Minister and he can have them free of charge.

* * *

[*Translation*]

TRIBUTE TO JEAN PAPINEAU-COUTURE

Mrs. Lise Bourgault (Argenteuil—Papineau): Alas, Mr. Speaker, the labourers hired first are not always properly rewarded. However, the *Société de musique contemporaine du Québec* will be paying tribute in Montreal tonight to Jean Papineau-Couture, one of the major figures of Canadian contemporary music, on the occasion of his 70th birthday.

A composer, teacher and administrator, Jean Papineau-Couture has devoted his whole life to music, and more specifically to composition and the promotion of Canadian contemporary music, although he had to overcome the public's deep and at times fierce resistance to new sounds and rhythms.

His numerous orchestra, piano, chamber music compositions are evidence of his great command of the musical medium. Furthermore, it is not altogether frequent to see talent associated with commitment, but this creator has worked relentlessly within his own artistic community. A founding member of the *Centre de musique canadienne*, the *Société de musique canadienne* and the *Société de musique contemporaine du Québec*, he has also served as chairman of many organizations and institutions in the cultural field.

Jean Papineau-Couture deserves that we should pay him tribute by joining all those who will attend the concert dedicated to him tonight in Montreal.

S.O. 21

IMMIGRATION

REPORTED ALLEGATIONS BY MINISTER

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, during the program *La politique fédérale* broadcasted on January 17, 1987, on the French network of the CBC, we heard the Minister of Employment and Immigration (Mr. Bouchard) describe his Lac-Saint-Jean region as an area "which has not been disturbed by immigration and which has remained demographically, culturally and politically pure".

I came to this country in 1966 and I do not believe that I have disturbed Canada. On the contrary, I feel I have contributed to its economic, social and cultural development.

As to the Minister's comments on purity, I find them offensive for all Canadians.

An Immigration Minister who makes such remarks should not hold his position.

Thanks to its compassion, generosity and open-mindedness, our country rightly deserved its worldwide reputation, and comments on ethnic purity and the pride to belong to a privileged community are out of place in our society. When a Minister of Employment and Immigration utters them, they are unacceptable. The Minister should resign forthwith, Mr. Speaker!

* * *

• (1415)

[*English*]

COLONIALISM

RETENTION OF ST. PIERRE AND MIQUELON BY FRANCE

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, 19th century colonialism appears to be alive and well in North America. India has eliminated Portuguese possession of Goa; Hong Kong and Macao will shortly revert to China; and even tiny Iceland has resolutely and successfully defended its exclusive fishing zones against once mighty Great Britain, but France is allowed to maintain its colony of St. Pierre and Miquelon in the midst of Canada.

Surely this is an anachronism in the third quarter of the 20th century. Worst of all, on the basis of this historic relic, France claims the right to catch tens of thousands of tonnes of Canadian fish. The Secretary of State for External Affairs (Mr. Clark) should start immediately, and as forcefully as possible, to pursue the termination of French colonialism within Canada's domain.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—POSITION OF MINISTER OF TRANSPORT

Mr. George Baker (Gander—Twillingate): Mr. Speaker, a few months ago the Minister of Transport told Atlantic Canadians that if they compared themselves to people in the Third World they would feel quite lucky in Canada. We should have known at that time that any Minister who had the audacity to make such an outrageous statement would not be representing Atlantic Canadians in cabinet. We know through recent events that the Minister and the Cabinet are in fact now trying to make us a part of the Third World.

Does the Minister of Transport really think that a show of strength by our Coast Guard in patrolling the East Coast is tantamount to, in his words, "going to war"? Why is he promoting the defeatist attitude that we have no choice but to flop over into a deadman's float?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I would sooner be afloat than be a goat.

Mr. Kaplan: You are both.

Mr. Crosbie: The Government is bound by an arrangement concluded in the form of an exchange of diplomatic notes dated June 20 and June 28, 1984, with regard to the disputed area 3Ps, pursuant to which each party agreed to abstain from regulating the vessels flying the flag of the other party in that zone.

Our Liberal predecessors, Senators De Bané and MacEachen, and their Government entered into an international agreement which prevents us from interfering with or harassing the vessels of France in that disputed zone.

Some Hon. Members: Oh, oh!

Mr. Baker: Mr. Speaker, this is an inconsistent Minister in an inconsistent Cabinet. The one thing they are consistent about is blaming things on the previous administration. The Government is into its third year. There is only one year left after that. By its record it will then be a previous administration.

MINISTER'S CALL FOR APOLOGY

Mr. George Baker (Gander—Twillingate): The Minister was not talking about the previous administration last night when he said, "I think the Government should apologize". Who did the Minister have in mind to make that apology? Was it the Minister of State for External Affairs, who is perhaps the most to blame in this issue; the Prime Minister, who does not want to muddy the waters for the French summit; or the Minister of Fisheries, who has been hung out to dry like a codfish on this issue and still thinks he is swimming?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, one thing the previous Government never did was apologize for anything. However, I suggest that they apologize today because it was that Government which entered into agreements in 1972, 1982 and in 1984 which make it very difficult for the Government of Canada to take any firm, effective action today to settle this matter on the East Coast of Canada. They hung us with the dead hand of the past.

• (1420)

Mr. Speaker: The Hon. Member for Gander—Twillingate is on his third question. I would ask him to be brief and to the point.

REQUEST THAT AGREEMENT BE CANCELLED

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I will move from the Minister who advocates the deadman's float to the Minister who is a specialist in belly flops. The Minister of Fisheries and Oceans said in the Chamber last night: "if the fishermen and Governments of Atlantic Canada do not accept the conditions, there will be no agreement". Will the Minister now own up to his words, because the Atlantic Premiers have said no and the fishermen have said no. Will the Minister honour his words and tear up this record of agreement?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I have indicated several times in the House that it is important that all Atlantic Canadians understand that the only agreement is to negotiate the reference of the boundary dispute to compulsory third party arbitration, and to negotiate corresponding fisheries arrangements for the period after 1988. If, in negotiating those two agreements between now and the end of the year, the conditions required by France are unsatisfactory to the fishermen of Newfoundland and Labrador and Atlantic Canada, then there will indeed be no agreement.

ALLOCATION OF QUOTAS TO FRENCH FISHING VESSELS

Mr. George Henderson (Egmont): Mr. Speaker, Atlantic Canadians, especially Newfoundlanders, are very angry with the Minister because he has given the French fleet extra quotas and licences for factory freezer trawlers just to get the French to sit down and talk about the possibility of negotiating an arbitration case. Now that he has paid part of the ransom to the French for this deal, how much more Canadian fish must he give up in order to get the French even to come to arbitration?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I suggest this question also underscores the regrettable tendency and, I suggest, irresponsible tendency of members of the Opposition to sow seeds of fear, worry and apprehension based on improper and, I suggest, incorrect facts. In this case no additional quotas which are used, contained, and fished by Canadian fishermen will be given to France

either in the longer term or in the period of 1987, unless those quotas can be justified and supported by the fishermen of Atlantic Canada.

OVERFISHING BY FRENCH VESSELS

Mr. George Henderson (Egmont): Mr. Speaker, why did the Minister allow this agreement, if that is what it is, to be signed before receiving any commitment whatsoever from the French Government to stop its blatant overfishing in zone 3PS? Why did he even enter into any kind of agreement until the French stopped that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, again this illustrates the regrettable misinformation that opposition Members and the Hon. Member in particular are using in order to discredit a very important initiative which will bring significant benefits, if successful, to the fishermen of Atlantic Canada. If these two parallel agreements cannot be negotiated satisfactorily there will be no additional fish granted to anyone other than Atlantic Canada fishermen.

ALLOCATION OF QUOTAS—FISHERMEN'S POSITION

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans. He said that there would be no additional allocation of fish to France unless it was acceptable to the people of Newfoundland. Surely it is abundantly clear to the Minister and the Government that this is and will not be acceptable to the people of Newfoundland. Why wait? Why not recognize that fact and tell France that it is an unacceptable deal to the people of Canada, and begin again?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, first let me clear up a misunderstanding. The quotas of cod granted to France in 1987 in Canadian waters are less than half of what they were last year, 11,000 tonnes as compared to over 22,000 tonnes last year. In contrast to the modest reductions of quotas Canadian fishermen are experiencing, the French quotas have been more than cut in half.

• (1425)

The Hon. Member suggests we should capitulate on our attempt to secure a permanent and lasting solution to the boundary question, thereby consigning Atlantic Canadians in perpetuity to seeing their stocks in the area south of St. Pierre and Miquelon overfished indiscriminately by the French. That I would find absolutely unacceptable.

Mr. Manly: That is not what this Party wants. It is not what the Government or the people of Newfoundland want. They want a Government which will stand up for their rights and for the fisheries resource in Canada.

DROPPING OF CONSULTATIONS

Mr. Jim Manly (Cowichan—Malahat—The Islands): The Minister of Transport last night confirmed that the Government of Newfoundland, the industry representatives, and the union had been involved in consultation up until last week and then they were suddenly cut out. Why did the Minister suddenly drop these people from consultation?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, what the Hon. Member of the Opposition would advocate, as did his Leader last night, is we either walk away from the table and give up, thereby allowing tens of thousands of tonnes of overfishing to continue at the hands of France, or we rattle the sabres and perhaps get into a military confrontation with another friendly neighbour, an historical founding nation of Canada, France. I think it is irresponsible that the New Democratic Party would suggest forceful confrontation in this serious international matter.

APOLOGY TO PEOPLE OF NEWFOUNDLAND

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my final supplementary question is directed to the Deputy Prime Minister.

An Hon. Member: Warmonger!

Mr. Manly: When is the Government going to take action on the request—demand, really—from the Minister of Transport that the Government apologize to the Government and people of Newfoundland for the shameful way in which it has treated them in negotiating this deal with France?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to indicate to the Hon. Member that I did speak to Mr. Peckford yesterday. I expressed regret for the inadvertent breakdown in communications and in the process—

Some Hon. Members: Oh, oh!

Mr. Mazankowski: —which was established. I expressed my apologies to him, and on behalf of the Prime Minister and the Government of Canada.

APPROVAL OF AGREEMENT

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Deputy Prime Minister and it concerns the same subject matter. The Deputy Prime Minister will know that Newfoundlanders are outraged at the way the Government of Canada has failed to represent their interests in its dealing with France on this particular agreement. Would the Deputy Prime Minister inform the House, and the people of Atlantic Canada, and confirm that this decision, this agreement, was not approved by Cabinet but was done by bureaucrats and senior individuals in the Prime Minister's Office? Will the Deputy Prime Minister confirm that?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if one were to use the Hon. Member's interpretation, I suspect that Canadians would translate this into being a bad deal. However, the Minister of Fisheries and Oceans has very clearly indicated the process which was established, and the options which were available. When the Minister of Fisheries speaks, he speaks on behalf of the Government.

Mr. Dingwall: It is rather telling that the Deputy Prime Minister refuses to answer that very specific question.

REQUEST FOR MINISTER'S RESIGNATION

Mr. Dave Dingwall (Cape Breton—East Richmond): The Deputy Prime Minister is also aware that the consultation process was aborted. The Premier of Newfoundland, the Premier of Nova Scotia, the industry and, more important, the primary producers, are outraged at the failure of the Government to represent their interests. In view of the authority the Deputy Prime Minister has, will he not now demand the resignation of the Minister of Fisheries and Oceans and rescind this unconscionable agreement?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, first, I would like to inform the Hon. Member that I was advised by the Minister of Fisheries that the Government of Newfoundland was involved in the discussions and negotiations, through its negotiating representative, the Minister of Fisheries, and representatives of the Minister of Fisheries, as well as representatives of the Premier's office.

Mr. Gray (Windsor West): Why did you apologize?

• (1430)

Mr. Mazankowski: I apologized for an inadvertent breakdown in that process which, in my view, was certainly not deliberate. The fact of the matter is that what we have achieved here is an agreement to negotiate. As the Minister of Fisheries has outlined, as have others in the House, it was the best of the three possible options available to us.

OVERFISHING BY FRENCH FLEET

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, we now know what PC means—Paris Cares.

Some Hon. Members: Oh, oh!

Mr. Shields: Say that again; we missed it.

Mr. Hees: Another rehearsal was needed, John.

Mr. de Jong: You sure have stirred them up.

Mr. Rodriguez: Mr. Speaker, my question is for the Minister of Fisheries and Oceans. It is clear that the Minister has said to the House and in the agreement that all he has is an agreement to negotiate an agreement. That might take four years. The French fleet has been overfishing in Canadian waters. It will continue to overfish in Canadian waters. What does the Minister intend to do about the French fleet's continued overfishing in Canadian waters?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I trust that when the Hon. Member says that he now knows what PC refers to he recognizes that it stands for perfect Canadians?

Some Hon. Members: Hear, hear!

Mr. Siddon: What we have succeeded in doing, after years of inattention to a very costly and serious problem for all of Canada, is to sit down with the Government of France over the next 11 months—

Mr. Riis: No one wants to hear you, Tom.

Mr. Siddon: Then they had better stop asking questions, my friend.

Mr. Riis: On your side.

Mr. Siddon: —and negotiate the terms of reference by which an important costly boundary dispute will be referred to international arbitration over some four years of time and, in parallel with that, to negotiate in turn fishing arrangements which could include measures of control which have never before been achieved to deal with the French overfishing in 3PS. The Hon. Member should celebrate that instead of criticizing it.

MINISTER'S POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, in view of the fact that the people of Newfoundland, the fishermen, the owners of fish plants, the Government of Newfoundland and the Government of Nova Scotia all think that this is a give-away and a sell-out, what makes the Minister think that he has such a great deal going when he did not even follow the advice and consultation of the parties involved? What does he think he has going?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the essence of political leadership, not opposition mentality, is to have the courage sometimes to stand up and explain a course of action which has not previously been contemplated in the face of carping and unhelpful criticism of the sort we are hearing from opposition Members who would not want the fishermen of Atlantic Canada to be better off than they would have them be and as they have been for many years.

NATIONAL PAROLE BOARD

REPORTED INTERVENTION BY MEMBER FOR JOLIETTE

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Deputy Prime Minister. Yesterday the Solicitor General said that no one should ever be in any position to influence in any way any Parole Board hearing. In view of the fact that the Conservative Member for Joliette has intervened in the case of Conrad Bouchard, can the Minister indicate whether he considers the intervention on behalf of the Hon. Member to have been appropriate in the circumstances?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, we have here another allegation. I think the Hon. Solicitor General responded to that question quite fully yesterday. Perhaps the Hon. Member might want to reread the answer.

MEMBER'S REPORTED ACTION

Mr. John Nunziata (York South—Weston): Mr. Speaker, it is not an allegation. The Hon. Member for Joliette admitted today that he intervened on behalf of Conrad Bouchard. I put my question again to the Deputy Prime Minister. Does he consider the Hon. Member's action to be appropriate in the circumstances? Will he indicate today whether any other Member of Parliament intervened in the Conrad Bouchard case?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, such allegations flowing from the lips of the Hon. Member would have to be checked, double-checked, and probably triple-checked before any action was taken.

* * *

CANADIAN WHEAT BOARD

PRESS REPORTS OF FUTURE APPOINTMENT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is for the Deputy Prime Minister. Yesterday the U.S. indicated that the Canadian Wheat Board should be placed on the free trade negotiating table. Today we learned that the Hon. Member for Lisgar is being considered to fill the vacant position on the Canadian Wheat Board. With the present threats to Canada's international markets and the increased need for a strong orderly marketing structure, why is the Government considering making a political appointment of a Member who has in the past been hostile to the Wheat Board and who lacks the necessary expertise to be successful in such a position?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, I think this is a classical case of members of the press picking up their own stories and then augmenting them and running with them. This is a story that has been out in the farm press for a month, or maybe six weeks. It seems to me that what we have here is the press sitting around having a discussion, and what they do not understand they attempt to explain to each other. There is absolutely no truth to the rumour whatsoever.

FILLING OF VACANCY

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, we would very much like a clarification of that.

Some Hon. Members: Oh, oh!

Mr. Hovdebo: Since the Hon. Member for Lisgar has advocated a grain exchange type of marketing system and has called for the closing of Churchill, will the Minister assure us that he, or a person of that type, will not be appointed to fill the vacant position of commissioner of the Wheat Board?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, what I would like to do publicly with regard to some of the Americans' comments on the Canadian Wheat Board is to make an offer to the Americans saying that we would be prepared to start selling some of their wheat. Through the Canadian Wheat Board we have been doing a much better job of selling wheat. It seems to me that both the Americans and Canada would be much better off if they would accept our offer to sell some of their wheat on commission. We would be much better.

Let me say that when we make an appointment to the Wheat Board we will make an appointment that will be in the best over-all interests of the western Canadian farmer who very much depends on this very well run institution.

TIMING OF APPOINTMENT TO FILL VACANCY

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of State for the Canadian Wheat Board. Will he indicate when he will make an appointment to the Canadian Wheat Board? The position of commissioner has been vacant for some 14 months now. Canadian western agriculture is in the worst crisis since the 1930s with the lowest prices in 50 years. When will the Minister make an appointment? Can he assure the House that he will not weaken the Board by making a political appointment but that he will appoint a qualified person to sit on the Wheat Board?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member should know that the Canadian Wheat Board Act calls for a minimum of three commissioners and a maximum of five. Dr. Jim Leibfried resigned a year ago last December, so the Board has been running with four commissioners, which is entirely consistent with the Act.

I might say that in a very difficult world market it has been doing an extremely good job of selling. As I have said before, and I say again, we increased our market share last year and have the prospects of increasing our market share again this

year. If he is asking us not to make a political appointment, I take it he is excluding himself from that and taking himself out of the running.

• (1440)

UNITED STATES' EXPORT SUBSIDY PROGRAM

Mr. Maurice Foster (Algoma): The Minister talks about taking people out of this appointment. Will he give a commitment that he is taking the Hon. Member for Lisgar out of the running, because it will be a very divisive appointment with western Canada farm groups, if he proceeds with it.

We have heard about the Minister's fights with the Wheat Board. Will he stand behind the Wheat Board against the United States' subsidy program in its million tonne sale to China, and not capitulate in the manner he did on the Durum wheat sale to Algeria? That is what western farmers wish to know.

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): It is obvious from the import of the question that the Hon. Member knows very little about what goes on in western Canada. First, the offer to China has only been an offer. To date we do not know that it has been accepted. In the meantime, Hon. Members should know that Canada will probably increase the amount of wheat sold to China this year. We did not capitulate in the Durum wheat deal with Algeria. We will probably sell the same amount of Durum wheat to Algeria as we did last year.

The Canadian Wheat Board, with our system of grading through the Canada Grain Commission, is serving Canada extremely well in some very difficult times. We are looking at increasing the amount of grain exported this year, as a result of the manner in which those two institutions operate, and the manner that the Government is supporting those two institutions.

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CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. Mel Gass (Malpeque): Mr. Speaker, rumours have been running rampant throughout rural Canada that rural post offices are to be closed and that rural mail delivery will be eliminated. These rumours are being spread by the Opposition, and some employees of Canada Post. Rural residents are concerned about these rumours and wish some clarification of the Government's intentions regarding Canada Post's corporate plan.

Will the Minister assure the House and rural Canadians that wholesale closures of rural post offices are not being considered?

Hon. Michel Côté (Minister of Regional Industrial Expansion): I wish to thank the Hon. Member for his interest in the matter. Earlier in the past month the plan was examined and recommendations issued by a Standing Committee, which recommendations have been implemented in the plan. The facts are quite different from the propaganda campaign calling for a wholesale closure of post offices in rural Canada. The Canada Post Corporation has advised me that it has no intention of closing any rural post offices in Canada.

Some Hon. Members: Hear, hear!

Mr. Côté (Langelier): I might add that the Corporation will not start any change in the service before it consults both with the Members and the population. I can assure the Hon. Member that this will happen.

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SCIENTIFIC RESEARCH TAX CREDIT

HOLSTEIN CATTLE RESEARCH PROJECT

Mr. Simon de Jong (Regina East): Mr. Speaker, my question is directed to the Minister of National Revenue. Can the Minister explain his Department's uncharacteristic flexibility to Dreamstreet's $22.5 million scientific research tax credit program? This company was doing research to see whether black and white Holsteins would produce better milk, and more milk, than red and white Holsteins. It has been allowed to continue its activities into this taxation year. Why is the Government giving this company such flexibility?

Hon. Elmer M. MacKay (Minister of National Revenue): I appreciate my colleague's interest in this particular matter which is a residue of the infamous SRTC program. As Members realize, I cannot talk about intimate details of any taxpayer's business in the House of Commons any more than to say that in some cases these enterprises are grandfathered out of a sense of fairness. They are scrutinized very carefully by the Department in the interest of the taxpayers of Canada. I will be pleased to give him more information privately, if it is proper.

GOVERNMENT POSITION

Mr. Simon de Jong (Regina East): My supplementary question is this. The Minister's Department supplied the letter that allowed Dreamstreet to carry on its activities after the Government had announced that it was closing down the SRTC program. Surely the Government cannot have it both ways. It cannot shovel money out under the SRTC program while cutting back on legitimate research through the NRC and universities, and still allow an outfit that is essentially owned by a tax shelter in the United States to grab more Canadian tax dollars.

Hon. Elmer M. MacKay (Minister of National Revenue): I know my colleague does not wish to be unfair. The Government has encouraged research by clarifying the R and D guidelines, and taking other efforts in this regard. I repeat to him that the SRTC program, as his Party and his Leader know, was one of the worst programs ever to be introduced. In the interests of fairness we could not arbitrarily cut it off without giving further assurances in the way of grandfathering some programs. We are making sure in every case possible, including this one, that the effects are monitored closely before it is finally phased out.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF SASKATCHEWAN MINISTER OF SOCIAL SERVICES

Mr. Speaker: I wish to draw to the attention of Hon. Members the presence in the gallery of the Hon. Grant Schmidt, Minister of Social Services for the Province of Saskatchewan.

Some Hon. Members: Hear, hear!

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NATIONAL PARKS

PACIFIC RIM NATIONAL PARK—OPPOSITION TO TOLL-GATE PROPOSAL

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, my question is directed to the Minister of the Environment. The Minister will be aware that Parks Canada plans to install a toll-gate at Pacific Rim National Park in my riding. The local community believes that this will damage the tourism industry, and it will probably not be cost effective due to the remoteness of the area. Why is a toll-gate necessary in the Pacific Rim National Park? Will the Minister reconsider the decision to install that toll-gate?

Hon. Tom McMillan (Minister of the Environment): There has been in place for a long time a general policy to charge entrance fees at the most heavily patronized national parks. In this case we are applying the policy because the Pacific Rim is one of the most popular parks. The B.C. Government, and the Hon. Member, have made the argument that, because the federal Crown owes the provincial Crown some $25 million in connection with outstanding issues surrounding that park, we ought not to be charging entrance fees until the bill is paid.

In a few days time I will be flying to British Columbia to speak to my opposite number, Stephen Rogers, the Minister of the Environment and Parks, to discuss the question. I will certainly take the Hon. Member's own views into account when I attend the meeting.

[*Translation*]

FISHERIES

CANADA-FRANCE AGREEMENT—RESPONSIBILITY FOR TAKING DECISION

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, my question is directed to the Deputy Prime Minister and I am simply repeating that of my colleague the Hon. Member for Cape Breton—East Richmond.

Was the decision concerning the Canada-France agreement on fish stocks taken by Cabinet or by the Prime Minister's Office?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): I thought I had already answered that question. It was a government decision.

Ms. Copps: No, you did not.

[*Translation*]

Mr. Robichaud: Well then, Mr. Speaker, I shall ask my supplementary question: second verse same as the first! Would the Minister be good enough to answer this question to which we believe he has not given an answer? Was the decision taken by Cabinet or was it taken by the Prime Minister's Office?

[*English*]

An Hon. Member: Questions ought not to be repeated.

Mr. Mazankowski: This was a government decision.

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IMMIGRATION

MINISTER'S BROADCAST STATEMENT

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. The Minister spoke with pride a few days ago of the purity in population and culture of his region around Lac St-Jean and along the Saguenay River. The question is simple. Will the Minister withdraw these racist comments that he made on behalf of the Conservative Party on the CBC's French language network?

• (1450)

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I am appalled that a Member of this House would dare to use for such purposes an issue which has always received great attention in this country.

The Hon. Member should know that I did not at any time refer to immigrant or refugee communities or to any other

Canadian cultural community. I would ask my colleague not to indulge in this kind of petty politics.

[*English*]

REQUEST FOR WITHDRAWAL OF COMMENTS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I have a supplementary question. Does the Minister not recognize that his racist comments were utterly unworthy of Canada's Minister of Immigration and have to be—

Some Hon. Members: Order, order!

Mr. Crosbie: Withdraw.

Mr. Speaker: I would ask Hon. Members to restrain their enthusiasm. I think the Hon. Member would know that originally most of our families came to this country from somewhere else, except for our own native citizens, and that to call a fellow Canadian or a fellow member a racist is very offensive. I would ask the Hon. Member to withdraw that.

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, I withdraw any suggestion that a person is racist. The concern is about comments that have a racist tinge to them.

Some Hon. Members: Order!

Mr. Speaker: I am sure the Hon. Member can put his question in such a way that he does not offend the sensibilities and the dignity of this place and, for that matter, the concepts of good will and tolerance which are at the basis of our country's success as one of the happiest nations in the world.

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, my question is simply whether the Minister does not recognize that these comments can be offensive to Canadians. Does he not realize that to maintain his standing in the Canadian population from coast to coast he needs to withdraw these comments?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I will answer in my colleague's first language. I used the French word *déranger*. It could mean in English disturb, bother, or touch. It meant touch when I said that my region was not touched by immigration. It does not mean that that is a good thing. It means that the region was not touched by immigration. Once again I hope my colleague and hon. friend understands that on such a delicate issue in all communities in the country we do not have the right to use this kind of issue to play politics. I hope he recognizes that I do not have the right to play politics with this kind of issue.

Some Hon. Members: Hear, hear!

[*Translation*]

REPORTED ALLEGATIONS BY MINISTER

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I will try therefore in a different and perhaps more relaxed way . . . In the evening of Saturday, January 17, during the program *La politique fédérale* broadcasted on the French network of the CBC and which was later on the subject of an article published in the Friday, January 23 issue of the *Montreal Gazette*, the Minister of Employment and Immigration, while referring to the Saguenay—Lac-Saint-Jean area, commented, and I quote:

—a long time sheltered enclave of some 300,000 Francophones, undisturbed by immigration or the presence of other realities in this country. It is therefore very pure demographically.

I am asking the Minister, and it is not Marcel Prud'homme's habit to indulge in demagogy with Francophone and Anglophone issues, but I wish . . . If you insist, I will let other Hon. Members raise this issue, and you will see that it will be quite different. Let me raise it my way.

How could he reconcile such remarks with his duties as Minister of Immigration? How can the Minister of Immigration say that immigration is disturbing, because this is what I understood in French? I read the English text, and in all honesty to the Minister and these disquieting questions, I went over the French text of the CBC about a dozen times, and that's what I understood it to mean. My question is the same.

Hon. Benoît Bouchard (Minister of Employment and Immigration: Mr. Speaker, the French language is such that one could use different words to describe—I insist on the word describe—a situation. It is quite clear in my mind that when I described the community I belong to as not having been disturbed, in view of the importance of my duties, my tremendous respect for the various cultural communities of our country and for this country as a whole which was built through immigration, and the tact with which I now deal with the refugee issue—for instance, I stated just yesterday that this country should forever remain open to Chilean immigrants—how could I on a television program try to describe a community by saying that it has fortunately been sheltered from immigration?

I suggest that I should be recognized consistently in the views I have expressed for the past two years concerning my Hon. colleagues in the House who belong to various cultural communities. I described a community. I indicated that it had not been affected by immigration, which is certainly true considering that it is 99 per cent Francophone.

MINISTER'S ALLEGED REFERENCE TO DEMOGRAPHIC PURITY

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I think that I know Quebec and the Saguenay—Lac-Saint-Jean area just as well as the Minister. I think everybody will recognize that. But how can the Minister refuse to admit that it was a mistake to talk about—

An Hon. Member: The question!

[*English*]

Some Hon. Members: Question.

Mr. Prud'homme: Perhaps the translation did not reach them yet, but I was just about to ask the question, so be calm.

[*Translation*]

Why does the Minister not recognize that it was a mistake to talk about demographic purity when dealing with a community or using an expression such as "disturbed by immigration"? Is the Minister at least prepared to recognize that his remarks certainly exceeded his thought, but they were certainly understood to mean—

[*English*]

Mr. Speaker: Order. I hope the Minister will make a short reply, and then perhaps we could leave this issue.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Honourable Member has said that a language is a matter of word interpretation. I suggest again that if his purpose is to have me recognize that I made a mistake, I do not feel it is important. What I consider important again is to repeat in front of the whole nation that I have the highest regard and respect for all immigrants and refugees who have at last reached a country where they can enjoy freedom.

REQUEST FOR ASSURANCES CONCERNING SALVADORANS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is also directed to the Minister of Employment and Immigration. Considering the fact that Salvadorans are fleeing to Canada from the United States because they are afraid they will otherwise be sent back to Salvador, with its death squads and air raids by government troops, could the Minister give the House the assurance that the Government will allow these Salvadorans to enter Canada so they can claim refugee status and remain in this country, pending a decision on their claims?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I can assure the Hon. Member that at the present time, and especially at Fort Erie in Ontario and Lacolle in Quebec, we are seeing massive entries of Latin Americans into Canada. Salvador is one of the countries to which Canada does not deport. So basically, anyone from that country who would otherwise be in danger of being deported will not be refused entry by Canada.

* * *

[*English*]

EXTERNAL AFFAIRS

UNITED STATES MILITARY SUPPORT FOR SALVADORAN GOVERNMENT

Mr. Dan Heap (Spadina): Mr. Speaker, I have a supplementary question. Since the Salvadorans originally fled the bombing of civilian villages by their own Government which was armed by the United States and since the United States is now escalating deportations to El Salvador, will the Government publicly call on President Reagan to cease all military support of the Salvadoran Government and to cease his deportations to that murderous police state? My question is for the Deputy Prime Minister.

• (1500)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): I regret that I missed the question, Mr. Speaker. Perhaps I can take it as notice.

* * *

IMMIGRATION

MINISTER'S BROADCAST STATEMENT

Mr. Sergio Marchi (York West): Mr. Speaker, my question is also for the Minister of Employment and Immigration who, I think, realizes all parts of the country and all regions are open, without disturbance, to any and all immigrants in Canada. Nevertheless, given that the Minister's declarations sent out a very discomforting and offensive message to all Canadians, will he not do the honourable thing today in the House, because it is a sensitive matter, issue a very clear retraction of the disturbance allegation and apologize for the message that is being sent from one coast to the other concerning people from all backgrounds and all walks of life?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, briefly, I answered that question earlier, but I simply want to add that it is rather problematic to pursue debate on matters that in my view can only add to the controversy that has already done a great deal of harm in this country.

[*English*]

Mr. Speaker: The Hon. Member for York West. A very short supplementary, please.

REQUEST FOR APOLOGY

Mr. Sergio Marchi (York West): Mr. Speaker, let me ask the Deputy Prime Minister a question. Here we have an Immigration Minister who refuses to apologize for a very clear and discomforting statement.

Some Hon. Members: Sit down.

Mr. Speaker: Will the Hon. Member please put the question?

Mr. Marchi: Why don't you get up on your feet and ask your own question?

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member for York West, I think, has made his point. I would comment that it would seem to the Chair that the Hon. Minister has tried to say that, whatever his comments may have seemed to be, they were not intended in that way. That I think is the clear meaning of the exchange so far. The Chair would ask Hon. Members to be as careful as they can be. I will recognize the Hon. Member for York West on a very short last question.

Mr. Marchi: Mr. Speaker, let me ask the Deputy Minister very clearly will he, on behalf of the Government, issue a statement of clarification and apology so that Canadians can re-establish their confidence in an immigration policy which is both fair and progressive for our present day immigrants and immigrants who are going to be landing on our shores tomorrow?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I do not think there are any Members in this House who would suggest that there is anyone more sincere than the Hon. Minister of Employment and Immigration.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: I think his very careful and deliberate replies to the questions raised here, in an attempt to explain clearly any misinterpretation that may have been placed upon them, was done in the best interests in the discharge of his responsibility and in the discharge of his responsibility as a Member of this House.

I would simply invite the Hon. Member, before he starts suggesting that someone should apologize, to read in *Hansard* tomorrow precisely what the Hon. Minister has said because I think he made a full accounting and a full explanation for what the Hon. Member is trying to allege he said, which is a wrong interpretation.

Ms. Copps: It is on tape.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Mr. Speaker, I do welcome the opportunity to rise on a point of order to ask the Government House Leader (Mr. Mazankowski) what business he intends to call for the next week.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, today we will continue with Bill C-18, the National Transportation Act, then Bill C-19, the Motor Vehicle Transportation Act which will be followed by Bill C-21, the Shippers Conference Exemption Act.

PRIVILEGE

DECISION BY LEGISLATIVE COMMITTEE IN ABSENCE OF OPPOSITION MEMBERS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise on a question of privilege with respect to a decision made by the legislative committee dealing with Bill C-22.

Mr. Speaker: Order. The Hon. Member for Winnipeg North (Mr. Orlikow), who is a long-standing Member of this House, has arisen to address the Chair on a question of privilege. I know that Hon. Members would want to hear his intervention.

Mr. Orlikow: Mr. Speaker, I want to raise a question of privilege on a decision made at this morning's meeting of the legislative committee dealing with Bill C-22. At one of the first meetings of that committee, a motion was made by a government Member that a quorum of the committee authorized to conduct the work of the committee should consist of four Members. I moved an amendment, which was accepted, voted on and approved, that among the four Members who would constitute a quorum at least one should be a Member of the Opposition. The two members of the Opposition serving on that committee are the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall) and myself.

The committee at a later date accepted a motion that the committee should meet five times a week and that at each meeting the committee should hear three delegations, each delegation to have 45 minutes and not more. The Member from East Richmond and I argued that this was too restrictive, but that motion carried.

This morning the committee met to hear two delegations, first, the delegation representing the Multiple Sclerosis Organization of Ottawa. That Organization had its 45 minutes. Then came the Canadian Chamber of Commerce. After about 40 minutes, the Member for Cape Breton—East Richmond left. I stayed and when I thought 45 minutes had elapsed, I left. Certainly at the least 43 minutes had gone by.

Just let me go back a step, Mr. Speaker. Yesterday the committee discussed future witnesses. The Member for Cape Breton—East Richmond proposed that we invite Congressman Waxman who heads up a committee looking into this question in the U.S. House of Representatives and I suggested that we invite a representative of the American Association of Retired Persons. I suggested, and it was agreed, that we find out whether either of these individuals could come and whether we would have to pay their expenses. If we did, then we could discuss whether the committee had the funds. That was the way it was left.

As I said, the Member for Cape Breton—East Richmond left the committee. Then after I left, believing the time had gone by for the delegation, the committee adopted, without the presence of either member of the Opposition, a motion that no invitation be extended to any possible delegation from the United States. I think moving and passing that motion when

neither of the Opposition Members were there—and I am one of them—was a breach of my privileges as a Member of this House and of the commmittee.

Mr. Arnold Malone (Crowfoot): Mr. Speaker, it is with unusual reluctance that I rise to make a comment on the question of privilege raised by the Hon. Member for Winnipeg North (Mr. Orlikow). I open with those comments because I am the chairman of the legislative committee on Bill C-22. I will be precise in my comments and I will not in any way enter into the subject area of the debate that is before Members of Parliament at this time because of my role as chairman of the that committee.

• (1510)

As you know, I attempt to chair that committee in the same way you adjudicate in this Chamber. I am a servant of the committee, not its master. The Hon. Member for Dauphin—Swan River (Mr. White) said this morning that I indicated from the Chair that I would have to assure myself we had a quorum. I was informed by the Clerk that the motions previously passed related to having a quorum for the hearing of evidence and that at that time the committee had a quorum with respect to motions. Therefore, when a motion was moved I allowed that motion to stand on the advice of the Clerk. The motion was put, voted upon and passed.

With respect to the question of whether the time for the meeting had lapsed, my stop-watch indicated we had a full 10 minutes remaining in the time for examination of witnesses. So it is inaccurate to say that the time had lapsed.

I set out those facts because they may be germane to a decision you may have to make. I also want to apologize for involving you as the Speaker in what ought to be the internal affairs of the committee itself.

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise with great difficulty concerning this issue. What we had decided was that the purpose of the meeting today was to adduce evidence from witnesses who have very strong beliefs concerning this Bill. I notified the Chair that I had to leave the meeting because of a prior commitment. I asked him if he would undertake to obtain certain information from the witnesses and I presume he has done that. However, at no time were we informed up to that point that this would be up for discussion as a procedural matter.

I suggest very humbly that the rules of natural justice have been breached. There was no notice whatsoever. We did not have an opportunity to debate both the procedure and substance of the motion put forward by the Government. Members of the Opposition, whether they be Liberal or NDP, have rights. You would think government Members would want to give us every opportunity, as well as members of their own Party, to discuss the substance of the motion. Yet it was pulled in by members opposite when they knew members of the Opposition were not available. Therefore the motion passed. I find that to be unfair, unreasonable, and a breach of my rights as a Member of Parliament. It is totally unacceptable.

I ask you to reflect on my comments as well as those of my colleagues. We are not here to try and interfere wilfully with the procedures of this committee. However, it has to be said—and I will not say anything about the substance of the motion—that government Members are running roughshod over members of the Opposition. That is not fair.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I have two or three points I would like to add to this discussion.

I believe it is appropriate for you to consider that the committee passed a motion on December 11 which said that when the committee meets to hear evidence at least one member of the Opposition must be present. It is very clear that the meeting held earlier today was to hear evidence. There is a long tradition around here that if a committee is considering altering its procedures concerning witnesses, it is a matter to be discussed by a steering committee. That committee then comes to an understanding and takes the motion back to the full committee.

Upon completion of the hearing of evidence members of the Opposition felt that that was the end of business for that sitting and decided to leave. It was at that point, when only government Members were left, that there was a change to the whole procedure regarding witnesses who would appear before the committee.

It is important to recognize that this meeting was called to hear evidence, not deal with the future order of business, particularly when it is on a Bill as serious as this. It seems only fair that a steering committee would examine it first and then make a recommendation for the whole committee to consider, with all members present after being fully notified.

Mr. Bill Kempling (Burlington): Mr. Speaker, I was in the committee this morning. The Hon. Member for Cape Breton—East Richmond (Mr. Dingwall) left early, as he said. I saw him advise the Chair that he was departing and he asked for some information, which I am sure is coming along. The NDP Member on the committee left with, according to my watch, about 12 or 14 minutes still to go.

We had a matter to consider, that being whether or not we would hear certain witnesses. Of the proposed witnesses one was an American Congressman. It is my understanding that we do not appear before American congressional committees as Members of Parliament. I turned down an invitation to appear before the U.S. Senate Finance Committee on the basis that is not our custom, and we felt it was probably improper for a Congressman to appear before our committee. There were three other American witnesses who we just did not feel had any reasonable contribution to make to our committee. Therefore we moved the motion that they not be heard. I do not see anything wrong with that. The committee acted within the rules and I do not believe there is a question of privilege here.

Hon. Herb Gray (Windsor West): Mr. Speaker, I want to make some very brief comments about this matter. I hope you will take note of the fact that almost every week there is a point of order or question of privilege raised in this House about what some members think are incidents of unfairness in standing and legislative committees. I invite you, Sir, to determine whether or not the time has come for you to use the broad residual authority, which I submit you have, to ensure that committees operate as fairly as the House of Commons itself with regard to members who are in opposition to the Government, as well as members who support it.

• (1520)

With regard to this particular incident, I believe that the normal practice for making decisions with regard to hearing witnesses would be for the matter to be first considered by the steering committee, on which there are representatives of the opposition Parties, and then considered by the full committee with full opportunity for opposition Members to be present, take part in debate on the motion, and vote on it.

Parliament is a court. It is called the High Court of Parliament. There is a basic principle in the British and Canadian judicial systems. That principle is *audi alteram partem*, hear the other side. With all due respect to the Government majority on the committee which proposed and voted on that motion in the absence of opposition Members, they did not follow that basic principle.

I respectfully submit that this is a very serious matter and it is not being raised for the first time. There is a pattern developing which, if allowed to continue and solidify, will destroy all claims of value in the changes in the rules with respect to the role of members on all sides of this House in the committee system and in the operation of the House of Commons.

In conclusion, at the very least, at the next meeting of the committee it should agree to revoke this motion and refer the matter to the steering committee for a full and fair consideration such as we are accustomed to in the House of Commons and its committees. If this does not happen, I am sure this matter will reappear before you so that we can again invite you to use that residual authority, perhaps a moral authority, which is very much in existence, to ensure that the House of Commons and its committees operate fairly in the interest of all its members, not only those who for the time being are in support of the Government.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to raise only two points because I think this matter has been dealt with very well.

It was very awkward for the chairman of the committee because it brings into question the operations of the committee. This is the second alleged breach of privilege in a committee which has been raised this week. I always believed that to exercise privilege one had to be present. If one is prevented from voting or speaking when one is present, that is a breach of privilege. However, if a member of a committee leaves a committee hearing, it is difficult to complain about what took place in one's absence.

In your deliberations on this matter, Mr. Speaker, I ask that you give us some direction as to where a question of privilege must be first raised. In this case should it not be raised at the next meeting of the committee? I believe there are 30 or 35 committees of the House of Commons at this time. If the Chair is to be the first level of appeal for every breach of privilege in those 35 committees, you might find yourself spending a fair amount of time hearing those questions of privilege. I agree that the Chair should be at the appeal level, but I do not think that the House should be the first place where a question of privilege from a committee is raised. I believe that this is a good question of privilege to be raised at the next committee meeting. If one is not successful at that level, one has the opportunity to bring it to the full Chamber.

Mr. Speaker: It is the disposition of the Chair to adjourn this matter at this time without prejudice to the Hon. Member who raised the matter, or to any Hon. Member who wishes to make an intervention when I bring the matter back to the Chamber. The Chair thinks that the Parliamentary Secretary has made an eminently sensible suggestion. What members of the committee do when they reassemble is entirely their own business. However, perhaps something might take place which would make it unnecessary to carry on with this discussion. I am going to adjourn this matter without prejudice to the Hon. Member who has raised it. If the matter is not settled, I will hear from Hon. Members later.

I hope the Hon. Member for Papineau (Mr. Ouellet) is not rising on the same matter. The Hon. Member will have every opportunity to speak when the matter comes back to the Chamber.

Mr. Ouellet: If it does.

Mr. Speaker: I would like to adjourn the matter at this point. I want to make it clear that I am not adjourning to make a decision. I am adjourning the debate to bring it back at another time, if it is necessary to do so.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, this debate on the new National Transportation Act is very serious.

I am somewhat disppointed with the attention that is being paid to this debate by the media and the public in general. In my view we are debating the very future of our country. We are debating the nature of the transportation infrastructure in Canada. Our transportation infrastructure has always been absolutely crucial to both the nature and the survival of our country. I believe that all Canadians would do well to pay more attention to the debate which is taking place in the House.

I sometimes find it both amusing and disturbing that so much attention is paid to the proposed free trade agreement with the United States and the negotiations in relation to that, a hypothetical situation which is some years in the future. We are debating here and now in this Chamber an issue which could have every bit as serious an impact on the future of Canada. It is at second reading stage in the House of Commons. There is a very real possibility that this legislation will be enacted in the near future. Yet, very little attention is being paid to this while the country wastes its energy speculating about a free trade agreement.

I take this debate very seriously and will comment specifically on things which the Minister of Transport (Mr. Crosbie) said when he introduced this legislation on December 19. It was unfortunate that we heard only from the Minister on December 19 and that opposition critics did not get an opportunity to speak until after the Christmas break. That was a very underhanded way to begin such an important debate as this. The Minister said, as reported at page 2318 of *Hansard*:

• (1530)

Cost efficient transportation will create opportunities for expansion and development in industries across Canada.

At page 2320, the Minister said:

Real jobs will be created or maintained in all regions wherever better transportation service at a better price will make a resource producer, a manufacturer or other business more competitive in the market-place.

These statements simplistically suggest that there are opportunities for Canadian industry, with markets out there waiting to be served, if only transportation costs could be reduced. This is certainly not true in the case of Canada's raw resource and processed resource markets. There is over-all global over-supply in many cases and it has very little to do with transportation costs.

Of course, transportation is a cost and much Canadian production is distant from markets. However, short of giving away transportation, it is difficult to see how markets can be improved in the face of a global glut.

Implicit in the statement of the Minister is the unfounded myth that starving the transportation industry is somehow good for industry. A transportation industry that is starved for revenues, earnings and investment will not be effective for very long.

In the same speech, the Minister said, as reported at page 2319 of *Hansard*:

—our transportation system has to be efficient, effective and adequate.

If the Government persists in one-way free trade with the United States and gives U.S. railroads the opportunity to cut away at Canadian railways without giving Canada's carriers an opportunity to compete on an equal footing, the system will not be efficient, it will not be effective, and it will not be adequate for very long. It is a classic example of how the practicality of the Bill is out of sync with its objectives and principles. In that respect, I want to expand on the question of how this legislation would affect the relationship between Canadian railways and the United States railways and comment on the whole matter of mandated joint line use. It is of great concern to the railways, not only CN and CP, but to railway workers across the country and all those economically integrated with the railways.

Mandated joint line rates give two alternatives to the railway responsible for originating the traffic in any particular case. Both alternatives are a disincentive to rail investment. They either turn the long haul portion of a movement over to a competitor, or keep that long haul by quoting a rate which may not adequately compensate the carrier for the investments needed to provide the level of service the customer requires.

In either case, the lower revenues would reduce the carrier's ability to make the substantial investment necessary to maintain and renew its plant and equipment and to remain competitive. This financial squeeze would be compounded if the railway is forced to duplicate its rail line capacity by upgrading track to an alternative junction point in addition to maintaining its vital long haul line.

In the short run, rates may be reduced, but the originating carrier service would deteriorate, even in a few years, to an unsatisfactory level.

As I stated, in many cases mandated joint line rates would include one or more U.S. railroads. Since U.S. railroads operate in a lower cost business and tax environment, they can provide a comparable service at a lower cost than their Canadian counterparts. They can also be more competitive because an increasing amount of their back-shopping can be done in economic and labour environments that pay Americans much lower wages than the railway workers in Canada and Canadians generally expect.

If U.S. railroads succeed in capturing transborder traffic from Canadian carriers, Canadian shippers would become dependent on foreign carriers, operating largely beyond the jurisdiction of Canadian law. This could also mean a substantial loss of business for Canadian ports, since the network configuration of U.S. roads means they would take advantage of mandated joint line rates to route Canadian import-export traffic through U.S. port facilities. Canadian shippers could well find the routing and handling of their traffic subject to the dictates of American national interests. It is an example of another sell-out of Canadian interests by the Progressive Conservative Government.

This could be a serious disadvantage for those who compete with U.S. producers for foreign and North American business. Furthermore, with mandated joint line rates, U.S. carriers could effectively eliminate Canadian rail competition for trans-border traffic by cancelling routings.

For example, let us consider a shipment of western Canadian wood pulp destined for the U.S. east coast. At the moment, CP Rail carries the shipment across Canada, handing it over to Conrail at an eastern Canadian gateway, for delivery to New England. With a mandated joint line rate, CP Rail could be required to turn the traffic over to Burlington Northern at the Alberta-Montana border. Conrail would then pick it up at Chicago and haul it to its destination. Clearly it is in Conrail's best interest to cancel its routing via eastern Canada and funnel traffic through Chicago. Currently, Conrail keeps that routing open because CP Rail has other choices. However, if CP Rail's eastern routing is cancelled, the shipper's competitive options would be reduced.

This would result in a massive export of jobs and economic activity to the United States, because of the increased routing of Canadian traffic through the U.S. Obviously, that is not in Canada's best interests. We should be very concerned about the jobs in those areas directly connected with the railway, including the running yards, equipment maintenance, the ports and many others. Thousands of jobs are at stake because the Government is foolish enough actually to contemplate this kind of measure.

A mandated joint line rate would also undermine the economic health of many of the regions in which Canadian shippers operate. I believe that the most detrimental part of the legislation is the mandated joint line use. Our very existence as a country is at stake.

If our railways are forced to cut each other's throat in order to compete not only among themselves but with the American railways, more and more concessions will be demanded from railway workers, safety will be increasingly compromised and other steps will be taken that otherwise would not be necessary if this legislation were not stopped.

I hope Canadians will understand the implications of this legislation. We in the Opposition will do our best to make the public aware of what is happening.

Let me return to the Minister's speech. At page 2321 of *Hansard* he said:

> The new legislation is not to just create or preserve jobs in other sectors of the economy; it is to help create and maintain jobs in transportation itself. That can only be done if the demands of travellers and shippers increase in a growing economy.

Secure jobs in the transportation industry can only be maintained if the industry is basically sound itself. Therefore, legislation must balance the needs of users of transportation with those of the suppliers of transportation. This Bill is not balanced. It will foster rates that are so low, partly through unequal competition with American carriers, that the viability of Canadian carriers will be put at risk.

One must question whether this is the ultimate goal of the Conservative Government which has talked about privatizing CN? Does it want to so weaken both Canadian railways that at some time it will be able to make the argument that no one railway can stand on its own any longer and there should only be one railway in Canada? Of course, the Conservative ideology is that this one railway should be privately owned so that we would see the fire sale of what was left of CN to Canadian Pacific. One wonders if that is the Government's hidden agenda.

That seems to be the only explanation for the Government's embarking on a regulatory regime that would have the effect of weakening our two national railways to such an extent. Perhaps that is the hidden agenda behind this Bill. No tests have been made of the market impact of the measures in this Bill. The Government is flying blind ideologically. A more measured approach, enabling the impact of certain competitive provisions to be tested, would make a lot more sense than proceeding in the way the Bill is designed.

• (1540)

The Minister also said on page 2232 of *Hansard* of December 19:

> The most significant new option is to allow the Minister to use moneys, which otherwise would have had to be spent to subsidize the line, to help shippers and communities adjust to alternative services such as trucking.

Here again we see a thrust which began under the Liberals, which is now to be accelerated by the Conservatives, of rail line abandonment. Only now people are to be somehow satisfied that there will be a little fund created to help them make the transition from having rail lines available to using trucks. I am against this on two counts and one is from an environmental point of view. I just spent some time this morning at the meeting of the Special Committee on Acid Rain. We heard how nitrous oxide emissions from heavy duty vehicles are a serious environmental problem. What do you think could be more environmentally stupid, Mr. Speaker, than substituting dozens and dozens of trucks for one train? Yet that is the trend and has been the trend for some time. We are going in exactly the opposite direction we should be if we are trying to reduce the emissions of nitrous oxide and other pollutants which come from internal combustion engines into our environment. This really smart idea of the Liberals is now to be carried out and completed as the final solution by the Conservatives who say: "We have a solution to nitrous oxide emissions. Let us get rid all the trains and let us have trucks going everywhere all across the country. Let us undermine the railways". That does not make any sense to me either environmentally or economically.

It is not going to make much sense to any of those small communities which might be affected. If those residents take a close look at the legislation, they will see that even for those who are in favour of rail line abandonment, which I am not, the new provision is flawed because the full costs of a line are not taken into account in the determination of whether or not it is economical.

Many people who find rail cost accounting complex and confusing might cheer because it raises the economic threshold for abandonment, but it also means that the cost base upon which federal compensation is determined in the event a line is allowed to be abandoned is low. Therefore, the alternative compensation that communities and shippers may see as helping them to make the transition will almost inevitably be inadequate. On page 2323 of *Hansard* the Minister of Transport (Mr. Crosbie) said:

> We do not believe that the railways need a monopoly to be viable or to compete with the U.S. railways.

Railways have not had a monopoly for half a century or more. The 1967 National Transportation Act recognized that. Some people say it was a belated recognition. But no one in the railway industry is asking for a monopoly to stay viable. It has not had a monopoly for ages and it does not want one. However, it does want to be able to compete without its own federal Government tying its hands and opening it up to unfair competition from the U.S. railroads.

The statement by the Minister also raises a broader issue and that is the public policy perception on which this legislation is based. It has been stated frequently by promoters of this Bill that the railways are "fat cats" and that they have been taking advantage of monopoly powers. If that is so, Mr. Speaker, where are the monopoly profits? When Hon. Members rise in the House to complain about corporations making all kinds of money, we do not hear about the Canadian National—or CP Rail, for that matter, as opposed to other dimensions of CP's operation—being cited as one of those "fat cats". In fact, people have been laid off by the tens of thousands over the last 10 years.

The promoters of this Bill have created a bogey man of a monopoly which no longer exists. They have tried to create a perception of railways operating like 19th century buccaneers so that they can justify a piece of flawed legislation which ignores economics and indulges in political wishful thinking.

On page 2323 of *Hansard*, the Minister goes on to say:

> The captive shipper and Canada need better service at better prices to meet the ever-increasing rigours of domestic and international competition.

The captive shipper may be in for a nasty surprise. He is like the dog in the old fable trotting across a bridge above a stream with a bone in its mouth. When it sees the reflection of the bone, the dog thinks it is another and better bone. He drops the bone in his mouth and dives for the reflected image and ends up with nothing.

The benefits of having other carriers, in particular, U.S. carriers, may well be the same thing in terms of long-term effect; an illusion, a mirage, a deception perpetrated upon the shippers and Canadians in general by the Government.

The revenue lost to Canadian carriers, combined with the ability of U.S. carriers to control routings, may well make the U.S. carrier the only carrier for all practical purposes. Once the financially drained Canadian carrier ceases to be a competitive option, the U.S. carrier can treat the Canadian shipper however he pleases. The Canadian captive shipper is no better off, in fact, worse off, than he was before. It is this kind of game of illusion which is being perpetrated with Bill C-18, that is, illusory "benefits" which are supposed to increase competition when the end result may be less competition.

On page 2324 of *Hansard* of December 19 the Minister said that the CTC:

> —is a huge albatross about the necks of those involved in the transportation industry, and has enormous authority.

It may be a big albatross, and a slow moving one, but at least it is an impartial and apolitical albatross. Finally, on page 2324 the Minister says:

> —we will set transportation policy and be responsible for it. We will not slough off responsibility to someone else—
>
> This is a regime of responsibility .

It is difficult to see, by taking more of the responsibilities of the CTC into the Minister's office, how this will lead either to better decisions or faster ones. One of the most famous railway-related decisions made in this country, which the Conservative Party was against, campaigned against and even reversed when it came into office, was the decision made in the Minister's office over and against a decision made by the CTC, and that was to cancel the VIA Rail routes. That decision was made in 1981. So I ask those Hon. Members who are enchanted by the notion of a new regulatory regime to consider the danger of regulatory decisions by the political whim of the governing Party. I ask them to consider the dangers of that being increased and the danger of the Minister exposing himself to getting loaded down with trivia.

This is a bad Bill. Coupled with a lot of other things this Government has done with respect to Canadian sovereignty, I believe that if this is allowed to go through, along with some of the other things on the agenda, in four, five or six years' time we will not have a country worthy of the name.

Mr. Kilgour: Mr. Speaker, the New Democratic Party and the Hon. Member who just spoke say that the railways do not have a monopoly. Would the Hon. Member say the same thing to the coal producers, the men and women who work in the sulphur industry, the potash industry, located on CP rails? Would that Party seriously suggest that these products can be shipped long distance by truck? If so, I suggest that that Party is out of touch with reality. I find it strange that the New Democratic Party is arguing that shippers should pay higher rates in order to ensure that Canadian Pacific continues to have high profits from captive shippers, men and women in the Hon. Member's constituency, in my constituency and in the constituency of the Minister of State for the Canadian Wheat Board (Mr. Mayer).

Has the New Democratic Party become the spokesman for the CPR in ensuring that the shareholders of the CPR continue to receive dividends on the backs of the Hon. Member's constituency and the people of western Canada? Is that the nonsensical position with which the Hon. Member is trying to con this House?

Mr. Blaikie: Mr. Speaker, the Hon. Member refers to rates which may or may not be charged to coal producers and others by the CPR at this time. That is precisely why we have the regulatory regime that we do. If these people have a complaint as to the fairness of what they are being charged, there are procedures in place for them to be able to make their case. That is as it should be, as far as I am concerned. If we open it up completely to the market-place and permit secret agreements to be reached between the CPR, or the CNR for that matter, and other producers, then we will have a rate system which discriminates against the less powerful producers and creates a hey-day for those who have the required volume to make sweetheart deals with the railways.

• (1550)

I realize it is kind of cute for the Government to get up and point out that in this case the New Democratic Party happens to be in agreement with a criticism made of this Bill by the Canadian Pacific. That is a fact. I can honestly say that it is not something I enjoy. But I prefer the truth over my own personal comfort. It happens to be the case in this case, and it is rarely the case that the CPR is right.

Mr. Kilgour: With all due respect to the Hon. Member who just spoke, the existing regulatory procedures do not work. They have been proven to be inadequate for the late 20th century on many occasions. I will give him an example of that.

Champion Forest Products, along with other pulpwood producers in western Canada, appealed the 4 per cent increase that CN, and I believe CP, put into effect last January 1. They filed their appeal with the CTC on, I believe it was, April 1 of last year. As the Hon. Member may recall, it was mid-December before the CTC came down with its decision. In other words, roughly eight months went by before the CTC made a decision.

Champion Forest Products as you well know, Mr. Speaker, is wanting to put up a $350 million or $400 million expansion to its pulpwood plant in Hinton in western Alberta. In the construction of this project some 400 workers would be employed full-time if that expansion goes ahead. I can tell the Hon. Member that Champion Forest Products is one of the many suppliers and western Canadian shippers which is strongly behind this Bill.

In other words the system has not worked, which is why we will change it to ensure that CP and CN have to negotiate in good faith with small, medium and large shippers on which hundreds of thousands of jobs in western Canada and throughout Canada, both urban and rural, depend. I am surprised that the Hon. Member does not seem to know anything about these issues.

The Hon. Member raised the question of small shippers. I would remind him, because he has not been here, and I should not mention where he has been, that shippers, small and large, will be able to negotiate rail prices and services as they do now with other suppliers of goods and services. Pricing will be open to volume equipment service routing and other considerations. The point is that in the absence of confidential contracts, railways are hesitant to offer lower rates to small shippers where volumes may have a unique movement to offer to the railway which, perhaps, is of benefit to the railway because it fills an empty back haul. The Hon. Member for Athabasca (Mr. Shields) gave an eloquent example this morning of how the men and women of Fort McMurray tried to get a back haul route for the sulphur trains leaving Fort McMurray some years ago and were told that they could not have it.

When our legislation is in place, back hauls will be available to shippers and entrepreneurs in the Hon. Member's riding as well as in mine. With all due respect, the Hon. Member simply does not realize that the economy has changed since the days of the Regina Manifesto. We are trying to get into an era in which we have to compete with Japan and many other countries. The only way we can do that is by getting our goods and services moving with an efficient transportation system which is not captive to an outdated ideology.

The Acting Speaker (Mr. Paproski): The Hon. Member for Winnipeg—Bird's Nest.

Mr. Blaikie: Mr. Speaker, I wish you would cut that out.

The Acting Speaker (Mr. Paproski): I regret that I had to say that, I am sorry. There is a problem with that particular part of Winnipeg and I regret that I have said that. I will now refrain from ever saying it again. The Hon. Member for Winnipeg—Birds Hill.

Mr. Blaikie: Mr. Speaker, I did not know that the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) was charged with the surveillance of Members of Parliament. He said that he would not mention where I was. If he knows where I was, then that is even more astounding. But I am not sure to what he was referring. The fact of the matter is that I was in Winnipeg for the first few days of this week with the federal NDP nuclear inquiry. If that is something of interest to the Parliamentary Secretary, then perhaps I could brief him on it. In the meantime he would do well to address his remarks to the subject matter.

He mentions, again facetiously, that the economy has changed since the Regina Manifesto. We are talking about amendments to the National Transportation Act of 1967, some 34 years after the Regina Manifesto. I am pointing this out just to show the shallowness and triviality of the type of response we get from the Parliamentary Secretary about a major change to our economy.

With respect to the question of how long it took this particular company to get a ruling out of the Canadian Transport Commission, that is a serious matter. But the disagreement is about whether or not the Government's response to that obvious problem is the right response. In my judgment it is no wonder the Canadian Transport Commission takes as long as it does to come up with judgments because it has been systematically underfunded for years, long before this

Government came to power. It has been underfunded in terms of staff at all levels, whether it be in terms of inspectors on the ground looking at safety or whether it be with respect to commissioners and others who have to rule on these types of matters.

In conclusion, in my judgment the solution is not to create a system whereby the pulp and paper will be hauled over American railway lines. If that is the Tory solution, then they can have it. There have to be more creative ways of dealing with the problem than allowing our goods and services to be handled by American railways.

The Acting Speaker (Mr. Paproski): The time allotted for questions and comments has terminated. The Hon. Member for Fundy—Royal (Mr. Corbett) on debate.

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, I wish to express my pleasure in being able to debate Bill C-18 today in the House of Commons. I would like to say at the outset that I am much more optimistic about the positive ramifications and benefits that this Bill will have than is the previous speaker. Although I am not surprised, I am disappointed that, indeed, true to tradition, the socialists of the country are knocking the premise of free enterprise and suggesting that indeed we should go for more regulation rather than deregulation.

Today is one of the truly important moments in Canada's history and in the history of transportation in the country. Today, we are debating second reading of a new National Transportation Act and a new Motor Vehicle Transport Act. These Bills are the most fundamental and progressive reforms in transportation legislation that Canada has seen for a good many years.

Two years ago, in the fall of 1984, the Minister of Finance (Mr. Wilson) tabled the *Agenda for Economic Recovery*, the Government's plan for economic renewal, in the House of Commons. An important element of this policy was the return of economic initiative to the private sector and the reduction of government interference and regulation in the business affairs of Canadians.

In July of 1985 the Government put before Parliament the position paper *Freedom to Move*. It was a carefully thought-out program for the reform of economic regulation of transportation, joined with a reduction in the level of government interference in transportation economic matters.

Throughout the summer and fall of 1985 discussions took place in all parts of the Canadian community with transportation companies, with provinces and with users of transport services—business people, shippers and travellers.

Last fall, the Standing Committee on Transport considered and held hearings on the policy proposals set out in the document *Freedom to Move*. The committee's recommendations were important in shaping the legislation which is currently before the House.

These Bills are among the most forward-looking and reform-minded legislation I have seen in some time before the House for consideration. They represent the following broad principles. Less regulation and less interference in transportation, which will lead to greater economic growth in all of Canada's regions. Greater reliance on competition and market forces, which will result in lower transportation costs and the services people want, rather than those dictated to them from afar. Users of the transportation system, both shippers and travellers, want a regulatory system that is open, accessible, just, and dedicated to competition and service. I suggest to my hon. friends opposite that those are the cornerstones and the milestones of this entire Act. They are the foundation.

• (1600)

It is of special importance to me, as a Member from Atlantic Canada, to know that this reform will bring benefits to the less advantaged areas of the country, as it will to central Canada. Let me assure you, Mr. Speaker, that it does address that.

Some have tried to make the case that excessive regulation promotes regional development. Nothing could be further from the truth. For too long, Atlantic Canada has paid too high a price for a transportation regulatory system that protects privilege and stifles development. Our growth will best be served by a competitive transportation system that is efficient, and offers the widest range of services at the least cost. We are located far from markets and need the lowest costs possible. We need the type of innovative marketing that a competitive system brings, not rigid regulation. We need services that suit our special needs, not those operated to arbitrary standards set in Ottawa. In short, we in Atlantic Canada need the benefits of competition.

Over the last 20 years, the rapid change in the transportation system has convinced me that the unreasonable economic regulation of carriers, and the counterproductive effect this has had on users, has gone on far too long. The reforms this Bill proposes for Canadian air services are wide-reaching and important. Under the new reform legislation, domestic air carriers can offer services and prices as they see fit, and as the market demands. This will lead to a wider range of less costly services to our citizens. The public will be protected from abrupt cessation of service by a 60-day notice period, and subsidies to preserve essential services. Unreasonable fare increases can also be disallowed or turned back.

This legislation does address the concerns and needs of Atlantic Canada. This Bill will greatly reduce stifling economic regulations. We all know that the Government is committed to air safety, and as other hon. colleagues have already said, safety is the first priority. I am happy to say that steps are already under way to enhance air, rail, truck and marine safety by hiring more inspectors, improving standards, and making legislative safety reforms.

I am convinced that these air transportation reforms will foster a wider range of services in Atlantic Canada at more

competitive prices. We all know that some lessening of the regulatory grip has taken place since 1984, and that this has increased the range of air services in all regions while holding down prices, and in many cases reducing them. I am also happy to note that Canadian-built aircraft are being used for many of these new services.

I wish to give some examples of how this has helped my region. For years, residents of Atlantic Canada have rightfully complained about air services in that part of the country. These reforms will address the problem. For example, the new fall schedules for the major airlines show that Saint John, New Brunswick, will continue to benefit from economic regulatory reform. Air Canada's trial Ottawa-Montreal to Saint John service will continue. CP Air has added direct service to St. John's, Newfoundland. Air Atlantic has begun a mid-afternoon Halifax-Saint John run. There are now four mid-afternoon flights between Saint John and Halifax. In addition, Air Bras D'or is flying six days a week from Saint John to Fredericton, St. Leonard and Charlo, as well as to Digby and Halifax. Air Atlantic also operates to Fredericton and Moncton, with new generation Dash-8 equipment providing excellent quality service to these cities. Passengers who are using these services can use CP Air's seat sales and travel bonus programs. These are only the first of many improvements to come.

I wish to turn to the proposed economic reforms for railways. The National Transportation Act of 1967 constrained our railways in competing with each other. This helped no one, and it led to higher freight rates and a lessening of competition. The Government wants to give the railways a chance to compete, a chance to become efficient once again, and a chance to serve Canadians at the lowest possible price with the widest range of services. The rail proposals in the Bill will help Atlantic Canada's economy. There are better interswitching limits, terminal running rights, competitive line rates, and confidential contracts will allow railways to optimize their use of equipment, and give users lower prices. These reforms will help Atlantic Canada get the competitive rail service it deserves. This could mean more jobs at Belledune Fertilizer, and more rail traffic from Brunswick Mining and Smelting. It will mean real rail competition for Miramichi Pulp and Paper, and all the other Atlantic Canadian companies that can use combinations of rail lines to reach their markets.

For the shippers that are unable to get a suitable price from their railroad, I am pleased to see that this legislation offers a powerful set of remedies that restore shippers' rights, and in particular will benefit the smaller, more remote shipper. Voluntary mediation will be available to help resolve disputes. Final offer arbitration will help a shipper with an unresolved complaint against a carrier's tariff gain a speedy, inexpensive end to his case. In those cases of broad public importance, a much improved public interest provision is proposed.

Shippers in Atlantic Canada will benefit from these provisions. Many shippers will be able to use both railways and will benefit from the competition between them to get a better price or better service. Others will be able to use the improved dispute resolving mechanisms to get a better deal. The greater efficiency in railroading which will result from these reforms will help all shippers in Atlantic Canada.

The Government has agreed with the provinces on a national highway safety code that will ensure that all truckers on our highways meet the same high safety standard. The Atlantic provinces will especially benefit from these reforms. By the very nature of our rail system, we have less choice of rail carriers, and have to rely on our trucking industry to give us the range of services we need. We all know that New Brunswick and Prince Edward Island are ready to proceed with provincial legislation that will free up trucking within their jurisdictions. Bill C-18 will give our region the market driven trucking industry that will help us grow and prosper.

I wish to mention that this legislation takes into consideration the regional development needs of my region. Regional development is given prominence in the policy statement of the new National Transportation Act, Section 3. This is a made-in-Canada policy, as we can all see in the special provisions for air transport in the North, the acquisitions section that puts our public interest first in takeovers, the carefully crafted railway provisions, and the staged introduction of trucking reform. The Government is committed to the ERDA programs and the maintenance of the NFRA and ARFAA programs in my region.

In closing, I wish to say that I welcome this legislation and look forward to its passage. I am convinced that it will bring significant benefits to Atlantic Canada, give a much needed boost to economic development in the region, and help create jobs.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Bow River (Mr. Taylor)—Canada Post Corporation—Rural mail service—Weekly newspaper postal rates; the Hon. Member for Don Valley East (Mr. Attewell)—Banks and banking—Increases in bank service charges; the Hon. Member for Laurier (Mr. Berger)—Housing—(*a*) Co-operative housing—1986 statistics (*b*) Inquiry whether program will be amended.

GOVERNMENT ORDERS

[*Translation*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting National Transportation, be read the second time and referred to a legislative committee; and the amendment thereto of Mr. Benjamin (p. 2756).

Mr. Jean-Claude Malépart (Montreal—Sainte Marie): Mr. Speaker, the legislation now before the House once again results from another decision made by this Tory Government which is influenced by the American Government.

Mr. Speaker, Bill C-18 now before the House is aimed at deregulating air transportation and rail transportation. Bill C-19 which is to be discussed later also has implications along with Bill C-18 concerning road transportation.

At first glance, Mr. Speaker, people might think it is in fact interesting to see changes being made to the transport policy, and the Liberal Party is not opposed to amending the transport policy, but on the other had, we are opposed to the Bill as it is presently submitted to us. And my colleague, our official critic, the Hon. Member for Papineau (Mr. Ouellet) is justified in raising the matter before all Members of this House and the public in general, in criticizing and condemning the attitude of our Tory Government in this matter as in so many others, because the Standing Committee which discussed the whole question, the legislation, the idea of amending or deregulating, did not even have the time to meet and visit with people in Newfoundland, Prince Edward Island, New Brunswick, Quebec, Ontario, Saskatchewan and Alberta.

• (1610)

Mr. Speaker, I think it would be wise to act as a responsible person, to know, to wait for the opportunity to have information, comments, information from all Canadians rather than blindly relying on what a deputy minister, a minister or two and the Prime Minister's Office may have to say. We know who is running this country, Mr. Speaker. Not the Government Members, not the Ministers, not the Prime Minister (Mr. Mulroney), but the Prime Minister's Office and his friends. But this is a case where laughing problems away is not good enough. First, what would be the implications of deregulation as far as air transportation is concerned?

Everyone remembers what happened in the United States some years ago. Even Canadians would say: "This is interesting. People's Express is advertising very inexpensive trips to Florida." People only had to travel to Montreal, to Ste-Catherine Street—they were taken by bus to Plattsburgh, and then instead of getting a hot meal on board the plane to Florida they ate a sandwich on the corner of the table: all this of course was not expensive. What the people did not know is that safety was no longer a priority, there were fewer mechanics to check the aircraft and fewer expert technicians standing by and ready to handle any kind of emergency.

In the early stages it did look rather promising. The first and second years were highlighted by strong competition from a number of smaller companies which opened for business and offered truly competitive fares. So where do they stand now, Mr. Speaker? Prices rose to their previous levels and services are still reduced. People still eat sandwiches on the corner of the table. Far from improving, safety has decreased as a result of deregulation, thousands of jobs have disappeared, thousands of companies went bankrupt.

Mr. Speaker, given that kind of experience we in Canada should have said: Well now, they made a mistake, so we should not do the same thing. No, Sir, our beloved Prime Minister listened very closely when Mr. Reagan said: Mr. Prime Minister, you know what the American Government has done, we have deregulated the industry, you do the same thing.

As if job losses were not enough, Air Canada President Taylor himself warned that the price of airline tickets would not go down. So what benefits does the Government expect from this Bill? It is obvious that consumers and passengers alike do not stand to gain anything at all. There will be more losses in terms of safety and ticket sales. Lots of jobs may be lost. But moreover, because of FIRA and given the Government's propensity for crawling before foreigners in the United States—not to mention France when it comes to fishing—if this Bill ever becomes law any foreign company will be able to buy Air Canada or Canadian Pacific Airlines, or any other Canadian airline for that matter, and Canadians will have lost control over their own air transport system.

For my part, I come from Montreal, which is a large urban centre. Naturally, there will always be transport services to cities like Montreal, Ottawa, Toronto, Vancouver and Calgary. But air services and freight transport will always be important for the remote regions, and small businesses in these regions will suffer because the Conservatives want to deregulate everything so that the law of the jungle, of might versus right, will apply. More is offered to the strongest because he pays more, but less is offered to the weakest because he cannot pay. Mr. Speaker, these measures related to air transport will harm all our remote areas, whether we are speaking about the North Shore and the constituency of the Prime Minister, about the Saguenay—Lac-Saint-Jean region in Quebec, or about other regions in Alberta, in the Maritimes or elsewhere. They will harm the consumer, cause job losses and jeopardize our sovereignty and our ability to control the operations of our air carriers.

Let us now look at the impact of this Bill on railroads and trucking. The Government will allow railway carriers to sign confidential contracts. What does it mean? At this time, the shippers have contracts with a trucking company employing a number of truckers to deliver their goods across Canada or

within a province. The amendments proposed by the Government will allow the CN and CP Rail to do what we call raiding in labour parlance. This means that, after this Bill is passed, when a transport company has such contracts, provides such services, gives work to people and helps remote areas develop their economy, the CN or the CP will hire two or three specialists to call on manufacturers who have their products distributed, and tell them privately: It costs you $100 a unit to transport your product, but I shall charge you $75. A contract is signed under the table and lo and behold, another trucking company goes under. Thanks for the present from the Conservative Government: no more jobs, no more contracts.

Mr. Speaker, that is what is going to happen across this country, in every province, riding and municipality. Could a small trucking company afford to hire the experts and top salesmen it would need to compete with Canadian Pacific or VIA Rail? Do you know a single trucking company with 15 or 20 trucks that would be able to pay someone between $100,000 and $150,000 to come and say: Listen here, you have to compete, I'm going to lose this contract. It is not just the contract, Mr. Speaker. He may go bankrupt and have to leave the business altogether.

Mr. Speaker, I keep saying to myself that nobody on earth, nobody in Canada could possibly suggest anything like that. However, I always forget I am not a Conservative, and that when you are a Conservative, the big guy always wins. It really is too bad because I thought this attitude had gone the way of the dinosaurs. However, we have seen this time and time again, in our fisheries, in the softwood lumber controversy and we are going to see it again in the air, railway and road transportation sectors. Mr. Speaker, for weeks and months people in the marine transportation industry have been lobbying. Employees from the Quebec shipyards at Sorel, Lauzon and Montreal came to see the Ministers of Transport here in Ottawa. They lobbied the Prime Minister for a marine transportation policy for Canada, to protect jobs the way other countries are doing. Nothing has happened. The shipbuilding industry in Quebec will be rationalized. In fact, this will happen across the country, as a result of the absence of a marine transportation policy. Those are the disastrous consequences of failing to have such a policy. Then they go on and apply the same kind of thinking to the air transport sector. Why not spoil a good thing? There are a couple of guys who want to make a buck, and two or three landing strips here and three or four planes there. Sold! After all, they deserve a break.

• (1620)

There is the average person who saves every week for a trip in February or during the summer to visit relatives. There are students who want to increase their knowledge and work all summer to pay for a trip, not to Europe, not even to the United States but to somewhere in Canada. People don't know Canada. Canadians do not know Canada. The impact of the proposed legislation will be such that services will go where the money is. Young people, young workers who may be listening and who don't happen to live in one of the larger urban centres can kiss those trips goodbye. They can wait. If there is time and if there are enough people to warrant sending a plane, they might have a chance, but for the time being, the planes will go where the money is.

This cannot go on. It is just not possible. With 280 or 211 or 210 Conservatives—the way things are going, it's hard to keep track—I can hardly believe they all take the same position on this Bill. It is just not true that the Conservative Member for the Saguenay area is going to accept the Bill on the same terms as a Conservative Member from the Montreal area where people will not be affected as much. There must be somebody in that party who can defend the interests of the average Canadian and the people in his riding.

There are people who have commented on the Bill. I have here letters from the Teamsters Union which operates in the transportation sector. We have CP Rail which is opposed to certain changes. The Canadian Labour Congress has objected vehemently to the consequences this Bill will have. In Quebec we have Transport 2000 Canada, whose national Vice-President, Mr. Guy Chartrand, says that the Bill will not bring about a substantial reduction in air fares in Southern Canada. That is not something the Liberal Member for Montreal—Sainte-Marie made up, that was Mr. Guy Chartrand of Transport 2000 speaking. These are experts on transportation. They are dedicated to monitoring everything that relates to the transportation sector in order to protect the consumer, and that includes local, regional and national transportation. They are experts. This is not a partisan statement. These are people who know their stuff. We have the Canadian Brotherhood of Railway and Transport Workers, with 38,000 members. That is a lot more than just 211 or 210 Conservative Members. There are other people in Canada who are knowledgeable and who are saying: Deregulation doesn't make sense.

Mr. Speaker, what is happening today—I think it is important to recall the events that have taken place in the past two years since the Prime Minister's party with the President of the United States in Quebec City. That was where it all started, where the Canadian Government gave it all away. I think that looking back, and I don't blame the Prime Minister—at the time, he thought that by doing his tricks for the Americans he would get a lot in return. The Prime Minister thought: Ronnie, if you're against FIRA, out it goes. No problem, it's as good as done. Trust me, tomorrow I'll get it through the House even if the blues, the reds and the greens are opposed to the idea. I'll get it done. "Tell me what else you want." The Americans were not pleased with our energy policy: "Don't worry, my dear Ronald, I'll give you what you want. Any other request?"

Mr. Speaker, the Prime Minister crawled on his knees. He had everything right from the start. Here's the only thing our Prime Minister said: "I will negotiate free trade with you, but you will help me get on television", because, for our Prime Minister, it is important to appear on television in the U.S. The only thing Canadians got was to see their Prime Minister

on television; as for the rest, we were being conned in every way possible.

This was evidenced by the softwood lumber issue. We cannot blame the French, nor the Germans, nor the Russians. We cannot blame others. They tell each other: "Listen, in Canada, you just call the Prime Minister, and you need give him only two or three slaps on the wrist for him to give in. He's got no backbone, he doesn't stand up. You saw what the Americans did, he gave away everything; and on top of that he imposed a tax and it didn't take long for the Canadian Parliament to launch a debate on the decision taken in the United States to impose a duty. What's more, the Americans will monitor where the money from the softwood lumber tax will go."

The French are as bright as the others. They were quick to realize that since the Prime Minister, the "guy in charge in Canada", had no backbone, why should they not try and get a bigger part of the fisheries? They felt they could get what they wanted. There again other negotiations began in no time. There again, as a consolation prize, our Prime Minister got to appear on television in France. But that does not bring anything to Canadians, and in the Atlantic provinces, as well as in the Gaspé area, in Quebec, once more it will be Canadians, Quebecers, Newfoundlanders who will be penalized in that area.

Once again, Mr. Speaker, we are stuck with a decision and, as we witnessed in the pharmaceutical products issue, it is not by coincidence if the Government is suddenly kowtowing to the multinationals. They say that research is important in the area of pharmaceutical products. But the Government has cut research funding. Why ask the sick to pay for research when the money could have come from elsewhere? No, the truth is that the Government has yielded again on that issue because of pressures exerted by important and powerful people, and it is more of the same in the area of transport.

My time is up, Mr. Speaker. I do hope that the government will listen to the voice of reason, not that of the official Opposition, not that of political parties, but the voice of the Canadian population and that it will act with the care that is expected from a government. Because in the area of deregulation, there is no chance to take. If disaster strikes following irresponsible action, that cannot be repaired.

I call on all Members of the House to be careful and to demand that the Government be careful and slow down the pace of deregulation and make the necessary changes to its Bill.

The Acting Speaker (M. Paproski): Questions and comments. The Hon. Parliamentary Secretary to Minister of Consumer and Corporate Affairs (Mrs. Bertrand).

Mrs. Bertrand: Mr. Speaker, I am far from being an expert in that field, but I listened anyway to the Hon. Member from Montréal—Sainte-Marie, who is always acting as a defender of the poor and the needy, give as an example an airline, People Express in fact, and I would ask him by the way, to familiarize himself with the region, because People Express flights did not leave from Plattsburgh, but from Burlington, which is located at the other end of Lake Champlain, quite a distance from there. I am speaking of a company which was most popular. People from Montreal would leave in full busloads, there were line-ups, travelers had to arrive hours in advance, because that airline offered such good service. It must have been safe since so many people dared to use it, and I was among those travelers. As far as in-flight service was concerned, of course there was no tablecloth and no silverware, but we were served a meal and we could travel to New York. That airline was successful as long as its prices were reasonable. Suddenly it changed policy, seeking to attract customers looking for somewhat more comfortable and more luxurious travelling. What happened? It went under. If it had maintained a level of services intended for less demanding customers, it would probably have survived.

So I say again to my colleague who fancies himself as the champion of the needy that he should again today stand up for the consumers.

Mr. Malépart: Mr. Speaker, I am glad the Hon. Member gave that example. But her example clearly shows that, first of all, she did not realize that when she bought—and she is not without money as far as I know—a ticket from People's Express, this meant the loss of a job elsewhere. She was making other people poor that were not before. And the best proof is that if the company has failed, it is because this could not work, it was a lure to get passengers, a bluff in the first place. What I would like to know is when the Hon. Member who just asked the question boards a plane, whether she knows about safety, if the aircraft is well inspected. Personally, I have had no experience there. When I board a plane I take safety for granted, I assume there were so many mechanics to do repair and inspection work. But the example she just gave I think merely proves that if this had been good, if it had been an effective regulation, it would have benefited consumers. People's Express would still be around. They would not have had to increase their rates. But if they had to increase their rates, and still went bankrupt, it is because this is the law of the jungle, the big fish eats the smaller ones. Certainly we would have had the same result, even with deregulation. The new company that wants to kill Air Canada, to do away with a few thousand jobs at Air Canada, will offer lower rates, but once it gets into a monopoly situation it will act like the financial sharks. You do not know how financial sharks operate. First, they offer a very high discount, but once they have a hold on you, interests go up.

That is the trick, and that is what you clearly proved with your example, that deregulation does not profit consumers because the service which you used no longer exists.

Mr. Grondin: Mr. Speaker, I simply want to point out to the Hon. Member for Brome—Missisquoi (Mrs. Bertrand) that, when you say that Burlington is far from Plattsburgh, you

have to remember that it is not really that far by boat since these cities are right across the lake from each other.

I would like to ask a question to my colleague for Montreal—Sainte-Marie (Mr. Malépart). He spoke about safety earlier and I think that this is an extremely important issue. The Canadian Air Line Pilots' Association has said that safety is mentioned only in passing in the document *Freedom to Move* and it is simply stated that economic regulatory reform will not be allowed to interfere with safety standards.

For my part, I believe that, in view of all that is happening in the area of transport and the difficulty some companies may have in keeping up the maintenance of all their transport equipment, whether we are speaking about truckers, airlines or railways, if there are no controls or special mechanisms to urge the contractors to apply safety standards, we could have serious problems very quickly and this could lead to serious accidents. I would like to know whether my colleague for Montreal—Sainte-Marie shares my views on the issue of safety.

Mr. Malépart: Mr. Speaker, I believe that the financial aspect is important, but you cannot set a price on the safety of passengers and Canadians generally. I believe that you cannot set a price on human life or on health, and that there should be no competition for markets in this regard. That is quite clear. The Hon. Member referred to experts in this field who have said that this is not covered by the Bill in its present form or by the consultations which have taken place. This is not a statement by a Member of Parliament with no experience or knowledge in this area, but a statement by experts. I would like to give an example to my colleague. In the field of airport security, we all remember that there was some cheap labour, that is people paid less than elsewhere, at Dorval and Mirabel. We recall what were the results of this situation when there was a strike. What happened? It was proven that there was absolutely no security, that the people there were not trained because they were cheap labour. A company had simply hired someone who had not been given any training.

Mr. Speaker, we have seen what can happen and we now have to regulate the transport of toxic materials. Why is it that, when human beings are involved, we say: It is not serious, let us go ahead, let us deregulate, nothing will happen, we shall deal with the problems later. I think that my colleague is right to raise this basic point. In my opinion, all Parliamentarians should consider that if deregulation jeopardizes or threatens the safety of Canadians, that is enough to justify automatic rejection of this Bill.

The Acting Speaker (Mr. Paproski): I shall recognize first the Hon. Member for York East (Mr. Redway), and then the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour).

• (1630)

[*English*]

Mr. Redway: Mr. Speaker, when I saw the Hon. Member rising to his feet to speak, my ears perked up. While I know that on occasion he likes to take off on flights of fancy and sometimes his facts do not quite add up, I thought maybe this time he would redeem himself. I thought perhaps we would finally hear a well-reasoned and logical speech. After all, he does profess to speak for ordinary Canadians like me and you. However, as he started to speak I heard him say that when deregulation of the airlines had taken place in the U.S. there had been a loss of jobs. You and I are well aware, Mr. Speaker, that when deregulation took place in the U.S. between 1980 and 1985, a time in which a very serious recession took place, indeed it was called the Great Recession, jobs were not lost in the airline industry. There was in fact an increase in employment of some 9 per cent. So right away the Hon. Member started to lose me in his comments.

Then he went on to say that deregulation was the law of the jungle and apparently he did not support it. That brought me back to thinking about the fact that he sat here as a member of the former Liberal Government which started the ball rolling on deregulation of air transportation. Now he stands up here and tells us that he did not support it. We did not hear that at the time. I do not remember his getting up and shaking his fist at his Minister of Transport and stomping out of the Chamber or voting against it and calling it the law of the jungle.

I wonder if the Hon. Member would like to tell us why at the time his Government introduced the first step towards deregulation of transportation he did not make the same sort of speech in the House that he just did. If we look back in *Hansard* I do not think we will find him making a speech on that subject at all, and very few on anything else.

• (1640)

[*Translation*]

Mr. Malépart: Mr. Speaker, it is unfortunate that we cannot regulate intelligence. The Hon. Member who just spoke did not understand my opening remarks. This is sad, and the best proof is the comment made by a "deregulated" man. Mr. Speaker, this is something. At first, I said: the Liberal Party does not oppose some deregulation; the Liberal Party, and my colleague for Papineau is right in opposing that, and the Hon. Member, if he wants to be honest when talking about creating 9 per cent jobs in the United States, can tell us where all those employees of *People's Express* are. The Hon. Member forgot to say, if he wants to be honest, that in most competing airlines, employees were forced to accept salary cuts. So the Hon. Member refers to job creation. Speaking as a true Tory, where there is a $15,000 job he says: This fellow earns too much, we are going to cut his salary in half. You will get $7,000, and the other fellow, we will give him $8,000. That is Tory policy.

Mr. Kilgour: Mr. Speaker, I believe that in his speech the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) referred to the matter of safety in the various transportation systems in Canada. I think it is very important to stress the fact that special attention was given to the matter of safety all along this reform process. The now Minister of Transport (Mr. Crosbie) and his predecessor very clearly stated that one of the priorities of the reform is agreement over a higher security level for each of our means of transportation. New provisions for the operating of airlines and trucking companies expressly recognized that carriers should meet safety standards, failing which they would lose their operating licenses.

Recent amendments to the Aeronautics Act and the forthcoming adoption, for the very first time, of a National Safety Code, are proof of the Government's unconditional commitment to the trucking industry in this respect. Mr. Speaker, this is very important. Over 30,000 people will be involved and $1.2 billion, nearly one third of the combined budgets of Transport Canada and the CTC, will be budgeted annually for enforcement of the safety code.

The Minister has also announced his plans to hire an additional 100 inspectors who will be working in safety enforcement.

Our regulatory reform, and this is very important, is purely economic and does not in any way affect existing safety measures.

Mr. Malépart: Mr. Speaker, it was the Canadian Airline Pilots Association that said that deregulation would have a disastrous impact on safety. It is not something I made up myself. It has been said by safety experts in various fields. However, it is possible that with a certain degree of deregulation, if it is done reasonably, carefully and intelligently, if that is not too much to ask of our friends opposite, we could still guarantee a fairly high level of safety. However the Bill in its present form provides no guarantees for this, and the only thing that is clear from this Bill is the Government's ulterior motives, and on the basis of our experience in other areas, this means the big guy always wins, jobs will be lost, and there will be no safety at all in—

The Acting Speaker (Mr. Paproski): I am sorry to interrupt the Hon. Member, but the period for questions and comments has now expired. Debate. The Hon. Member for Thunder Bay—Nipigon (Mr. Epp).

[*English*]

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate this opportunity to join in the debate on Bill C-18, to speak in support of the motion of my good friend, the Member for Regina West (Mr. Benjamin), which amends the Government motion to read:

> Bill C-18, an Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject matter thereof referred to the Standing Committee on Transport.

That is a sound and sensible proposal. The amendment recognizes the fact that that which the Government is putting before Parliament will have enormous consequences. It recognizes that the Transport Committee had inadequate time to consider the proposals of the Government and was not given the opportunity to travel to various parts of Canada to allow Canadians to respond to the Government's proposals. The amendment recognizes that the Standing Committee on Transport did not have the opportunity which a parliamentary committee deserves to explore the possible consequences of the Government's *Freedom to Move* proposals and recommend sound action to Parliament.

In suggesting that the amendment is sound and that it would be sensible for the Parliament of Canada to have a further opportunity in committee to consider the proposals, it is appropriate for me to provide as justification some defence of it from a consideration of transportation in Canada and North America. The curious thing about this proposal for the deregulation of transportation is that it reeks of commitment to a principle which has not been carefully thought through, the application of which is likely to have very different consequences from those suggested by the Government.

There is certainly a desire by some shippers to have the competitive situation which the Government hopes will result from its proposals. I have received letters and briefs from several major industries operating in northern Ontario and other parts of the country. Those interests think that the change in the regulatory regime prevailing in Canada could be to their advantage. I will not name those interests because what I want to say in considering the validity of that view may well be mistaken by them. I will, therefore, leave them anonymous.

It is sad that far too little is known of the history of transportation in this country, particularly that which occurred 100 years ago. Very few Canadians remember now, if they ever learned, that John D. Rockefeller and his associates built the Standard Oil complex through confidential contracts and even worse practices against their competitors which destroyed competition in the petroleum industry in the American midwest and allowed Rockefeller and his associates to get complete control of it. Rockefeller made secret agreements with shippers and played one off against the other. He also brought pipelines into the system.

If you are able to do those things and are prepared to go even further in the war of competition by attacking your competitors' words, setting them on fire and so on, you can build a great industrial empire. That is exactly what John D. Rockefeller and his associates did. It is an odd thing for a Baptist layman who enjoyed teaching Sunday school to have done, but that is what he did. Rockefeller and his associates did that by making secret contracts with shippers and playing one off against the other. They got rock-bottom prices for moving their products because they guaranteed large shipments. In the process they drove their competitors out of business. It was in that context that the United States

Congress moved, about 100 years ago, to establish the Interstate Commerce Commission to ensure that regulation would prevent that kind of cutthroat competition.

It is exactly this kind of concern about what will happen in a competitive regime that members of the Government should have. It is obvious that if controls are removed entirely and you set out to create a competitive mode, you will end up forcing competitors to purchase each other, with the end result of strikingly reducing rather than increasing the number of competitors. There were 13 railways in the United States some years ago and there are now only seven left. The situation in the airline industry has been in the news in the last months. Airline companies, particularly those which offered such great rates not long ago, are going bankrupt. Texas Air has purchased many of them and has become an enormous interest in the United States. Each year there are fewer airlines involved in the industry.

It is all too often forgotten that the endeavour to achieve and maintain a competitive realm is not advanced by allowing businessmen complete freedom to do what they want. That is where the matter of wise regulation comes in. There is an ultimate principle for businessmen that is even more important than competition. It is freedom of contract. It is the ability to buy out anyone and control as much as possible.

• (1650)

It is foolish for anyone to believe that today there is real competition when there are only a handful of companies operating in an industry.

The fact is that there are even fewer companies operating in the rail and airline industries in Canada. Recent events in the Canadian airline industry, with the reduction of scheduled carriers into two groups, is a demonstration of what happens with the removal or predicted removal of regulation and the creation of a supposedly competitive environment. The freedom to buy other companies and reduce competition has left us with two interests. I suggest that the only reason we have two interests in the airline industry and railway industry is that in each case one company is publicly owned. If it were not for Air Canada and Canadian National, what guarantees would Canadians have that the entire airline industry and rail industry would not be controlled by one interest?

The Government should not only be concerned with removing regulations supposedly to advance competition and not give any criteria about how to ensure this new regime will actually maintain competition between companies. Unless it ensures that there is competition law that will provide some protection against the freedom of businessmen to buy and consolidate each other's operations for their own profitability, there will be a movement toward monopolization of the airline and rail industries, particularly if there is privatization. The result will be anything but the desired kind of competition.

There is another fundamental aspect of competition which is all too rarely appreciated. Competition seems attractive to those who want to ship or travel. There is no doubt that shippers are attracted to the possibility of making confidential agreements with their shipping companies in order to reduce their costs and be more competitive. Similarly, seat sales and low air fares by such airlines in the United States as People Express are attractive to Canadians. It has led many to believe that deregulation would result in the same situation in Canada. However, people in the Canadian airline industry do not expect that such bargains will occur in the future since Canadians have already experienced the good bargains that are to be found in the industry. Surely that fact should encourage us to recommend that Bill C-18 be sent to the standing committee for further study.

Setting these concerns aside, what are the consequences of the Government's desired competition to those who provide the important transportation services? There is much doubt that competition will prevail, given the evidence of the consolidation of control and other factors. When there are few shippers, there is far more collusion than control because enterprises exist to make money, not provide the lowest possible cost for the movement of goods and people. The fact that a truly competitive regime could drive profits down to zero or less is of enormous concern to these companies and is exactly the motivation for trying to control a situation the Government has created by removing regulation that was based on sound policy and well established national institutions.

Therefore, let us consider the consequences of such a competitive regime. If one's primary concern is with the enterprise and its shareholders, one will soon worry about inadequate profits in order to maintain the viability of stocks. A supplier of rolling stock to railways or aircraft and various services to airlines will soon consider how to skimp on purchases and keep aircraft flying until they are unsafe. If the Canadian railways thought the old regulatory regime was bad, they will be in a dreadful state as a result of the Government's competition regime.

Companies that are driven down toward the break-even point and below will become the toughest employers the unions have ever seen. The Conservatives may not be concerned that thousands of jobs will be lost, but I would like to be present to keep them honest when they talk to their constituents who have lost their jobs with those companies.

Not only will there be unemployment, wages will be cut, working conditions will suffer and safety will ultimately be in question.

A recent inquiry indicated that the Hinton crash was related to the tiredness of the men working on the trains. Some of us may be aware of the long hours worked by people on our country's aircraft. This legislation leads to grave concerns about health and working conditions and the ultimate safety of Canadians who travel on our airlines and live close to rail lines.

Canadians want to be assured that they can travel safely on our airlines and can safely live next to the railways on which freight travels past their homes.

None of those concerns are alleviated by the Government's proposed competitive regime.

Safety is a legitimate concern because we have already seen in the United States the consequences of flying old aircraft. We know that an Arrow aircraft carried some 200 military personnel to their death in Canada. American companies have had their licences suspended because of unsafe practices. These are some of the consequences of the kind of competition that the Government wishes to introduce.

I see it is five o'clock, Mr. Speaker. I will continue tomorrow.

The Acting Speaker (Mr. Paproski): When Orders of the Day are called tomorrow, the Hon. Member will have three minutes remaining in his speech, plus 10 minutes for questions and comments.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

The Acting Speaker (Mr. Paproski): Before today's Private Members' Business, I would like to inform the House that I have received written notice from the Hon. Member for Etobicoke—Lakeshore (Mr. Boyer) that he is unable to be present in the House on Thursday, February 5, 1987, to move his motion for second reading of Bill C-209 during the hour for Private Members' Business.

It has not been possible to arrange an exchange of positions in order of precedence pursuant to the Special Order of the House agreed to on December 18, 1986. Accordingly, I am directing the Table to drop that item of business to the bottom of the order of precedence. Since notice will thereby be removed, the hour for Private Members' Business will be suspended and, pursuant to Standing Order 39(2), the House will continue with the business before it prior to that hour until the ordinary hour of the adjournment.

It being 5 p.m. the House will now proceed to the consideration of Private Members' Business as listed on today's *Order Paper*.

* * *

RAILWAY ACT

PROPOSED AMENDMENT TO PROVIDE INCREASED COMPENSATION TO VICTIMS OF FIRES

The House resumed, from Thursday, December 4, 1986, consideration of the motion of Mr. Althouse:

That, in the opinion of this House, the Government should consider the advisability of introducing legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

The Acting Speaker (Mr. Paproski): When the motion was last before the House, the Hon. Member for Cariboo—Chilcotin (Mr. Greenaway) had the floor. Since he is not here, I recognize the Hon. Member for Winnipeg—Birds Hill.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I will begin by saying that this is one of the motions selected by the Standing Committee on Private Members' Business to come to a vote in the House. Not wanting to say anything in relation to the merits of this motion, versus other motions, it seems to me that this is a motion which could well be passed by this House in Private Members' Hour. As far as I can tell, it is not a terribly controversial motion, but it is important. We could make some parliamentary history if, at the conclusion of the five hours of debate, or should the vote come sooner, we were able to have a vote on this motion put forward by the Hon. Member for Humboldt—Lake Centre (Mr. Althouse), send it to committee, have it examined and have it come back for passage into law. This is a Private Member's Motion with respect to the Railway Act. It was introduced in the House on October 14, 1986 and reads as follows:

That, in the opinion of this House, the Government should consider the advisability of introducing legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

Subsection 338(2) of the Railway Act states as follows:

If it is shown that the company has used modern and efficient appliances, and has not otherwise been guilty of any negligence, the total amount of compensation recoverable from the company under this section in respect of any one or more claims for damage from a fire or fires started by the same locomotive and upon the same occasion, shall not exceed five thousand dollars.

The $5,000 limit was first adopted by Parliament in 1903 through the Statutes of Canada, Chapter 58, Section 239 of the Railway Act. Based on price indexes, $5,000 in 1903 would mean approximately $70,000 in 1986, or more precisely, $68,331.

Subsection 338(2) of the Railway Act specifically mentions damage from a fire or fires started by the same locomotive and upon the same occasion. It cannot, nor should it, be understood that only the locomotive may be responsible for starting a fire. In 1903, when this legislation was first drafted and endorsed by Parliament, steam locomotives, which were then in use, were much more likely to start a fire than are today's diesel locomotives. Yet, this is not at all recognized by Subsection 338(2) of the Railway Act.

On the face of it, it seems obvious that some amendment to the Railway Act is in order. This motion in itself would not amend it, but it would certainly be significant if the House were to pass the motion. It is a motion of recommendation, really, to the Government. When I talked earlier about its going to committee, I had mistakenly thought of it as a Bill, but it is actually a motion. If the motion were passed, it would constitute an instruction to the Government to bring in the appropriate legislation. Unless there is someone who seriously wants to argue that the $5,000 limit which was legislated in 1903 should be defended forever and a day, I see no reason why we should not take the opportunity presented to us by the

Hon. Member for Humboldt—Lake Centre. As many people could speak to the motion as would like to speak to it and then we could get on to the business of eventually passing the motion to encourage the Government to act in this way.

I am told that the railways have pointed out, in responding to the existence of this motion, that in the case of liability where there is a claim on the basis of negligence, there is no specific limit under the law in the establishment of a financial settlement. This may be true, but the important thing to remember is that even if this is so, the onus is on the farmer, or whoever lost property as a result of the fire, to establish, according to Subsection 338(2), that the railway was in fact negligent. In addition to the likelihood of its being very expensive, as well as very lengthy, it would be extremely difficult to establish in court negligence on the part of the railway. I need not remind you, Mr. Speaker, that the railway can well afford to wait a long time and may well be in no great hurry to settle any of these court cases. As well, the railway can afford to hire very high-priced lawyers to make its case, while the individual farmer, or a group of farmers, who may be the victims of fire started by trains going through their property, are hardly in the same position.

I believe that what we have before us makes eminently good sense. I would be very surprised if anyone were to speak against it. Perhaps at some future point when the time for debate has expired, we could make parliamentary history and vote, I would hope unanimously, to pass this motion to encourage the Government to respond to this particular need and, in doing so, resound to the clear will and expression of the House in this particular matter.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I listened with interest to the remarks of the Hon. Member. On this issue he makes a good deal of sense. I hope that what I say will neither subtract from nor differ from his remarks drastically. The Canadian Railways in recent years have a safety record second to none. I wonder if you know, Mr. Speaker, that CP Rail has been the safest railway in North America for each of the last four years, while CN Rail has been in the top six for the same period. We have a railway system of which we can be truly proud.

If the Hon. Member thinks it is the regulatory system which has produced that record, I can assure him that what we are doing is not changing the regulatory system. As I have said about 90 times, I think, we are only dealing with economic regulatory reform. We are not dealing with safety reform. There are about 11,000 people working in the Department involved in safety in the three modes of transportation.

• (1710)

The railways built the nation and they continue to perform a vital role in the Canadian economy. The railways are safe indeed and we have an excellent base from which to work. One can never be satisfied that one is doing enough where safety is concerned. Notwithstanding the 11,000 people who work in the area and the more than $1 billion that is being spent on safety in Canada each year at the federal level, there are a number of areas in which legislative changes can help to improve the safety of the system.

Railway safety is regulated through the provisions of the Railway Act. This legislation has evolved from the early days of the Canadian railway system and encompasses a wide range of issues including economic regulation and corporate powers. The safety provisions are in certain aspects outdated and combined with many other non-safety items.

Let me give you an example of that, Mr. Speaker. As evidence of the antiquated aspects of the Railway Act, there are provisions regarding the weight and composition of steam locomotive bells and requirements regarding the oiling of locomotives which became redundant about 100 years ago. Other non-essential items include sections of the Act which specify that telegraph poles should be set vertically wherever possible and that they should be painted in urban areas.

Section 338 of the Railway Act establishes the liability of railway companies for fires started by railway locomotives. Where the railway has used "modern and efficient appliances" and has not otherwise been guilty of any negligence the compensation for property damage by fires started by locomotives is limited to $5,000, which is what the debate today is all about. This section of the Railway Act was first written before 1910 and was subsequently revised in 1919. At the time it was considered appropriate to establish liability for fires in the Act because the early steam engines were prone to setting fires, even when operated with all due regard to safety in accordance with proper operating procedures, and because insurance was not widely held by property owners. Of course, that has long since changed.

It is true that fires still originate on railway property. But if they do they are more likely to be caused by sparks generated by train brakes or by wayside maintenance activities than by locomotives, although diesel locomotives have been known to emit sparks which start fires. Section 338 has been used in a more general sense in relation to fires started by trains, without determining whether or not they originated from the locomotive.

In so far as regulatory control over railway company activities is concerned, Section 221 of the Railway Act gives the Canadian Transport Commission the power to make orders and regulations governing prevention and control by railway companies of fires along railway rights of way.

Section 338 of the Railway Act does not prevent or prejudice any action or claim against a railway company for failure to use "modern and efficient appliances" or for other negligence relating to fires. Therefore, with the exception of this section, there is no legislated limitation on railway company liability.

It is difficult to see any reason why claims for damage caused by fires originating on railway property should not be handled through the courts as civil cases. A person whose property is damaged by a fire started by a railway company

should have normal access to compensation through the courts. There does not appear to be any useful purpose served by any exception to this right, as preserved in Section 338.

While the Hon. Member who moved the motion proposes that the maximum level of compensation to victims of fires started by any railway operation, as set out in the Railway Act, be increased to reflect current replacement costs for damaged property, the exception introduced by the Act, regardless of limits on liability, is an anachronism. The Hon. Member's proposal is pertinent in that this section of the Railway Act appears to have outlived its usefulness. Any change should take into consideration the possibility of deleting it in its entirety rather than modifying it as proposed. In any event, it would be preferable to deal with the modernization of the Railway Act in a co-ordinated manner rather than in a piecemeal fashion as entailed by the Hon. Member's motion.

The change proposed by the Hon. Member should be considered in conjunction with a general review of railway legislation, which is presently under way at Transport Canada. In due course, such a review could be laid before the House and Members could then have ample opportunity to examine this amendment, and any other that may be considered appropriate, in the context of a comprehensive legislative proposal.

We now come to the question of how members are to vote on this matter. In the city from which you and I come, Mr. Speaker, about 12 days ago I gave an impassioned plea for having Members vote according to their consciences and the interests of their constituents other than when a question of confidence in the Government is at issue. It would be abjectly hypocritical for me on a motion as tepid as this one to urge government Members to vote against it.

There is no question whatsoever that this motion does not involve confidence in the Government. No Hon. Member in the House would pretend that it did. I would be the worst kind of hypocrite, with a capital "H", if I were to go around asking my colleagues to vote against it. They have heard what I have had to say on behalf, if you like, of the Government, but I have enough respect for them and you, Mr. Speaker, that I would ask them to vote exactly the way they feel so as to be in accordance with their consciences on this matter.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I must say I listened with a great deal of delight to the comments made by the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour). Indeed, I found his remarks very encouraging. The type of leadership he has just demonstrated with respect to his position of responsibility indicates that something as positive and contributory as the motion before us ought to be supported by all sectors represented in the House. I am happy to be able to speak to the motion following the Hon. Member. I am very encouraged by his comments.

As he has indicated, at the turn of the century when the Railway Act was being formulated there was the recognition then that with railway locomotives being what they were at the time, spewing out smoke and ash, fires were relatively commonplace as trains moved back and forth across Canada.

In 1903, the Parliament of the day, through the Statutes of Canada, Chapter 58, Section 239 of the Railway Act, indicated that $5,000 would be an appropriate sum to expect a railway to pay if in fact a locomotive caused a fire. I suspect that back in 1903, $5,000 was sufficient moneys to compensate for damages incurred as a result of a fire by a locomotive pulling a train. But if one were to factor in the cost of living and the inflation rate since 1903, I suspect that the figure would be at least close to $100,000, although perhaps not that high. It would be close to $100,000 in order to reflect what would be a typical piece of compensation in an average fire caused by a locomotive. However, as the Parliamentary Secretary has indicated, and as have other Hon. Members, with the change of locomotives to diesel, and in some cases to electricity, fires that are caused by railways today tend to be caused by other means and not necessarily by the locomotive of a train. To confine the compensation offered to fires that are created only by locomotives does not recognize the reality of the changing modes of transportation technology and, quite frankly, the changing realities of our rail system.

We all know, particularly those of us who have rural areas in our constituencies with rail lines running through them—and I am honoured to have both Canadian Pacific and Canadian National travelling through the constituency of Kamloops—Shuswap—that fires are occasionally started by careless personnel and by the malfunctioning of brakes on twists and turns throughout the mountainous region of British Columbia. Sparks can fly off and cause fires. I suppose there are probably other ways of causing fires as well.

What the motion before us does is simply to suggest that in the opinion of this House the Government should consider the advisability of introducing legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

• (1720)

The motion is a thoughtful one and is to urge the Government to put into motion a process by which this suggestion could be considered. As the Parliamentary Secretary to the Minister of Transport has indicated, certainly an updating of this section of the Railway Act is in order.

In the case of liability where there is a claim on the basis of negligence, I suspect that a different matter will exist. Then, through due process of the courts, people can pursue justice and expect from the railway a reflection of the case that an individual could then present.

The onus is always on the farmers, or whoever lost property as a result of a fire, to establish that the railway was negligent according to Subsection 338(2). In addition to this process being expensive and lengthy, it would be extremely difficult to

establish negligence on the part of the railway in court. Of course, the railway can afford to wait a long time and may not be in a great hurry to settle. The railway can also afford to hire high-priced legal help to present its case, while the individual farmer or group of farmers would not be in the same position.

The need for change is obvious. The appropriate way to proceed would be for the Standing Committee on Transport to seek expert advice on what would be an appropriate compensatory figure, and perhaps an improved process. In that manner, a farmer or group of farmers would be able to expedite a presentation regarding a fire on their property caused by one of Canada's railways.

Mr. Alan Redway (York East): Mr. Speaker, when I came to the House tonight, I did not intend to speak on this subject. However, as I listened to other Hon. Members make their comments, the subject aroused my interest and raised my recollection of a rather major fire, probably only one of many major fires that have been the result of railway operations, the Mississauga derailment and the damages that flowed from that incident.

The motion before us this evening states:

That, in the opinion of this House, the Government should consider the advisability of introducing legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

As I read it, that is an attempt to increase the total amount of damages to be paid on the basis of absolute liability, and not on the basis of negligence by a railway in the event of any fire caused by railway operations.

I have been listening carefully, and I have heard two Hon. Members from the NDP Party talking about fires that may be caused on a farmer's property, or on a farmer's field. But what they have neglected to mention, and to my mind what is more probable in this day and age, is the fire that may be caused in an urban area rather than a rural area. I draw the attention and the recollection of the House to the Mississauga train derailment a few short years ago.

That incident involved a train carrying 14 to 16 different cars containing a variety of hazardous materials. It was travelling from London, Ontario to the marshalling yard in Agincourt, which is part of Scarborough in Metropolitan Toronto. When the train reached Mississauga, there was a derailment of some of those cars. What followed was what the transportation and safety experts referred to as a bleve, which is an explosion of this hazardous material. It hurled a fireball into the air and caused it to ignite and damage property for many kilometres around. I did not bring with me the exact details of the damage caused, or the numbers of people evacuated. My recollection is that the population in that area was evacuated from their houses for a period of up to and in excess of one week for a distance of some 10 kilometres on each side of the railway track.

At that time, that section of the railway track was in a relatively low density area, even though it was in what we might consider to be an urban area. Notwithstanding that fact, the subsequent claims to the railroad as a result of that bleve, the derailment, and the disaster, were in the many millions of dollars. The damages claimed for property damage alone, not for personal injuries, were perhaps in the range of hundreds of millions of dollars.

Immediately after that derailment there was a judicial investigation and inquiry headed by Mr. Justice Samuel Grange of the Ontario Supreme Court. I believe that you were a member, Mr. Speaker, of the former Government which appointed Mr. Justice Grange to head that inquiry. That inquiry resulted in a long list of recommendations on improving railway safety, and many of those recommendations have been carried out. There continues to be a substantial number of derailments of trains that are carrying hazardous materials. On average, after the Mississauga disaster, it was considered that every year within the confines of the greater Metropolitan Toronto area there are at least two derailments of trains with cars carrying hazardous materials. There is every likelihood that there will be another Mississauga train derailment and disaster with property claims in the millions of dollars.

What concerns me about this issue is the fact that if that train that derailed in Mississauga had stayed on the track for a further 20 minutes, it would have derailed in the middle of my own constituency and community. I would have been one of those people evacuated and making the property damage claim, as would many people in my own community. That same rail line which runs through the heart of Metropolitan Toronto abuts on extremely high density apartment buildings and office buildings. The civil defence officials in Metropolitan Toronto have indicated that if the Mississauga train derailment had occurred in the middle of Metropolitan Toronto in one of the high density areas, in no way could there have been an evacuation such as took place in Mississauga. Perhaps as a result of the escape of the poisonous gases, there would have been a substantial number of fatalities.

• (1730)

That is the type of potential situation about which we are talking when we talk about a derailment or a fire caused by a train in this day and age. It may very well involve a spark from a steam locomotive on an historic ride with a load of people who belong to an historic train club. Perhaps that is the sort of thing about which we are talking, but we are also talking about a substantial potential disaster involving millions and millions of dollars.

At present in Metropolitan Toronto there is a task force on rail safety in the greater Metropolitan Toronto area. It was established by the former Minister of Transport, the present Deputy Prime Minister (Mr. Mazankowski), some months ago to study the possibility of relocating tracks, re-routing hazardous trains, examining speed limits on railways, and looking at various safety measures which might be brought to

bear to try to ensure that something like this does not happen in the future in a high density area. Whether or not that task force is successful in coming up with the answers remains to be seen. The risk of a hazard is still there and may be with us for all time.

In this motion we are saying to the railroads that they would be absolutely responsible for whatever amount of damages may be the result of a fire which has been caused or set by railway operations, that their responsibility would be absolute to the extent of the current replacement costs of the items lost and the property damaged. In a case like the Mississauga one, the railroad would have been absolutely liable, without any question of negligence, for an enormous amount of money. I am no great sympathizer and my heart does not bleed for railways when they cause damage. However, we must bear in mind the consequences of adopting this motion.

What we should be doing—and I hope it was really the suggestion of the Parliamentary Secretary and the suggestion of the House Leader of the NDP—is referring the entire question to the Standing Committee on Transport in order to take a look at the possible consequences. We know that railways would be responsible to the full extent for damages caused as long as it could be established that they were negligent. We should be looking at all the consequences before we decide to nail them with absolute liability for something which might incur a responsibility of some millions of dollars.

I am certainly in support of any move to refer the matter to the standing committee so that all circumstances can be examined.

Mr. Pat Binns (Parliamentary Secretary to Minister of Fisheries and Oceans): Mr. Speaker, like the previous Hon. Member who spoke, I did not anticipate speaking on this debate this afternoon. However, the subject of railways is a very interesting one for all Canadians. It seems as though debate over the last 24 hours has focused on transportation systems. In fact, in the last 30 minutes or 40 minutes we have been talking about boats, airplanes, and trains.

I personally have some sympathy with the content of the resolution because it suggests that adequate compensation should be paid to victims of fires caused by rail use. There is nothing more important to Canadians and to legislators than to see that adequate compensation is paid to innocent bystanders to an act or acts of another party. Of course, this is where this particular motion comes into it. We have a responsibility as legislators to ensure that in matters where health, safety, and so on are concerned, all Canadians are protected adequately under the law.

There are many aspects of such legislation. I am not entirely sure what is intended in the motion. There could be compensation to the employees of the railway. There could be compensation to passengers on the railway. There could be compensation to adjacent property, be they farms, communities, or whatever. We certainly have to look at all those areas.

These are changing times and compensation must be adequate. What was adequate perhaps 10 years or even five years ago would probably not be adequate today in terms of providing for an innocent victim of this type of fire.

I want to address the notion of railways in these changing times. We tend to think of railways as perhaps diminishing in number in most parts of the country except on major lines connecting urban centres. However, another aspect has been developing over the last few years regarding tourism. A tourism association in my constituency has in fact been looking at the possibility of establishing a steam railway as a tourist attraction in the area. Such an operation is not in any way unique. In fact, many steam railways now operate in Canada as well as throughout North America.

In New Brunswick the Hillsboro and Salem line has been in operation over the last few years. It has been a real attraction to that particular area of New Brunswick. I think a steam railway in Prince Edward Island also has the potential of being an attraction to people who visit our island in the summer months. Steam railways have caught on to such an extent that there is an association of North American steam railway operators which meets on a regular basis and is promoting interest in this type of attraction across North America. From what I understand, North Americans are very interested in seeing that bit of history recognized and promoted. People are going out to see those railways. They are becoming involved with them. There is some romanticism involved. I suspect that kind of activity will be around for a good many years to come.

In a motion like this one the matter of liability insurance is something about which we ask ourselves. I know that the operators of many attractions which are serving the public today have had concerns about adequate liability insurance. I am sure railway companies must also be concerned about the cost of liability insurance in relation to the protection they will have to provide for people who may be victims of rail fires or other accidental happenings, whatever they might be. I do not think we could ever resolve that matter on the floor of the House. It would require in depth study by the Government before any final conclusions could be drawn.

The matter of current replacement costs is something which is changing rapidly. I suppose this gives us an opportunity to consider the fact that it is not just current replacement costs for people who might live alongside a railway. We must all look at replacement costs of our own property, and perhaps this is an opportunity to remind ourselves of that fact. Many people today do not carry adequate fire insurance on their dwellings, business operations, or whatever. What might have been adequate three years or four years ago would not come anywhere near replacing the cost of a house today. It is something that is important.

Railways still run across most of the country. There has been some change in usage. We are seeing a return to the romantic notion of steam railways. There is certainly the responsibility of the ongoing major lines. I certainly support

the direction of the motion and I want to support the mover and the seconder in having this matter examined further.

• (1740)

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate the opportunity to say just a few words about this motion. I appreciate, first, the manner in which the motion has been taken up by several Members of the governing Party, including the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour). This response to the concern which the motion expresses is appreciated by us in our group and I want to recognize that explicitly.

The comments made by my colleague, the Hon. Member for York East (Mr. Redway), dealing with the potential for various kinds of fires leads me to direct my attention for just a moment to the motion itself in that it does respond to changing circumstances in its way. It looks to legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs of items lost through property damage. That language does generalize the matter a good deal. It recognizes the reality of various kinds of railway operations. As I listen to this very interesting debate I muse over the fact that a clause in the existing legislation begins by saying:

> The company shall at all times maintain and keep its right of way free from dead or dry grass, weeds and other unnecessary combustible matter.

I have driven through northern Ontario along rail lines and looked at the right of ways that have been burned clear. One of the things railways do and are required to do is to keep them clear. There is the possibility for fires to spread from those railway operations. We have an additional factor involved in the risk that property owners run.

I want to note that, as the Hon. Member for York East has suggested, people in the cities and towns face dangers. I might suggest that in addition to farmers there are owners of woodlands traversed by railways which might also experience losses that should be provided for.

The main contribution in my few comments deal with the question of the level of cost that might be considered in this consideration if the motion is carried to a favourable result in our vote this afternoon.

It was suggested by the Hon. Member for Winnipeg North Centre (Mr. Keeper) that price indices would suggest that the original level of $5,000 might today represent a cost of $68,000. I think that amount is quite inadequate, and a careful comparison of some income figures would suggest that $68,000 or $70,000 is not really the appropriate contempory ceiling that might be put on cases of loss where the railway is not negligent. I note in some material that my friend passed on to me that one of the comparisons that can be made is to the parliamentary sessional indemnity, the salaries, if you will, that Members of Parliament receive. Those were $1,500 in 1905. That means the level was about three and one-third at $5,000 of what Members were paid. If the current level is about $55,000, clearly the appropriate comparative figure as a ceiling on loss in cases where there is not negligence would be into the range of $170,000 or so.

I would like to suggest the possibility that it could be even more than that. My own research into the early industrial history of Canada during those years would suggest that a skilled labourer might well earn something like $500. It could be a bit more than that by the end of the decade, but if one were to take the figure of $500 per year as a skilled labourer's income, I would think that today one might say $30,000 to $35,000 was a fair figure for a skilled labourer to be earning. I am open to correction by others. If then the figure in those days was 10 times that, we would have a basis for urging consideration of a ceiling on these claims where there is not negligence of $300,000 to $350,000. That seems to me to be getting us into the right league, the league which the Hon. Member from York East was pointing to when he talked about the Mississauga derailment.

With these comments on the wisdom of the motion and support on my own part, I move, seconded by the Hon. Member for Ottawa—Vanier (Mr. Gauthier):

> that the motion be amended by deleting the words in "in the opinion of this House, the Government should consider the advisability of" and substituting the words "the Standing Committee on Transport be empowered to study the advisability of the Government".

The Acting Speaker (Mr. Paproski): Shall the amendment carry?

Some Hon. Members: Agreed.

Amendment (Mr. Epp, Thunder Bay—Nipigon) agreed to.

The Acting Speaker (Mr. Paproski): The question is on the main motion, as amended, which reads:

> That the Standing Committee on Transport be empowered to study the advisability of the Government introducing legislation to amend the Railway Act to provide for increased compensation to victims of fires set by railway operations in order to reflect current replacement costs on items lost through property damage.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion, as amended, agreed to.

Mr. Kilgour: Mr. Speaker, this is Private Members' Hour and we are all here as private members. I would like to put on the record that the only member of the Transport Committee who is in the House right now did not object to the amendment, which means it was agreed to unanimously.

The Acting Speaker (Mr. Paproski): Shall I call it six o'clock?

Some Hon. Members: Agreed.

Mr. Gauthier: Mr. Speaker, I rise on a point of order. Since you have called it six o'clock and we have people listed for the adjournment debate, which we call the late show, who are not

in the House at this time, could the House just suspend its sitting so that Members who are on the list can proceed?

The Acting Speaker (Mr. Paproski): The first two members, namely, the Hon. Member for Bow River (Mr. Taylor) and the Hon. Member for Don Valley East (Mr. Attewell), are here and I am sure the Hon. Member for Laurier (Mr. Berger) will get here.

Mr. Gauthier: Thank you, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Are the Parliamentary Secretaries here?

Mr. Kilgour: I will check that, Mr. Speaker.

Mr. Riis: Mr. Speaker, I just want to use this opportunity, since we do have a moment or two, to comment on what has just transpired in the House. This is Private Members' Hour when members of all political Parties have an opportunity to present Bills or motions before the House for due consideration. I think that we have seen an excellent example of the co-operation that individual members can provide for one another. The motion today was moved by a member from one Party and seconded by a member from another and much of the leadership came from the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) who indicated his strong support.

The spirit of parliamentary reform particularly, but also the good will of individual members and the willingness to set aside differences at times to work together have been demonstrated conclusively this afternoon, and I think this ought to be commented on.

Some Hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CANADA POST CORPORATION—RURAL MAIL SERVICE—WEEKLY NEWSPAPER POSTAL RATES

Mr. Gordon Taylor (Bow River): Mr. Speaker, on December 9 last I asked the Minister responsible for Canada Post the following question:

> Has the section of the corporate plan dealing with the disruption of rural mail service and the section dealing with an increase in the rate of delivery of weekly newspapers been killed? Or have they just been given a sleeping pill so that they will later on be able to raise their ugly and cruel heads again?

The Hon. Minister of Regional, Industrial Expansion (Mr. Côté) replied:

> I think this matter has indeed been a concern of the Government. Canada Post submitted a plan. Once again it was referred to a committee for study. This Committee studied the matter very extensively. We are waiting for its recommendations, and will respond once we are apprised of them.

• (1750)

My question dealt with two items. First was the matter of rural mail service. The rural people of Canada have never been treated fairly by the Post Office, not when it was a government Department and not since it became a Crown corporation. Rural people pay the most and get the least service. For instance, mail delivery to city homes costs the city home owner nothing. On the other hand, thousands of residents in some cities, towns, villages and hamlets must walk, drive their car, or take a taxi to the nearest post office. Similarly, thousands of farmers and rural residents who do not live on a rural mail route must drive at their own expense to the nearest post office. In both cases they must stand in line at the general delivery wicket or pay for a box. In other words, those who pay the most get the least service.

The corporate plan, if carried out, is even worse as many small post offices will be closed, making it necessary for rural people to drive further and further for postal service. Many of those people are senior citizens. Some are handicapped and unable to drive and will consequently have to depend on others to bring their mail to them. Furthermore, it appears that Canada Post is now planning to close a post office in a town or village x-miles from another post office in another town or village. That is simply not acceptable. When a town or village is incorporated it has its own town council, business facilities and, up until now, its own post office. It is not satisfactory to close one and send these people x-miles into the next town or village.

I understand that in committee the president of Canada Post rationalized the loss of postal services in rural communities by saying that residents in rural centres would be given 90 days notice. Big deal! They do not want notice, they want to keep their post office. I understand that rural routes will continue, but that does not help those who have already been closed. The early ones that were closed should be reopened so that all rural people will be treated fairly.

Canada Post is also trying to reduce its deficit by firing rural people when our rural post offices are already the least staffed. I believe the heads of Canada Post, who are forever trying to or are in fact closing rural post offices, have no idea of the many functions of the staff in our rural post offices. If they think a super mailbox can take the place of a local postmaster or his or her assistant, they are miles away from reality. A super mailbox cannot answer questions or advise the people about rates, schedules or the hundreds of other queries which have to be answered. I am telling Canada Post, deficit or no deficit, that rural Canada wants its post offices and staff retained.

The deficit does not exist because of the operation of rural post offices. It is there because of costs incurred in our large cities and in the size of salaries of top officials whose wages are completely out of proportion to their productivity. Their effort

to close our rural oost office is simply a smoke-screen which is not fooling the people and certainly not the rural people of this country. Will putting these people on welfare or UIC reduce the deficit?

I want to say on behalf of the rural people in my riding, and I think in all of Canada, that we do not want our rural post offices closed. We want to retain our mail service and see it improved. Are we, through the back door, trying to kill our towns and villages? Small rural towns and villages are desperately competing with large metropolitan areas. For business to remain viable, good communication service is essential and a post office in an incorporated area is a must. Who among you would open a business in a town or village which did not have a post office? No one. If Canada Post and the Government permit this corporate plan to go into effect with regard to privatizing and closing rural post offices it will be a catastrophe. It could well wipe out any Government that permits it to happen. As one of my rural constituents said to me last week, "it would be political suicide".

The second portion of my question dealt with the corporate plan to increase rates for weekly newspapers and religious magazines. I understand that part of the plan has been cancelled. I want it killed for all time so that it will never again raise its ugly and cruel head. Such an increase is another attack on rural Canada. Many of our rural people do not get the dailies from the cities and depend on their weekly for news, services and other things. Weekly newspapers themselves are having a difficult time surviving and to increase their postal rate would put many of them out of business and thus deny the people a newspaper of any kind. Our weeklies and religious papers are a vitally important part of our communities and we want them retained.

Mail service is a government responsibility. Every Canadian citizen has a right to expect his or her mail to be dispatched and delivered promptly. Deliveries today are far from satisfactory. For example, a letter marked "urgent" left the Post Office in the House of Commons on December 29 and was not delivered to Brampton, Ontario, until January 9, nine working days later. I could have pedalled a bicycle there in less time than that. I get a letter from California in five or even four days. It is high time that Canada Post cleaned up its own backyard, things such as overtime, sick leave, taxi service galore, and learned how to get a letter from one part of Canada to another with dispatch. If they have to go to another country to learn how, so be it. The deficit is not the main problem, the delivery of mail is.

Now that increased rates have been approved, emphasis should be placed on delivering mail. Failure to do so up until now has led to the rise of couriers galore as people and businesses must get their mail delivered promptly. The message I send to Canada Post and the federal Government is: We want our rural post offices retained and improved and we want our mail delivered with dispatch.

Rural Canada has spoken!

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, first, I understand and appreciate the emotional concern about rural post service. I think we all do. The Minister has made it very clear that there will be a cessation, an absolute halt, an end, a stopping—what is another word?

Mr. Redway: *Fini.*

Mr. Forrestall: —*tout fini*, to any changes in rural postal services. Should there be need in the wisdom of Canada Post to go on with programs, the instructions to Mr. Lander, president of Canada Post, are that he will advise the Minister responsible in the first instance. In the second instance, he will advise the Member of Parliament directly involved. This is to allow the community to decide what their options are and what is best suited for their purposes. Only after that has been accomplished will the Minister permit Canada Post to make any changes whatsoever.

Where it is deemed necessary and advantageous and in the interests of our rural communities, there will be no change. Understand that, no change. What is going on today in rural Canada is wrong. It is misleading. This overwhelming desire to organize is being misconstrued. There are rumours floating around rural Canada about disastrous things that will happen to Canada Post and rural Canada and they are simply not true. The Minister has been unequivocal and very clear. Nothing will happen. I repeat: Nothing will happen until Canada Post advises the Minister and the local member and until the process of consultation with the community is completed. Nothing will happen. Nothing. You are safe, Mr. Speaker!

• (1800)

BANKS AND BANKING—INCREASES IN BANK SERVICE CHARGES

Mr. Bill Attewell (Don Valley East): Mr. Speaker, on January 20 I asked the Minister of State for Finance (Mr. Hockin) about a growing problem of the constituents of my riding with regard to bank charges. The question was with regard to the excessive level of increases, the lack of adequate communication and, in some cases, the arbitrary nature of some of the changes. I do not intend to name the banks individually as I do not intend to make a bank-bashing speech today. However, I do want to share with the House a few examples of what I am talking about.

Last April Bert Newman of Alamosa Drive visited my office to talk about a case which had been very frustrating to him. He had done business with this major Canadian chartered bank for over 40 years. He is now retired. He visited that bank downtown and learned that his account had been charged $225 for the rental of three safety deposit boxes. That was a $35 increase from the previous year, an 18.6 per cent increase in one year. He talked to people at that branch and tried to find out who had made the decision and what was the logic of it. He was totally frustrated. One clerk to whom he spoke did some very convoluted mathematics saying that since he had

three deposit boxes, one would divide 18.6 per cent by 3 and it would really be an average increase of only 6.2 per cent. That, of course, was nonsense.

He finally did get a letter from a senior public relations officer of that bank. It did not satisfy him, but it at least outlined some of the policies. That was a case of lack of adequate communication. The banks place posters in branches to advise people, but I do not think that is adequate these days.

Another example is that of Mr. Malcolm Wilkinson of Citation Drive in my riding. He wrote:

> The only way you know when they are increased is when you notice it (if you do) on your account or you happen to pick up a folder on the counter. Mind you, there are always folders of some type or another there so there is nothing special to draw your attention to it.
>
> The bank drafts I mentioned for £10 each now cost $4.50 each. When I bought them a year ago for Christmas they were $2.50.

That is an 80 per cent increase, Mr. Speaker. Mr. Wilkinson goes on to say:

> Another example of non-communication relates to notice of mailed deposits. All my pensions, annuities, dividends and interest cheques are sent to my bank for deposit. In each case I used to receive a copy by mail of the deposit slip made out by the bank depositing it to my account. This was later changed to mailing the slips for "non-routine" deposits (e.g. quarterly dividends, CSB interest, etc.) and not for "routine" deposits, e.g. monthly pension cheques. Still later they were all discontinued as too costly.
>
> I happen to agree with the reason for stopping, but in neither instance was advice sent.
>
> The banks are very arbitrary.

As a third example, Mr. Bernie Segal from Clareville Crescent wrote to me and I would like to quote from his letter as well. He said:

> I find that banks are operating in a usurious and high-handed manner.
>
> The most recent caper: I have a savings account with—which, among other things, entitled me to make any number of free withdrawals. To my surprise, on two successive months I found a total of $8 removed from my account for "service" charges—a service charge for each personal withdrawal. This was not part of our original agreement, nor was I notified of any change in policy. On complaining, I was advised that signs were posted stating this new policy. I certainly did not notice any such signs! This was ultimately corrected. But a "service charge" for personal withdrawal? What service?

He made several other remarks, but in the interest of saving time I will read his summary. He concludes:

> I submit that one of two remedies is required: either that more competition for banks (and trust companies) be allowed (if necessary, that branches of foreign banks be allowed in unlimited numbers in Canada), or more regulation through the Bank Act.

• (1805)

Those are three instances of concerned residents in my riding. As I said, this is not meant to be a debate or an attempt to bank bash. However, there is a problem. Part of it relates to the introduction of cash dispensing machines. People do not visit their branches as often. Another problem is interbranch banking. I have had an account at a bank in downtown Toronto for over 25 years. I have only been there once in the last two years.

I hope that the executives and the bank association will take this issue more seriously. There is a communication problem and there certainly are examples of excessive rates, when one converts the rates into percentages for such things as NSF cheques.

I will continue an investigation into this matter. I applaud the Minister of State for Finance for the new directions on financial institutions that he introduced last December. I hope that when the thrust of that document becomes legislation it will mean healthier competition in the market-place because I believe that is the real answer, rather than intervention in the market-place. We should open up the competition to a greater level so there will not be as many instances of rate changes that take place rather lock-step with the five major banks.

In closing, I intend to respond as fully as possible to these complaints and honest hours of frustration experienced by most of these people.

• (1810)

[*Translation*]

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I thank quite sincerely the Hon. Member for Don Valley East (Mr. Attewell). As he is certainly well aware, the Bank Act does not presently govern the level of banking service charges, although a regulation accepted under this Act requires the disclosure of deposit rates and other terms offered by the banks.

Although the full disclosure of charges and other terms of financial services remain important, the Government is of the opinion that it would not be advisable to introduce detailed regulations to govern the level of costs and banking service charges, in view of the rapid changes which are occurring in the financial service industry and the ever increasing diversity of services to which these regulations would apply.

This is particularly true at this time, considering the new policy of the Government which calls for a tremendous expansion of the services which can be offered by all financial institutions, banks included.

Under such dynamic and variable conditions as those, the best solution would be to allow the forces of the market-place to play to ensure that the service charges are maintained at an acceptable level. As a matter of fact, one of the greatest benefits of the policy described in *New Directions for the Financial Sector* published by the Government, would be to increase the competition in the financial service industry, thereby ensuring that consumers receive the best possible service at the lowest cost. Within the framework of these reforms, the Government will assess the usefulness of the regulations aimed at protecting consumers, including the current regulation under the Bank Act which requires the disclosure of the terms of deposits and other services. Also, the need to take other steps in view of the increasing role automatic tellers are playing in the provision of financial services, and finally the possible extension of this regulation to other types

of financial institutions, in view of the great similarity of services offered by these various institutions under the new policy. The adequate and timely disclosure of service charges and other terms and conditions to consumers of financial services is a major protection measure which not only serves the interest of consumers but contributes also to a greater efficiency and competitiveness within the Canadian financial system.

HOUSING—CO-OPERATIVE HOUSING—1986 STATISTICS—ENQUIRY WHETHER PROGRAM WILL BE AMENDED

Mr. David Berger (Laurier): Mr. Speaker, all is not sweetness and light with the federal Government's co-operative housing programme. The Minister admitted as much in his answer to the question I put to him in December. The House will recall that at the time, I raised the problem of participation by low-income families. Only families with an income of less than $18,000 are eligible for the rent supplement that would give them access to co-operative housing programmes. The rent supplement is a subsidy to ensure that a family does not pay more than 25 per cent of its income on accommodation. However, Mr. Speaker, families whose incomes exceed $18,000—not a spectacular amount, you will agree, since it is the minimum wage—are not eligible for the Conservative Government's rent supplement.

This means that families with incomes between $18,000 and $24,000, the traditional clientele of co-operative housing, are excluded from the programme and cannot even consider the co-operative formula because they would be obliged to pay about 35 or 45 per cent of their gross income on housing costs, which means their remaining income would be totally inadequate to cover the family's other needs.

Mr. Speaker, on December 9 and 10 of last year, press conferences were held in 12 Canadian cities across this country under the auspices of the Cooperative Housing Foundation of Canada. I want to stress the demands made by FECHIM, the *Fédération des coopératives d'habitation de l'Île de Montréal*, with particular emphasis on the aspect I referred to earlier. These housing co-operatives are asking for additional assistance or a rent supplement for low-income families which would have to spend more than 25 per cent of their income on rent.

I have received about 20 letters from housing co-operative residents in my riding. I think the Parliamentary Secretary has received some as well. Mr. Speaker, the Minister must take action. He cannot ignore this problem, and I hope the Parliamentary Secretary will have some news for us in his speech.

[*English*]

I would also like to raise another problem relating to co-operative housing, that is the problem of the Cloverdale housing project in the riding of Dollard, which is the riding of the Minister of State for Immigration (Mr. Weiner). This project has had a very sad history. It is made up largely of residents who are senior citizens, single mothers and welfare recipients. The project previously belonged to a non-profit organization but the Canada Mortgage and Housing Corporation cancelled its subsidy on New Year's Eve 1986 because the non-profit organization had not submitted reports *en bonne et due forme*. The project was sold to a private developer on New Year's Eve. Because it is now owned by a developer, the rent subsidies that the residents of the co-operative received for many years are at risk of being eliminated. Furthermore, the sale prevents the residents from turning the project into a co-operative.

• (1815)

The members of Cloverdale Park have called for a public inquiry into the dealings between the former owner of the project and CMHC. They have called for expropriation and transfer of ownership of the project to a co-operative. They have asked that the subsidies that will be saved by the Government of Canada be set aside for new housing co-operatives in the neighbourhood.

I fully support the demands of the residents of the Cloverdale project. I say that a public inquiry is the only method by which the many questions that have arisen out of a project to which many residents have devoted time, sweat and efforts for many years to try to gain some modicum of control over their housing situation will be answered. I believe that their efforts should be supported by the Government which should respond to the request of the residents for a public inquiry and to facilitate by every means possible the efforts of the residents of this project to establish a housing co-operative.

[*Translation*]

Mr. Vincent Della Noce (Parliamentary Secretary to Secretary of State and Minister Responsible for Multiculturalism): Mr. Speaker, I am also anxious to answer the Hon. Member's question, and I welcome this opportunity to do so, because this has also been a concern in my own riding, since the new system we have now is fairly complex and rather difficult to understand.

Mr. Speaker, I may point out that it is clear from the Hon. Member's remarks he has a poor understanding of the co-operative housing program, which is not really surprising because it is a pretty complex one, and I am delighted with this opportunity to describe the main points of the program and thus provide some clarification of the situation. Unfortunately, since we are not given as much time as the Opposition, I may not be able to answer all these questions, but perhaps I could provide some details on the Cloverdale project.

Hon. Members will probably recall the thorough scrutiny of Canada's housing policy that was initiated in 1985. This was done with the co-operation of all levels of Government, the housing industry and various interest groups including the Co-operative Housing Foundation of Canada. Subsequently, the Government revised all social housing programs in order to channel financial resources to those who are most in need. That was not the case before 1985. We are now helping far

more needy families than was the case under previous programs. At the same time, with the advice and guidance of the Co-operative Housing Foundation of Canada, we have restructured the co-operative housing program. This program provides housing security for low-income families. In each housing project, an average of 30 per cent of the total number of units is set aside for families that would otherwise have to spend more than 30 per cent of their income on accommodation.

At its request, we worked together with the Foundation on setting up this new financial instrument. The Foundation made a number of financial assumptions regarding the expected yield on these mortgages, and the Canada Mortgage and Housing Corporation used these assumptions in preparing its budget for 1986. Unfortunately, the real yield was an average 5 1/4 per cent instead of 4 per cent as had been hoped. Furthermore, capital investment costs rose in some parts of the country. As a result, fewer units were built than would have been the case had the Foundation's assumptions been confirmed.

Mr. Speaker, the Canada Mortgage and Housing Corporation has not cut its budgets and does not intend to do so. The Corporation continues to support the concept of indexed mortgages as well as the Foundation's efforts to obtain recognition for this concept.

The federal Government is continuing to help low-income families through the co-operative housing program.

• (1820)

[*English*]

I wish to say a few words on the Cloverdale project which my hon. colleague seems to be very shocked about, and I would too. I am surprised that everybody who has a problem always gives the project or his complaint to the Opposition. He has a very good MP in the Hon. Member for Dollard (Mr. Weiner).

Mr. Berger: He was invited to the meeting, and he did not show up.

Mr. Della Noce: These people are not helping themselves, because they should give it to their MP. If the MP is not satisfied, then please go and see the Opposition.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.21 p.m.

HOUSE OF COMMONS

Friday, January 30, 1987

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE ADMINISTRATION

IMPORTANCE OF AVOIDING CERTAIN PRACTICES

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, in an article written today in *Le Devoir* and signed by Michel Vastel, we read this statement:

According to experts involved in the Bissonnette and Stevens affairs, the Tories have turned patronage into a system.

Mr. Speaker, every Canadian man and woman who will be reading that article today, and I invite them to do so, will discover not just this rampant patronage situation but also the degree of corruption in which the government is wallowing.

Mr. Speaker, with respect to comments made by business leaders and businessmen to reporter Michel Vastel of *Le Devoir*, I can confirm that in my riding I have business leaders who have told me just as much.

Mr. Speaker, there are honest Members. I invite all Conservative, Liberal and New Democrat MPs to urge the Prime Minister of Canada to put a stop to that dishonest and hateful practice here on Parliament Hill, in Ottawa.

* * *

SPORTS

IMPORTANCE OF CO-OPERATION BETWEEN PRIVATE SECTOR AND DIFFERENT LEVELS OF GOVERNMENT

Mrs. Suzanne Duplessis (Louis-Hébert): Mr. Speaker, this weekend, the 1987 world speed-skating championships for men and women will be held in my riding at the Gaétan Boucher rink in Sainte-Foy.

Yesterday, I was able to meet with athletes from the seventeen countries represented at the championships. I also met the famous Gaétan Boucher from Sainte-Foy.

This event will be televised worldwide and give millions of people a look at Quebec and Canada. This should have a major impact on tourism.

In conclusion, I also wish to mention the important contribution of the private sector towards financing these championships. Here we see once again the vital co-operation between the private sector and the various levels of government which makes such events a success.

I also wish all the athletes good luck and a pleasant stay here in Canada.

* * *

• (1105)

[*English*]

ABORTION

ACCESS TO SERVICES

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, the Canadian Advisory Council on the Status of Women has advised the Government that access to abortion services in Canada has deteriorated to the point of crisis.

The lack of abortion services in Canada is becoming one of the major issues affecting women's lives. In 1984, of the 244 hospitals with therapeutic abortion committees, 18 per cent did not perform abortions while another 24 per cent performed very few.

Women of Prince Edward Island and Newfoundland have no access to abortion services in their provinces. In Alberta women must travel long distances and pay large sums of money in order to obtain a service to which they are entitled under our law. The burden falls most heavily on rural and low-income women.

In British Columbia the situation has become highly charged because of a Premier who is intent on imposing his personal views against abortion on British Columbia women, despite our present law.

I urge the Government to heed the three advisory council recommendations: that abortion is a medical procedure that need not be performed in a hospital; that federal and provincial Ministers of Health should approve publicly funded, free standing, reproductive health clinics; and that abortion be removed from the Criminal Code.

S.O. 21

MINES AND MINING

INDUSTRY'S CONTRIBUTION TO COUNTRY'S ECONOMY

Hon. Bob Layton (Lachine): Mr. Speaker, our resource industries in Canada have been under fire and pressure for several years. It is often stated that they cannot be depended on for our economic development in the future. However, Canada leads the world in the production of many minerals and the technology to mine them safely.

Mining and processing contributed over $15 billion to our GNP, nearly 80 per cent in foreign exchange last year, and all this in spite of extreme international competition and uncertainties in the markets.

The Mining Association of Canada, representing over 70 companies and 110,000 workers, expressed optimism in its annual review recently published.

Canada will retain its position among the world's largest and lowest cost producers. Growth will be fuelled by new discoveries and new mine developments. We will continue to enjoy the reputation as a stable source of supply, which our foreign markets demand.

The Mining Association of Canada is encouraging better co-ordination and more co-operation among educational institutions, governments, and industry to reach this goal. Such efforts will brighten the future of our mineral industry, of the people who work in it, and all Canadians. Our Government is committed to sharing in this effort.

* * *

HEALTH

AIDS DISEASE—SUPPORT URGED FOR EDUCATIONAL PROGRAMS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, AIDS is the most serious health problem facing the country, and the two-pronged approach to eliminating it must include education as well as research. That is why I was so shocked earlier this week when the Premier of British Columbia stated that he felt the best approach was abstinence, and proceeded to suggest that contraceptive education be taken out of the school system.

To his voice was added the voice of the Member for London East (Mr. Jepson) who suggested that the Ontario Government, in embarking upon a public education program in the schools to prevent this life-threatening disease, was in fact contributing to deviant behaviour.

The Government is sending out mixed messages because this week a public education program on AIDS was announced. That program will only spend $600,000 this year and $800,000 next year, at a time when the United Kingdom is spending up to $50 million for education about AIDS.

I ask the Minister of National Health and Welfare (Mr. Epp) to clarify that his position and that of his Government is not the position taken by the Member for London East who naively suggests that the Government of Ontario is guilty of contributing to deviant behaviour by asking for public education in the schools to prevent AIDS.

* * *

SOVEREIGNTY

PROTECTION BY PROPOSED POLAR CLASS 8 ICE-BREAKER

Mr. Terry Clifford (London—Middlesex): Mr. Speaker, since the trespassing of our waters in August, 1985, by the American *Polar Sea*, our Government has acted to reclaim our sovereignty.

From the announcement on September 10, 1985, to build a Canadian Arctic class 8 ice-breaker, our Government has acted to provide this sovereignty platform in the Arctic.

Canadians should know that this escort type multi-mission vessel is no ordinary ship. The design specifications are beyond the Beaufort type design and will ensure its ability to go where no ship has gone before. It will carry out scientific studies, escort missions, emergency and logistical support to our remote communities, and provide surveillance of Arctic shipping.

Clearly this initiative will lead to new Canadian shipbuilding technology and new shipping patterns, and this leadership can only enhance our position with our Arctic neighbours.

The Americans have not abandoned the Arctic. Last fall their Congress approved funds for additional ice-breakers. However, we are not standing by. Our ship, the most powerful ice-breaker in the world, will stand for Canada in the Arctic.

* * *

• (1110)

PHARMACEUTICAL INDUSTRY

PHARMACEUTICAL MANUFACTURERS ASSOCIATION—EMPLOYMENT OF FORMER LIBERAL CABINET MINISTER

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the appointment of Judy Erola, the former Liberal Cabinet Minister responsible for setting up the Eastman Commission on Drug Patent Law, as president of the Pharmaceutical Manufacturers Association of Canada, is significant new evidence that the Liberal Party and Liberal caucus are only half-hearted in their opposition to the Tory drug patent changes, acting in response to New Democratic Party leadership on this issue rather than out of any real conviction.

When a prominent and currently active Liberal like Judy Erola signs up to speak for the very people who oppose the position her Party is taking in the House of Commons, it does not take a genius to figure out that the Liberal stance on this

issue is mostly pretence rather than substance. But then it was the Liberals who first contemplated making generic drugs more difficult to get, was it not?

Perhaps the substantial financial contributions made by the Pharmaceutical Manufacturers Association to both the federal Conservative Party and the federal Liberal Party explain not only the Tory position but the luke-warm opposition of the Liberals as well.

* * *

[*Translation*]

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, yesterday the Bank of Canada announced another drop in the bank rate which is now below 7.5 per cent, the lowest it has been since 1973. A drop in the bank rate means that Canada is doing well. And that, because our Government has cut its borrowing needs, reduced pressure on the money markets and increased the confidence of business people and Canadians through its growing control over the deficit.

If we did not have to service and reimburse our national debt of $240 billion which the Liberals spent with the approval of the socialists, our bank rate would be even lower. Canadians would be paying even less for family mortgages, rent and car loans, and business people would be able to borrow money at even lower rates to set up new businesses. Every time the bank rate goes down, it is because Canadians understand our message for prosperity. Every time the bank rate goes down, it costs Canadians less for credit card payments, cars and homes.

* * *

[*English*]

CANADA MORTGAGE AND HOUSING CORPORATION

CLOVERDALE PARK HOUSING PROJECT—SALE TO PRIVATE DEVELOPER

Mr. David Berger (Laurier): Mr. Speaker, the residents of Cloverdale Park on the West Island of Montreal, in the riding of the Minister of State for Immigration (Mr. Weiner), should not have to pay for the mistakes of the Government. On Monday the Minister responsible for Canada Mortgage and Housing Corporation will be visiting Cloverdale Park. Some 2,000 residents feel abandoned by the Government because it cancelled an annual subsidy of over $900,000, which allowed the sale of Cloverdale Park to a private developer.

Senior citizens, single mothers, and welfare recipients fear they will be forced to leave their homes because of massive rent increases. I call on the Minister to accept in full the demands of the residents; first, to maintain subsidies for low-income families; second, to guarantee that rent increases will not exceed inflation and, third, to set aside moneys saved from the cancelled subsidy to help these residents form a housing co-operative.

In addition, the residents have called for a full public inquiry and I think that this is the only way to answer many disturbing questions raised by this sale.

* * *

FISHERIES

CANADA-FRANCE AGREEMENTS OF 1972 AND 1982

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, I want to comment on the so-called Liberal fact-finding mission visiting Atlantic Canada. The Liberals are trying to find the facts governing Canada's international fishing obligations to France. Well, it is too late. They were in government in 1972 and 1982 when their Government made deals with France. That was the time to determine the facts. It is the effect of the deals which granted France unlimited access to Canadian fish stocks that the present Government is trying to avoid. The lobster is out of the trap and the Liberals are left behind. Yesterday, this inquiry of theirs consisted of a one-man comedy act with the performer being the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin) grandstanding.

• (1115)

If the Liberals were interested in this issue they would have stayed until the conclusion of the emergency debate earlier this week.

The present Government of Canada wants the boundary issue resolved by an international tribunal, and it wants to curtail France's fishing efforts. Nothing—absolutely nothing—has been given away. In fact, in 1987 France's fishing rights will be half of its 1986 rights, a position supported by writers today in *The Gazette* of Montreal and *The Globe and Mail*.

* * *

CANADA POST CORPORATION

DENIAL OF SECOND-CLASS MAILING PRIVILEGES TO CERTAIN PUBLICATIONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, *Beef in British Columbia* is a Canadian publication issued by the B.C. Cattlemen's Association dealing exclusively with issues relating to the cattle-ranching industry. The Association has applied and re-applied for second-class mailing status to the federal Government's postal corporation but to no avail. The Association has been turned down time and time again.

We now learn that foreign publications, specifically soft-porn girlie magazines such as *Penthouse*, *Hustler* and *Playboy* receive preferred second-class mail classification status.

The Government's postal corporation discriminates against professional publications such as this, and also against religious publications such as the *Presbyterian Record* and *The United Church Observer*, yet gives preferential status to girlie magazines. On this issue the Cabinet should intervene and ensure that, if not a better postal rate, then publications such as *Beef in British Columbia* should receive at least the same rate as *Playboy*.

* * *

TARIFFS

CALL FOR REMOVAL OF TARIFF ON UNITED STATES CHRISTMAS TREES

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, as you know, Christmas tree growers from Quebec, Ontario, and the maritime provinces recently gathered on Parliament Hill to protest the imposition of a 30 per cent tariff on imports of U.S. Christmas trees into Canada. The growers fear that if this tariff is not removed the U.S. will retaliate, causing economic hardship to thousands of Canadians involved in Canada's $90 million Christmas tree export industry.

After their demonstration they met with the Minister of Finance (Mr. Wilson), but I am told that the Minister did not understand and that the Government will not remove this counter-productive tariff.

This ill-conceived tariff should be eliminated immediately. The Government is sacrificing an important Canadian industry and important Canadian jobs. This approach is counter-productive and extremely unfair to Canada's Christmas tree growers.

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

OERLIKON AFFAIR—REQUEST THAT GOVERNMENT ESTABLISH PUBLIC JUDICIAL INQUIRY

Hon. Bob Kaplan (York Centre): Mr. Speaker, I will begin by asking whether the Government has resigned, considering that only eight or nine of 40 Ministers are in attendance for the Oral Question Period.

Mr. Beatty: Where is John Turner?

Mr. Kaplan: He is not in the Government, you are.

My question is directed to the Deputy Prime Minister. The Official Opposition request for a public judicial inquiry into the Oerlikon affair has rallied strong support from a huge number of editorial writers throughout the country, and serious-minded journalists have reported statements by businessmen who are quite familiar with the Government's toll-gating pay-off scheme. A criminal investigation into the conduct of a Minister and his cronies does not extend to major pay-off issues, so I would ask the Deputy Prime Minister: Does he not realize that the RCMP probe is too restricted and, now that the scheme is headlined in all newspapers, is he not prepared to give us that public inquiry?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, earlier this week the Hon. Member had to withdraw and retract some allegations that he made in this House. Here again he is trying to suggest other forms of innuendo and smear.

However, to get to the base of his question, that has been answered on many occasions. The senior law officers of the Crown have indicated in their best wisdom that it would be inappropriate to run a parallel judicial inquiry while an RCMP investigation is being undertaken. Legal experts across the country are of the same opinion. Even one year ago the Hon. Member himself and his Leader were opposed to the commissioning of a commission of inquiry to investigate these sorts of matters. At that time they were recommending a parliamentary committee.

So, given that assortment of support for the route that the Government has taken, we believe that the Government has chosen the right course of action.

• (1120)

REQUEST THAT RCMP INQUIRY BE ENLARGED

Hon. Bob Kaplan (York Centre): Against our views, and the views of all the editorialists and journalists, if the Government is determined to limit the inquiry of the RCMP investigation I would like to ask the Deputy Prime Minister this. The inquiry announced by the Prime Minister in the press release on January 18 refers only to a complete investigation into the property transactions in the St-Jean-sur-Richelieu area linked to the Oerlikon plant. Will the Minister enlarge the inquiry to look at all of the questions relating to the allocation of the Oerlikon contract, including the fact that there are three friends of the Government working in that Oerlikon contract, and to all the circumstances that have been revealed in the House over the last two weeks?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): I find it incredible that the Hon. Member does not read his own mail. The Commissioner of the RCMP, in response to a letter that the Hon. Member directed to the Commissioner, replied, and I quote in part:

—confirm to you that my instructions to our investigators are that they are to examine all aspects, direct and peripheral, of that transaction, to determine if there are violations of the law that should be placed before a court for consideration.

It further states:

—should we come across activity that might be considered unpropitious to good government, even though short of provable criminal conduct, on the part of senior officials, elected or otherwise, it is our responsibility to make our concerns known—

in the usual manner.

AWARDING OF CONTRACT TO OERLIKON

Hon. Bob Kaplan (York Centre): That letter made it clear that the Commissioner's primary objective was to investigate land transactions.

Some Hon. Members: Oh, oh!

Mr. Kaplan: If that is the opinion of the caucus, can I ask the Deputy Prime Minister if it is his understanding that the RCMP is now authorized to examine aspects of the Oerlikon contract that have been the subject of questioning and criticism in the House?

Hon. Perrin Beatty (Minister of National Defence): I wonder if the Hon. Member is aware of the interview given by his colleague, the Hon. Member for Sudbury, who is the defence critic of the Official Opposition, on *Question Period* on CTV last Sunday where he was asked the question: "Do you have any reason to believe, apart from the land scam itself, that there was anything questionable about the tendering process for the defence contract?" The response was: "No, I do not, Alan. I do know that there have been stories that the competitors also felt that it was a fair process in terms of how the bids came about."

[*Translation*]

REQUEST FOR ESTABLISHMENT OF COMMISSION OF INQUIRY INTO OERLIKON AFFAIR

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is for the Deputy Prime Minister and it too relates to the Conservative Government code of ethics.

According to a January 1985 *Globe and Mail* report an advertising contract had been awarded to Mr. Roger Nantel, a friend of the Prime Minister, on condition that some of the profits be paid into Progressive Conservative Party coffers. In his May 24, 1986 article Mr. Pierre O'Neil referred to the existence of a 5 per cent kick-back scheme, and again today we see a similar article in *Le Devoir*. Will the Government now set up a commission of inquiry into the whole Oerlikon affair? If not I would ask the Deputy Prime Minister what the Government has to hide in this affair.

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): The Government has absolutely nothing to hide. I wish to say to the Hon. Member that my understanding is that Mr. Nantel was quoted as saying if he was good enough to work for a Liberal Government, he surely should be good enough to work for a Conservative Government.

Some Hon. Members: Oh, oh!

Mr. Boudria: Mr. Speaker, there is nothing funny about public sector ethics.

Some Hon. Members: Oh, oh!

HIRING OF PROJECT MANAGER

Mr. Don Boudria (Glengarry—Prescott—Russell): My supplementary question to the Deputy Prime Minister is again concerning the ethics of the Government.

Can the Deputy Prime Minister explain to the House why it is that Mr. Dugald Buchanan, an engineer with the Urban Transit Development Corporation, was dumped after being hired as a project manager for Oerlikon in favour of Peter Ohrt, a friend of the Prime Minister? Is there not something wrong when qualified people lose their jobs to unqualified friends of the Prime Minister? Does this not prove that there is something wrong with this whole sordid affair, and that we need a public inquiry, and we need it now?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): The only thing that is untoward about this whole mess is the reckless way in which Hon. Members cast innuendo—

Mr. Boudria: I have the letter in my hand.

Mr. Mazankowski: —innuendo, smear, and suspicion, and there is certainly nothing funny about that.

* * *

● (1125)

FORESTRY

ACID RAIN'S EFFECT ON GROWTH—REQUEST THAT CANADA-UNITED STATES LUMBER NEGOTIATIONS BE REOPENED

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is for the Deputy Prime Minister. It concerns reports today of a study done by the Canadian Forestry Service which shows that the growth in the Canadian coniferous forests has been reduced by one-third as a result of acid rain. The Deputy Prime Minister knows that we have just gone through a major negotiation with the United States in respect of our softwood lumber industry. Would the Government be prepared to try to re-open that negotiation on the basis of the new evidence that not only is the United States doing damage to our lumber industry with respect to trade barriers, et cetera, but it is also doing damage to our industry with respect to its continuing inaction on the problem of acid rain? I am wondering whether on that basis the Government is considering re-opening negotiations with the United States on softwood lumber.

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): Mr. Speaker, I

thank the Hon. Member for his question. The report referred to in *The Globe and Mail* this morning is a preliminary release which was made public last March. It points out that there have been some problems in growth in the forests. However, when we look into it, it could be from many other causes. It could be due to spruce budworm. It could be due to climatic problems. When the study is completed, I think we will find that we will be better able to assess the matter.

Mr. Blaikie: I hope the Hon. Parliamentary Secretary is not doing a Ronald Reagan on us and trying to tell us that these trees are not growing because the climate is cold in Canada, or something like that.

FORTHCOMING CANADA-UNITED STATES SUMMIT MEETING

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I want to direct my matter to the Deputy Prime Minister because it is a major bilateral question between Canada and the United States. It is something for which the Government should answer, with all due respect, and not a Parliamentary Secretary.

Does the Government not realize that the acid rain question is also a dimension of the debate about softwood lumber and a very important aspect in Canada-U.S. relations? Does the Government not realize that Canada cannot afford to fail in getting the United States to act on acid rain? What does the Government intend to do, either in respect of softwood lumber, or in respect of the larger question of what the Government of Canada will be asking of the United States of America when the summit comes up in April?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, of course the Government considers the matter of acid rain very seriously. That was the subject of discussions with the Vice-President of the United States last week. Acid rain is and continues to be a high priority. We have expressed our disappointment with the United States in terms of the speed with which it is addressing the problem. I think the message has been heard loud and clear and will continue to be a subject of bilateral discussions, including the discussions between the Prime Minister and the President of the United States when they meet in April.

TRADE NEGOTIATIONS INQUIRY

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I wonder whether the Deputy Prime Minister would answer the question about softwood lumber and whether the Government of Canada will make an attempt to connect these two issues in its discussions with the United States. Surely it is very hard to talk about the health of the economy of any particular sector without talking about the environmental basis on which that particular sector exists. Acid rain very much affects forestry in that respect. Will the Government be seeking to re-open negotiations in respect of softwood lumber on the basis of acid rain, either immediately or when President Reagan visits Canada in April?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, of course trade will be among the top priorities as well in the discussions which will be going on and in the ongoing bilateral discussions respecting our desire to achieve a comprehensive trade arrangement with the United States. We are very pleased with the fact that we have registered the importance of this achievement in the minds of the United States, particularly in the minds of legislators, including the President.

I sense that what the Hon. Member is suggesting is that he is now seeing some value in these talks. Throughout the course of these discussions I think that sort of linkage could in fact be made. However, it is certainly part and parcel of the very important ongoing bilateral discussions. Certainly one of those aspects is the desire for Canada and the United States to achieve a comprehensive trade arrangement which would be good for Canadians, good for jobs, and good for the economy.

* * *

• (1130)

FISHERIES

CANADA-FRANCE AGREEMENT

Mr. George Henderson (Egmont): Mr. Speaker, my question is for the Deputy Prime Minister. Yesterday he said that Newfoundlanders were angry because of a little mix-up in telephone calls. The Deputy Prime Minister should know that Newfoundlanders are angry because of this bad deal between Canada and France. Does the Deputy Prime Minister realize that an apology is no excuse for this bad deal?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, yesterday the Members opposite were pressing me for an apology and I indicated that I did apologize. I would also like to say that I have had discussions with the Premier of the Province of Newfoundland, Premier Peckford. Officials and the Minister of Transport are in Newfoundland today in St. John's, if the snowstorm did not prevent them from landing there, to discuss this and other related matters with regard to the desire to resolve a dispute which has existed for many, many years. While the opposition has been very critical of the process we have established, Opposition Members have certainly not come up with any alternatives, other than the suggestion coming from the New Democratic Party that we should go to war.

REQUEST THAT GOVERNMENT CANCEL AGREEMENT

Mr. George Henderson (Egmont): Mr. Speaker, the Minister of Transport has said that this deal is not good enough. The Premier of Newfoundland does not agree with this deal. The fishermen of Newfoundland, whose livelihoods are affected by this deal, say it is not good enough. Will the Deputy Prime Minister have the Government tear up this bad diplomatic deal and replace it with an agreement that will be

accepted domestically by Newfoundlanders and Atlantic Canadians?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the course of action that was taken and the proposal offered was made with the best intentions and in the best interests of Newfoundland, the Atlantic provinces and, indeed, all of Canada. Our desire is to try to achieve an arrangement and a settlement that will be in the interests of all Atlantic Canadians and all Canadians.

ATTENDANCE AT FINAL NEGOTIATIONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, the Deputy Prime Minister just indicated that, indeed, at the urging of the Minister of Transport he did apologize yesterday to the Premier of Newfoundland. During his response he indicated that there had been an inadvertent breakdown in communications. Yesterday morning, the Minister of Fisheries on a television program indicated that the decision to exclude the Government of Newfoundland, the fishermen, and the fishing industry from the final negotiations was as a result of France demanding it. What is the answer to this question? Did France demand the exclusion, or was there a breakdown in communications at the official level?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Hon. Member would check the transcript I think he would find that the word demand was not used on that program to which he refers. In fact, when officials of two Governments decide to get together to sit down and sign or initial an agreement on the basis of many negotiations and discussions which have preceded that occasion, if one party or the other requests that only certain persons be present, from a diplomatic perspective I think it is only appropriate that the other party comply. At the same time perhaps Hon. Members could recognize that this agreement is merely an agreement to negotiate two parallel agreements by the end of 1987, both of which will bring substantial benefit to the fishermen and the people of Atlantic Canada.

POSITION OF FRENCH GOVERNMENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is for the Minister of Fisheries. Reports from his Atlantic Canada Regional Advisory Council have indicated that the Government of France, in a sense, demanded that the Government of Newfoundland, the fishing industry, and the fishermen involved be excluded from any final negotiations and that the agreement simply be made between the Government of Canada and the Government of France. Was it France's request that these major players, the people on the receiving end of this decision in a negative way, be excluded, and the Government of Canada agreed to that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I have no evidence nor am I responsible for the diplomatic relations between our two countries to the effect that any demands, to use that term, were made by France in this matter.

* * *

CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Minister in charge of Canada Post said it in this House yesterday:

> The Canada Post Corporation has advised me that it has no intention of closing any rural post offices in Canada.

Any reasonable person would assume from that statement that there will be no closings of any post office buildings nor any reduction in the numbers of postmasters and postmistresses in Canada. If Canada Post told the Minister that yesterday, could the Minister answering for Canada Post today tell us why Canada Post Corporation is telling everyone else today that it intends to go ahead with the closure of 3,500 post offices and intends to pass them over to local businessmen to operate as franchises? Was the Minister playing post office with rural Canadians yesterday? If he was, he will get no kisses for that type of deception.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I think the statement made in the House yesterday by the Minister responsible for Canada Post stands on its own. There will not be wholesale closings or changes made in rural structures or closings of rural post offices. What the Minister has put in place over a 10-year period is a system of consulation which will require Canada Post Corporation to advise the Minister of any plans, and to advise the local Member of Parliament so that consultations with respect to options that are available can be considered.

Mr. Baker: Mr. Speaker, with answers like that, he is sure to make the Cabinet.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

STANDARD OF SERVICE

Mr. George Baker (Gander—Twillingate): Let me ask the Parliamentary Secretary in all seriousness another question. Can the Member or any Member in this House imagine being on welfare, on Canada Pension disability, or as a veteran having to walk into a local businessman's shop to ask for his Government cheque over the counter when at certain times of the year he perhaps owes half of that cheque to the local businessman—and that is only part of the story? Does the Parliamentary Secretary believe that a part-time businessman can offer the type of dependable and dedicated service that is given by our post masters and postmistresses?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I think I can only repeat what I said a moment or so ago. There will be no wholesale or rampant rush to achieve what the Hon. Member is so afraid of. Let me reassure the Hon. Member that that is not going to happen.

* * *

THE ADMINISTRATION

OERLIKON LAND TRANSACTION—RCMP INQUIRY

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Deputy Prime Minister. Can he confirm the information that we received from court officials in St. Jean-sur-Richelieu yesterday, namely, that as of yesterday afternoon no such warrants have been executed in the Saint Jean area in connection with the RCMP's investigation of the Oerlikon affair? Will the Minister explain why after two weeks the RCMP does not seem to have taken the basic step in a police investigation? Is this delay what the Prime Minister meant when he said on January 19 that the RCMP investigation would be carried out "immediately and urgently"?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure whether the Hon. Member is inviting me to interfere with the RCMP investigation or not. I cannot confirm or deny that particular statement. That is a matter strictly within the hands of the RCMP, and the Hon. Member should know that.

[*Translation*]

REQUEST FOR EXPLANATION OF TWO-WEEK DELAY

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my supplementary question to the Deputy Prime Minister stems from the fact that a two-week delay is ample time for people to destroy documents which could jeopardize their reputation. Since it is unthinkable that the RCMP should wait two weeks before starting its investigation, if it is planning to act with the swiftness promised by the Prime Minister, does this delay exist because the RCMP is reluctant to get involved in a primarily political matter, or is it because the Government has given explicit instructions to slow down the investigation?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if the Hon. Member has some complaint about the way in which the RCMP is discharging its duties and responsibilities, let him make the complaint directly to the RCMP.

Mr. Cassidy: I am making it to you.

• (1140)

FISHERIES

RIGHTS OF FRANCE IN CANADIAN WATERS

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. Much has been misreported about the nature of France's fishing rights in Atlantic Canadian waters. Can the Minister tell the House the legal basis for France's fishing effort, and when those rights accrued?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the answer to that question is that the legal rights for France's fishing effort in Canadian waters flow from history—A treaty which a previous Liberal Government signed with France in 1972; a long-term agreement entered into by a previous Liberal Government with the European Community, including France, in 1982, and an exchange of diplomatic notes entered into by the previous Liberal Government which turned a blind eye to blatant French overfishing in the disputed zone south of St. Pierre and Miquelon.

In 1987 French cod quotas in Canadian waters are to be reduced to half of what they were last year, making a total reduction of 14,000 tonnes, because this Government refuses to continue those kinds of special arrangements which Liberal Governments propagated over the years.

STATEMENT ATTRIBUTED TO PRESIDENT OF NATIONAL SEA PRODUCTS

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, the president of National Sea Products has indicated that this arrangement is somehow of special benefit to the Province of Quebec and was designed to garner votes for this Government in that province. Can the Minister outline to the House his opinion of this allegation?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I think that type of allegation is scurrilous and regrettable, and that the president of National Sea Products should pay attention to operating his company.

I repeat the commitment I made in this House during the debate on Wednesday evening on the matter of what the price should be to resolve, once and for all, this important boundary dispute. As reported at page 2811 of *Hansard*, I said the following:

> Our commitment to the people of Newfoundland and Labrador is that any price which is too high for Newfoundland and Labrador is too high for Canada.

It is high time that all these armchair experts came up with alternative recommendations as Mr. Jeffrey Simpson has suggested this morning, rather than carping and criticizing.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

STATUS OF FRENCH LANGUAGE—REQUEST THAT GOVERNMENT INTERVENE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): In the absence of the Solicitor General, Mr. Speaker, I will direct my question to the Deputy Prime Minister. The media have reported this morning that "there is a running battle between Anglophones and Francophones in the RCMP". On several occasions I have warned this Government that the RCMP was sitting on a powder keg in the area of official languages.

In a recent letter to Commissioner Simmonds, the Commander in chief of the RCMP in Quebec wrote: "The feeling expressed is one of rejection of the Francophones on the part of the Anglophone majority." A little further, he wrote: "Francophones' participation in the RCMP is marginal."

Instead of allowing this situation to deteriorate, what is the Government going to do today to rectify it?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as the Hon. Member knows, this is a matter that falls under the responsibility of the President of the Treasury Board. He is not in the House today. I would be pleased to take the Hon. Member's question as notice and bring it to the attention of the Minister early next week.

[*Translation*]

REQUEST FOR GOVERNMENT COMMITMENT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, it is not the first time. We have brought this situation to the Government's attention for at least the past four or five months. We have insisted that this is a dangerous situation. Committee members from the Government side even have emphasized that an explosive situation exists within the RCMP. Highly serious comments have been made about this by Hon. Members from both sides of the House. What is the Government going to do today? Will it give the House the assurance that it will put an end to these utterly unacceptable situations which exist within the RCMP?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I understand very clearly the concern the Hon. Member has expressed. He knows very well that the President of the Treasury Board is very concerned about this matter and is very much seized with the issue. He is working on a response to it, and I am sure that when he is back in the House next week he will be able to make some comments in response to the concerns the Hon. Member just raised.

BANKS AND BANKING

CHARTERED BANKS' INTEREST RATES—SPREAD BETWEEN BANK AND PRIME RATE

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, my question is directed to the Minister of Finance. Yesterday's welcome drop in the bank rate has meant that as of this morning—

Some Hon. Members: Hear, hear!

Mr. Stackhouse: To that good side there is also a flip side. The spread between the bank rate and the prime rate is one-quarter of a percentage point wider now than it was a few days ago, and more than two and a half times wider than it was a year ago. The implications of this are obvious and serious. In view of all this, what moral suasion or other action is open to the Government to induce the banks to narrow the spread between these two rates in order to bring greater benefits to Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as the Hon. Member has observed, the bank rate is at the lowest level it has been in 13 years.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): That will obviously lead to more housing starts and more job creation and it is clearly the result of the economic policies that this Government has followed and will continue to follow, to ensure that this record is continued.

The Hon. Member has pointed out that the spread between the prime rate and the bank rate has widened. I should point out that today's rate is about average or perhaps a little higher than average, but the spread has been between one-quarter of 1 per cent and a little over 2.5 per cent in the course of the past little while. We are watching this and hope that competitive pressures in the market-place will respond by narrowing that spread. It is something on which we are keeping an eye, and I very much appreciate the Hon. Member raising the question.

* * *

VIA RAIL

NEED FOR NEW PASSENGER CARS

Mr. Les Benjamin (Regina West): Mr. Speaker, my question for the Minister of Finance is meant to be helpful to the Minister of Transport, VIA Rail, and all of Canada. Every year for nine years now, announcements from six or seven successive Ministers of Transport have been made about the ordering of new passenger rail cars. I have been advised repeatedly that the road-block is the Department of Finance and the Treasury Board. Will the Minister of Finance see to it that funds are appropriated immediately on a staged basis for the immediate ordering and purchasing of at least 130 new rail

passenger cars so that we may put men in Ontario and Quebec to work building them?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I appreciate very much the interest the Hon. Member is showing in this matter. I will discuss it with my colleague, the Minister of Transport, when he returns next week.

Mr. Benjamin: Mr. Speaker, again we have a situation in which a Socialist must teach a Conservative something about sound business practices.

COST OF REPAIRING ROLLING STOCK

Mr. Les Benjamin (Regina West): Mr. Speaker, the taxpayers have already given VIA Rail more money to keep those cars repaired and refurbished than what the new cars would have cost. Would the Minister quit bleeding the taxpayers' money, quit throwing good money after bad and provide the funds for the purchase of new cars? The savings in operating and maintenance costs alone would recover the cost of those new cars in about six or seven years.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I understand very clearly what the Hon. Member is saying about sound business practices. That is what this Government is following. That is why interest rates are down to the lowest level they have been at in 13 years. That is why 666,000 jobs have been created in the past two and a half years. That is why we have seen over 200,000 housing starts over the past six or seven months. Things are going pretty well here, but I appreciate the concern that the Hon. Member has raised today and I will raise it with my colleague, the Minister of Transport, when I see him next.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

EARLY RETIREES—REQUEST FOR REIMBURSEMENT

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): In the absence of the Minister of Employment and Immigration, Mr. Speaker, I will direct my question to the Deputy Prime Minister.

We have learned this morning that the Supreme Court of Canada has unfortunately refused to hear the case of early retirees. The House will know that, in December, the Minister of Employment and Immigration met with representatives of the ARSAC group which represents the 35,000 Canadian retirees whose unemployment insurance benefits have been cut. These people, who unfortunately cannot allege close relationship with the Prime Minister as his friends do and who cannot contribute to the secret fund, would like to know when the Government intends to introduce a bill to reimburse the 35,000 early retirees who were unfairly penalized on January 5, 1986.

Hon. Jean J. Charest (Minister of State (Youth)): In the absence of the Minister of Employment and Immigration who is attending a Federal-Provincial conference with his provincial counterparts, Mr. Speaker, I will take note of the question raised by the Hon. Member for Montréal—Sainte-Marie (Mr. Malépart). Since he seems to be unaware of it, however, may I tell him that all Canadian early retirees, wherever they may live in this country, can have free access to and conversation with their elected representatives without any constraint whatsoever. Mr. Speaker, any claim to the contrary is simply unfounded.

TIMING OF INTRODUCTION OF LEGISLATION TO REIMBURSE EARLY RETIREES

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, I have a supplementary. The junior Minister from Sherbrooke who has just answered a question is not familiar with the system.

My question is for the Deputy Prime Minister. Who in the House determines the order in which bills are tabled? Is it the Deputy Prime Minister or the junior Minister of State from Sherbrooke? Can the Deputy Prime Minister say when the bill to reimburse the 35,000 early retirees will be tabled in the House?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, to use the same term as the Hon. Member for Montréal-Sainte-Marie, the young junior Minister from the Sherbrooke constituency deeply regrets the tone of the Hon. Member's questions. Admittedly, it is well in keeping with the tone which has prevailed these last few weeks. To be objective and to serve the people who sent us to Ottawa, I shall simply repeat that my colleague, the Minister of Employment and Immigration, is now attending the Federal-Provincial Conference. I shall respectfully refer the question to him, and he will doubtless wish to reply to it.

* * *

• (1150)

[*English*]

CANADA POST CORPORATION

DENIAL OF SECOND-CLASS MAILING PRIVILEGES TO CERTAIN PUBLICATIONS

Mr. Simon de Jong (Regina East): Mr. Speaker, my question is with regard to the Post Office. I will direct it either to the Deputy Prime Minister or to whomever will answer on behalf of the Post Office today.

The *Canada Lutheran* has been denied second-class mailing privileges. The Post Office deemed that *Canada Lutheran* did not have enough religious content. Such magazines as *Beef in*

B.C., Status of Women News and *Radio Guide* have also been denied second-class mailing privileges.

Can the Government explain why *Penthouse*, *Hustler*, *Playboy* and other soft porn magazines have their mailing costs subsidized by Canadian taxpayers while a church magazine such as *Canada Lutheran* is denied that subsidy?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, the broad area raised by the Member is under serious review and consideration. Due to the importance of the question, will he allow me to bring it to the attention of the Minister so that he can reply more fully upon his return next week?

Mr. de Jong: Mr. Speaker, that answer is totally unacceptable. Through its post office policy the Government is subsidizing soft porn magazines while denying church magazines that same privilege.

REQUEST THAT COMMITTEE CONDUCT CROSS-COUNTRY HEARINGS

Mr. Simon de Jong (Regina East): I will address my supplementary question to the Deputy Prime Minister. Will the Conservative Party not allow the parliamentary committee on the Post Office to travel across the country to hear the criticisms and suggestions of Canadians in order that, through a consensus process, we can develop a plan for the Post Office which Canadians want? Canadians do not want *Penthouse* and *Hustler* to be subsidized while church magazines are not subsidized. Canadians do not want superboxes, and they do not want contracting out of rural services. Allow the parliamentary committee to travel.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Parliamentary Secretary undertook to get back to the Hon. Member with regard to the first part of his question. With regard to the second part, there is a process which is normally followed for committee proceedings.

Mr. de Jong: They were muzzled. They won't even meet.

Mr. Mazankowski: These issues are decided at the steering committee level. All items which Members want to pursue at the respective standing committees are considered there. If the Member feels strongly about this particular issue, he should follow that course.

[*Translation*]

DAY CARE CENTRES

FORTHCOMING BUDGET—INQUIRY CONCERNING ALLOCATION OF FUNDING

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question is for the Minister of Finance. The Budget which will be brought down in February will reflect the real priorities of this Government. I would therefore like the Minister of Finance to tell us whether his Budget will take into account the urgent situation of day care centres and include a special fund for day care. Can Canadians expect new fund allocations in this Budget to meet the pressing needs for day care centres?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member is quite aware that I am not able to disclose what might or might not be in a Budget. I am sure she is very much aware of the efforts which have been made by the Prime Minister, the Minister of National Health and Welfare, and the Minister of State responsible for the Status of Women. We are consulting the provinces and private sector groups to try to develop a national program on child care. This work will proceed.

[*Translation*]

TIMING OF GOVERNMENT'S PROVISION OF FUNDS TO ESTABLISH HIGH QUALITY DAY CARE SERVICES

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my supplementary is for the Minister for the Status of Women.

We all recall that the Minister needed only a few days to come to the assistance of the failing banks last year.

Can the Minister now tell us how long Canadian families will have to wait before the required funds are provided to develop quality day care services?

[*English*]

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, the Government, particularly the Prime Minister, has made a very active commitment to day care. The Minister of National Health and Welfare has said that there will be a commitment by this June. After 25 years of total inaction by the previous Government, this is commendable.

* * *

IMMIGRATION

MINISTER'S BROADCAST STATEMENTS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, in the absence of the Minister of Employment and Immigration I will direct my question to the Deputy Prime Minister. Yesterday the Minister of Employment and Immigration refused to accept my request and that of two other Members to withdraw a highly offensive description of his home region as

untouched by immigration and pure in population and culture. I read *Hansard* carefully as you suggested, Mr. Speaker, and found that the Minister did not follow your lead and that of the Deputy Prime Minister by asserting a true understanding of his region within the Canadian reality.

Will the Deputy Prime Minister act to overcome the regional petty politics of the Minister of Employment and Immigration and ensure that the Minister follows the admirable lead of the Hon. Member for Kitchener on Monday by issuing a full and complete apology for his highly offensive statements?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, as I mentioned earlier, the Minister of Employment and Immigration is presently at a federal-provincial conference. I make no pretence of being objective with regard to my feelings toward the Minister of Employment and Immigration. I think it is generally agreed within this House that the words used by him lent themselves to interpretation. He readily admitted that yesterday. However, no one has ever questioned his intent. We believed that we turned the page on this yesterday. We hoped that the Hon. Member shared that feeling. In the two years during which he has been Minister, the integrity or thoughts of the Hon. Minister on that issue have never been questioned.

Some Hon. Members: Hear, hear!

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, it is a simple fact that the page has not been turned on this. I continue to receive representations demanding more.

CONTENT OF STATEMENTS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, will the Deputy Prime Minister, as head of the Government in the House today, point out to the Minister of Employment and Immigration that the statements he made a couple of weeks ago are quite contradictory to the campaign which the Minister responsible for multiculturalism launched this Monday which was designed to ensure that Canadians recognize that our society is no longer composed of two solitudes and the others? Will he point out the contradiction between that and the Minister's statements made on Radio Canada?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, the contradiction here is that the Hon. Member would want to flog this issue when it is so evident that there is nothing more to be said. The contradiction which we see is that the Member would want to use this issue for petty politics when it is so important to Canada.

Some Hon. Members: Hear, hear!

[*Translation*]

ACID RAIN

INQUIRY WHY GOVERNMENT COULD NOT CONCLUDE ACCORD SIMILAR TO UNITED STATES-MEXICO AGREEMENT

Ms. Sheila Copps (Hamilton East): Mr. Speaker, in the absence of the Minister of the Environment, I shall address my question to the Deputy Prime Minister.

A federal study has revealed today that forest growth in Quebec and Ontario has been reduced by two-thirds because of problems caused by acid rain. We are already aware that the *Union des producteurs agricoles* is losing $1 million a month because of acid rain.

In view of the so-called special realtionship between the Prime Minister and the President of the United States, why has the Government been unable to obtain an agreement on acid rain similar to the one which was signed today between the United States and Mexico?

• (1200)

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member might want to read the answer that I provided earlier to a similar question. The fact is that this is an issue of very high priority and urgency on the timetable of the Government. It was raised with Vice-President Bush. It will be an issue that will be fully discussed with the President when he comes here in April. We have expressed our disappointment about the inaction in the United States and we will continue to press for full compliance of the arrangements that have been made.

Ms. Copps: The fact is that almost two years after the shamrock summit we have had no action on acid rain. At the same time, on this very day, Mexico and the United States have signed an agreement.

PRIME MINISTER'S POSITION

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. How long is the Prime Minister prepared to drag his feet, pretending to have a special relationship with the United States, while the Canadian environment and economy are put at risk?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member complains about two years of inaction. That is absolutely wrong because there has been action, movement, and progress. It is quite different from the 25 years of inaction from the Government with which she was associated. Nothing was done for 25 years. We are moving ahead, and moving fast.

CANADA POST CORPORATION

EFFECT OF CHANGES ON SMALL-BUSINESSMEN

Mr. Bob Hicks (Scarborough East): Mr. Speaker, my question is directed to the Parliamentary Secretary to the Minister responsible for the Post Office. I am sure all Hon. Members would agree that trying to get satisfaction from the Post Office these days is like trying to shovel popcorn against the wind. I have a letter from a fine businessman in Canada who received six days' notice that his boxes were being changed, even though they were only there six months, that the location was being changed and, most important, that his postal code was being changed. This necessitated a great deal of expense for many businessmen, to print new stationery and new policies. What on earth is the Post Office doing to help small-businessmen instead of trying to drive them out of business?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I thank the Hon. Member for bringing this to our attention. He will readily recognize that the situation he has described to the House is not the normal practice. The Post Office advises us that it is very concerned that it remain helpful and not put blocks in the way of small business. I can assure the Hon. Member that the matter is being studied in some depth and I will report to him later.

Mr. Speaker: The Hon. Member for Vancouver East, one question please.

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CANADIAN ARMED FORCES

RESULTS OF STRESS STUDY

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Minister of National Defence. Will he inform the House what he intends to do in response to a study that was reported today on CBC which shows that young women in the Armed Forces are working under considerable stress? Will he also check into the need for family support services and child care on Armed Forces bases, and will he actively promote these programs?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I thank the Hon. Member for her question because it is a very important subject. I am presently looking at the reports which were prepared and have been circulated within the Canadian Forces. We are studying their results and will be looking at what options are open to us.

An interesting element of the summary report is the statement that service males were three times more likely to state that they were bothered by their work environment, and service females reported less job stress than did service males. It is certainly not an excuse for not dealing with stress at any level, whether it is with males or females, but I think that perhaps the report on the CBC this morning did not point out that particular fact.

Mr. Speaker: The Hon. Member for Laurier, one question.

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CANADA MORTGAGE AND HOUSING CORPORATION

CLOVERDALE PARK HOUSING PROJECT—SALE TO PRIVATE DEVELOPER

Mr. David Berger (Laurier): Mr. Speaker, in the absence of the Minister responsible for Canada Mortgage and Housing Corporation, I will direct my question to the Deputy Prime Minister who has already taken notice of a similar question. On Monday the Minister responsible for CMHC will be visiting Cloverdale Park in Montreal's West Island. Some 2,000 residents feel abandoned by the Government because it cancelled an annual subsidy, which allowed the sale of Cloverdale Park to a private developer.

Senior citizens, single mothers, and welfare recipients fear that they will be forced to leave their homes because of massive rent increases. Will the Government set aside the moneys that it is saving from the cancelled subsidy and help the residents of Cloverdale Park form a housing co-operative? They should not have to pay a price for the Government's mistake.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I am happy to reply to this question on behalf of the Minister. First, I must say that, for one question, it certainly contains a lot of false information. We shall be visiting the projects on Monday. I shall be there, as will the Minister. These are the Cloverdale projects and the Jardins LaSalle in the beautiful constituency of the same name. I am therefore doubly involved. I can tell the Hon. Member that this matter has been under consideration at the Department for six months. I can assure the House that, in accordance with the policy of our Government, the neediest people will be amply protected in this sale, at least for two years. However, I can assure you, Mr. Speaker, that as concerns this contract of the previous Government, we are trying to right wrongs for which we are not to blame. I can assure the House that the Minister has the whole matter in hand and that everything will probably be settled within a month.

[*English*]

Mr. Speaker: I advise Hon. Members that this will be the last question. The Hon. Member for St. Catharines.

PETRO-CANADA

INQUIRY CONCERNING POSSIBLE PRIVATIZATION

Mr. Joe Reid (St. Catharines): Mr. Speaker, my question is directed to the Minister of State for Privatization. Will the Government be moving to privatize Petro-Canada as recommended by many, including the Economic Council of Canada, and if so, when?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I thank the Hon. Member for his question. There are a number of companies under active review, with no final decisions having been reached. I can assure him that we are examining Petro-Canada very closely.

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PRIVILEGE

ALLOCATION OF TIME DURING QUESTION PERIOD

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, I rise on what is a question of privilege, if privilege is breached when a Member's freedom to speak in this Chamber is inhibited. Yeterday, as happens from time to time, there was a temporary turbulence in Question Period. The result was that only two Conservative Members were recognized in that period. That may not seem a serious matter, but there are about 135 Conservatives eligible to ask questions. Normally they compete for three questions.

Mr. Gauthier: Go behind the curtains.

Mr. Benjamin: Where are you all?

Mr. Speaker: The Chair has patiently heard matters of this nature raised by both sides of the House and from all Parties. I know that Hon. Members will want to hear the Member out.

Mr. Stackhouse: Thank you, Mr. Speaker. When the number is reduced it means a loss of a third of our questions. In this Parliament about 45 per cent of the Members have had access to about 15 per cent of the questions.

With respect, I submit that there is no historic basis for the assumption that Question Period must be what at times it becomes, namely, the Opposition laying seige to the corridors of power and the Government trying to keep them out. While that is obviously part of what Parliament is about, Private Members who support Her Majesty's Government are not here just to be spectators.

After vigorous and cogent arguments by Liberal Members of the Twenty-Ninth Parliament, Mr. Speaker Lamoureux recognized the right of government Members to ask questions. I thank my Liberal predecessors and reaffirm their stand, for we too represent constituencies, we too speak for regions, we too advocate causes, we too share the rights that belong to all Members. When that share is reduced, the rights of the House are reduced. I have raised this point not to lay blame but to seek redress.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have a few comments to make about this point of order. It is not a question of privilege because the Oral Question Period is controlled by the Chair and it is up to the Speaker to decide who will be recognized to ask questions. I simply want to say that the Oral Question Period as we understand it lasts only 45 minutes and that it is our only opportunity to hold the Government accountable for its actions as executive.

It must answer the questions put to it by the Official Opposition and the third party in the House. We see this as one of our daily priorities on which we focus considerable attention. Occasionally, Government Members may, probably for political reasons, we might as well admit it, want to have some visibility during Question Period and ask questions. We agree with the Chair and this has always been our position, that on occasion the floor may be given to two or three Government Members. However, Mr. Speaker, they, being Members of the same party in this House, can see the Minister almost daily in the lobby and talk to him, which we cannot, and hear his position on the particular questions that concern them. So this is our opportunity as Members of the Opposition to put questions to the Government. The accountability of this Government depends on it, since it is not the members who support the Government who are going to make it more accountable. It is up to us, Mr. Speaker, and it is an age-old British tradition that the Official Opposition and the other oppositon party ensure the Government is held responsible for its actions.

Mr. Marcel Prud'homme (Saint-Denis): On the same point of order, Mr. Speaker. I think the Chair might wish to take this matter under advisement, but I would first like to make a few comments. Our whip, the Hon. Member for Ottawa-Vanier (Mr. Gauthier), is correct in saying that, traditionally, Question Period has always been reserved for the Opposition. However, we must not see Parliament as consisting exclusively of Question Period. I realize that because of the interest shown by the media, everything seems to focus on Question Period. I believe that the Chair has been entirely correct in what it has done so far. With respect to the first fifteen minutes of Question Period, so far, Mr. Speaker, you and your predecessors have given more attention to Government Members. So if we divide up all the time spent in Parliament, we could conclude that the Government has more than its fair share of the proceedings. However, if we simply take part of the time set aside for debate in the House, I think the Hon. Member might have a case for what he has been saying today.

• (1210)

[*English*]

During the first 15 first minutes, Mr. Speaker, you distribute rather well in favour of the Government's side and we

never oppose that. However, from time immemorial Question Period has been reserved for the Opposition in the tradition of the British parliamentary system, which I defend on every occasion because it is one of the great heritages which I as a Canadian have received from the British Parliament. Therefore, by tradition the Opposition must really be able to question the Government. However, during debate the Chair always recognizes many more Members of the Government. Therefore, we have equilibrium. During the first 15 minutes there is a good distribution. I have made the survey myself and I know the Government is favoured in the first 15 minutes. We never oppose that because it makes sense. The Conservatives are more in number. That is what Canadians democratically decided in the last election. Therefore, the Conservatives are given more.

However, Question Period, and I admit it gets more limelight on television, is only part of our deliberations. It is the same in Parliamentary Committee. The chairman distributes the questions according to the proportions of Members. We have the first round of questions between the three Parties and after that more time is given to the Opposition.

With all due respect, I feel Hon. Members will have to go back to the traditions of this House. They are not badly served because the Government side does ask some questions. As my colleague, the Hon. Member for Ottawa—Vanier (Mr. Gauthier), said, perhaps the Government Members should get together and put questions which are really of great importance, and not just questions here and there of which Ministers are always aware. I do recognize that at times a Conservative Member has a very important question which he or she would like to raise where pre-notice will not be given to the Minister. If Hon. Members would think back to 1984, they will realize that many of the questions put by Members of the Government were questions of which the Minister was aware, were not that important and could have been asked in the lobby, but it is good public politics, and I do not disagree with that, because we are all in politics.

I do not believe my colleague has a very strong point. When we arrive at the Question Period, which is our only opportunity to question the Government, we must abide by the British parliamentary system whereby the Opposition in the House of Commons can ask direct questions. In that respect the British Parliamentary system is much more superior than the Congressional system in the United States.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I do not want to hold up the Minister of State for Privatization (Mrs. McDougall). I understand he is about to make an important announcement in the Chamber about a major change in Government policy. I do not know what it is, but I am very interested to hear what the Minister has to say.

I am almost inclined to agree with the Hon. Member who brought up the question concerning Question Period, because I am confident the Liberals are going to be on the Government side of the House very shortly and perhaps we might be making the same arguments. However, I have to slightly differ with the previous speaker. I agree with him that we follow the British tradition in this House. In London, as you know, Mr. Speaker, questions go back and forth to the Government side, to the Opposition side, to the Government side and back to the Opposition side.

However, we cannot transplant one aspect of the present British system into our system. We would have to transplant the entire system which would mean that Members of the Government would be able to rise and really attack their Cabinet Ministers. More importantly, the committee system would have to be changed in such a way as to give Members of the Government side total authority to originate their own terms of reference and to delve into whatever they want. The focus of attention in the British House is not in Question Period at all. No one knows it is even taking place. It is in the committees. Therefore, we cannot transplant one aspect of the British system into our system. This is the only thing we have left in our system to make the Government at least partially accountable to the people of Canada for its actions. If we take that opportunity away or dilute it, then we destroy our sytsem.

My only reason for rising is to point out that I am afraid that we are going to be on the other side very shortly and we might be making the same arguments.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I do not want to repeat the representations of other Hon. Members. They have been excellent. However, I want to add two or three points. Beauchesne's Fifth Edition, Citation 55 states:

> The privilege of freedom of speech is—the most fundamental right of the Member of Parliament on the floor of the House and in committee.

I want to remind the Hon. Member that if in fact his privileges have been breached, it would mean that he has been denied the right to speak, the right to ask a question. I submit that that is not the case. He has had, in my recollection, a number of opportunities to raise points on the floor of the House of Commons during Question Period and, as a result of recent reforms, throughout the entire day. We now have an opportunity during debate to ask questions, through the question or statement procedure, so that Hon. Members of the Government, who I might add are the overwhelming numbers when it comes to delivering speeches in the House of Commons—a reflection of the percentages of the three political Parties—can ask questions or make statements. Not only do Members of the Government have ample opportunity to raise points and ask questions of the appropriate Minister, at the end of each speech there is an opportunity to ask questions or make statements, to say nothing of the fact that in committee the overwhelming numbers are from the Government side, where again there is ample opportunity to ask questions of Ministers or representatives from the Ministers' office.

• (1220)

The only point the Hon. Member could make in terms of a breach of privilege is if he had been denied, presumably by the

Chair, permission to ask a certain question, which of course was not the case.

Mr. Speaker: The Chair has listened carefully to the intervention of the Hon. Member, and to other comments.

Fairly recently the Chair indicated to the House that the Chair is very much aware of the fact that there are a great many Members in this Chamber, many of whom have legitimate and diligent questions to put to the Government. I think the Chair has made it clear that when that is the case, and when it is obvious to the Chair that that is the case, questions have been allowed to members of the government side. I am quick to point out that when those questions are what they ought to be, that is diligent and searching, members of the opposition have not objected, for which I am grateful.

The Hon. Member is understandably concerned that because of attention on the Question Period, and perhaps because sometimes the Question Period does not move as rapidly as I am sure Hon. Members would like because of the length of questions and the length of responses, perhaps government Members are neglected. I will strive to ensure that that is not the case.

However, I want to say to government Members that the Chair is aware that they, too, are here representing constituencies and that they, too, have a right to speak. Hon. Members will have noted that not only has the Chair recognized government Members, whose names were not necessarily on a list brought to the Speaker, who rose and showed to the Speaker that they indeed were seeking recognition on an important matter, but the Chair has also recognized supplementary questions from government Members, as in fact was the case today.

With respect to the other point, Question Period is a unique institution. At its best it is something of which Canadians can be very proud. At its best it is an intelligent accountability session for any Government—at its best. It is not always at its best, as Hon. Members know. But that is my problem and I have to do what I have to do to ensure that Question Period is at its best as often as possible.

The comments of Hon. Members are important, especially the comments of the Hon. Member for Saint-Denis (Mr. Prud'homme), that this is our institution and it has customs and traditions which are unique to us. While sometimes visiting dignitaries from other lands may wonder at the way we meet, usually after lunch, nonetheless it is our institution for better or worse.

The Chair, while recognizing that all Hon. Members have a right to be heard during Question Period, also recognizes that it is very much an accountability session. That is our tradition. I thank the Hon. Member for raising this matter because it is an appropriate time for the Chair to say something about it. I will endeavour to be as fair and as even as I can be, recognizing that Question Period is an accountability session and that there are serious and proper questions coming from government Members. I shall try to see those government Members when those questions arise.

Mr. Les Benjamin (Regina West): Mr. Speaker, I rise on a point of order. For the benefit of the Hon. Member for Scarborough West (Mr. Stackhouse), there is an ultimate solution if he wants to ask more questions. He could join the Opposition, preferably the Liberals.

Some Hon. Members: Oh, oh!

Mr. Speaker: I should have known that there was no way we would get through this discussion without some help from the Hon. Member for Regina West (Mr. Benjamin).

ROUTINE PROCEEDINGS

[*English*]

PRIVATIZATION

FISHERY PRODUCTS INTERNATIONAL

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I am delighted to be able to address the House today, and I am delighted to see your honourable self looking so elegant.

I am pleased to make an announcement in the House today on behalf of the Government. The shareholders of Fishery Products International, the Government of Canada, the Government of Newfoundland, and the Bank of Nova Scotia have agreed to proceed with a plan put forward by FPI to return the company to the private sector.

Some Hon. Members: Hear, hear!

Mrs. McDougall: The privatization will include a public offering of shares which will provide an opportunity for all Canadians to participate in the ownership of this company.

The sale of FPI is the culmination of a remarkable success story in Canada's Atlantic fishery. FPI was created in 1984, pursuant to a restructuring agreement between the Governments of Canada and Newfoundland to integrate the operations of several seafood companies into a single new company. A key objective of the agreement was to restore the profitability of the offshore fishery and return the company to the private sector at the earliest possible time.

We believe that the company's records show that the time is now appropriate. The company realized a profit of $46 million in 1986. I take this opportunity to congratulate warmly the workers and management of FPI for their dedication and contribution.

The privatization plan announced today will provide key benefits to the Newfoundland fishery. As part of the privatization plan FPI employees will participate to the extent of approximately $6 million in the share offering. The shares will

be distributed on a formula that will take into account salary and years of service. In addition, the employees will have an opportunity to buy shares on an ongoing basis through payroll deduction.

FPI will also continue with its declared corporate policy to share profits with employees. In 1986 the company paid 10 per cent of its pre-tax earnings in cash payments and other benefits to company employees.

In order to favour broad ownership, no individual or corporation in this privatization will be able to own more than 15 per cent of the shares of FPI. The privatization plan ensures that the majority of the members of the board of directors will be composed of Newfoundlanders and that FPI will continue to be a major force in the development of the Newfoundland economy.

It is anticipated that the return of FPI to the private sector will be completed during the first part of 1987, depending of course on market conditions. The net proceeds of this share issue are not certain at this stage, but the Government expects to recoup a substantial portion of our investment, and the corporation will be in a strengthened financial position.

[*Translation*]

Mr. Speaker, I am very proud to announce this step which makes this company the tenth to be privatized by this Government since 1984. This sale again confirms the commitment of this Government to economic renewal and better management.

The sale of Fisheries Products International demonstrates that our privatization program is well on track. The program is creating new economic opportunities for Canadians and employees. It is conducted in a manner that is sensitive to the needs and interests of all parties concerned.

• (1230)

[*English*]

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the federal Government has announced to everybody in the fish business that it has taken action in the offshore stocks to conserve the stocks, and to be nice to foreign countries in the offshore. This is mainly an offshore company that we are dealing with today. In one area where this company fishes this year the Government has banned Canadian boats from fishing, an area off the Grand Banks of Newfoundland. This very day the nose of the Grand Banks is being fished by boats from the United States, France, Korea, Spain, and Portugal, but Canadian boats would be arrested if they went into the zone. That is the nose of the Grand Banks of Newfoundland.

The Minister says that the reason Americans can go in is that they are not a member of NAFO. But we say, "Yes, the other countries are members of NAFO." The Minister of Fisheries and Oceans (Mr. Siddon) says, "Yes. But in NAFO we have a rule that if a member country objects, in this case the EEC, then they are allowed to go in and fish in that area."

So point one to keep in mind is, we have a section of coastline close to where most of these fish plants are located where Canadian boats are not allowed to even prosecute the fishery, namely, the nose of the Grand Banks, which is the best fishing grounds in the area.

Point two, which everybody in Canada knows about, is the Canada-France agreement, the granting of nine factory freezer trawler licences to the French metropolitan fleet to fish where most of these plants are located, off the coast of Newfoundland.

We would have to say that it is a great time to offer this for public sale, because perhaps next year we would not be able to sell a share. On the stock market today the best buy in the fishery is National Sea Products. Its shares have gone way up. I must admit that part of the reason is that this Government caved in to a request by Mr. Cummings, the President of National Sea Products, to give them a factory freezer trawler licence. Part of the reason then is due to the Government caving in to this company against the wishes of the Newfoundland Government.

When it is all added up, this Government is taking fish away from Canadian companies. There is no future for the inshore-offshore fishery if this Government remains in power, and now the Government is going to offer this company for public sale. Yes, it will be a good sale. I am sure that this company, a portion of which is private, will take advantage of the three factory freezer trawler licences, thereby reducing the number of people working on shore in these plants. The Government has offered these three licences to the company which to date this company has refused to take advantage of.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I wish to begin by saying that, in spite of the Minister's comments, the Government now has privatized 10 Crown corporations. The implication is that there is less federal public ownership in the country than there was at the beginning of the Government's administration. I wish to put on the record that in terms of value there is now more federal public ownership than ever before in Canadian history. There is significantly more than on September 4, 1984. I mention that to keep the record clear, and stop the myth building with this particular announcement today.

Mrs. McDougall: Good management.

Mr. Riis: The Minister of State for Privatization (Mrs. McDougall) states that is good management. It has been said in this case, that that has been the case. Under the private sector they could not make a profit and were unsuccessful. The reason this Crown corporation began was that seven private sector companies went bankrupt. The Government of Newfoundland and the Government of Canada, with assistance from the Bank of Nova Scotia, put together a Crown corporation which has been quite remarkable. In 1984 it lost $35 million after taking over the disastrous situation of the seven companies. But by 1985, as a result of a whole new approach

to management, a new approach in terms of its 8,000 employees, and a new approach in each of the 18 fish plants, the losses had fallen to $20 million. As the Minister has stated, in 1986 the profits were in excess of $46 million. This is a real tribute to what the public sector can do in the economy in co-operation with productive employees.

Some Hon. Members: Hear, hear!

Mr. Riis: After the federal Government, on behalf of the citizens of Canada, and the citizens of Newfoundland through their Government, became major players and rescued these failing private sector companies, created employment throughout critical parts of Newfoundland, got everything on a successful path, the Government now decides to abandon it and return to a position in which the sole motive will be profit. Under a Crown corportion there were other aspects in mind. It wanted to create employment, and long-term stabililty to many communities, and that was done. Now with this particular act of privatization the Government is saying that we are going back in time, and it is using a regressive approach. Once again the important thing will not be the future of Newfoundland, the stability of the economy of Newfoundland, the security that it gives to the people of Newfoundland. The only motive that will govern this newly privatized company will be profit.

In closing, I wish to say that in a province of Canada where fishing is the number one industry and touches the lives of every single Newfoundlander, either directly or indirectly, some public participation is a very honourable and useful thing. For that reason, unless we receive substantially more details than these sketchy comments we have heard this morning, we certainly would find it very difficult to support this initiative. The details are non-existent, other than this small sketch, so we will have to look more carefully at this when the details are provided.

* * *

THE BUDGET—TAX REFORM

DATE FOR PRESENTATION

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, at this time I wish to inform Members of the Government's plans for comprehensive tax reform, and for a Budget this year.

Members will be aware that the greater part of our pre-Budget consultations with Canadian organizations was concluded just before Christmas. My staff and officials of the Department of Finance have continued to meet with representatives of various groups earlier this month. Formal submissions on tax reform from many of these groups are still arriving. Many of these submissions clearly represent a thorough, conscientious, and detailed effort to deal with tax reform in a realistic way. We are reviewing these submissions in the same conscientious and scrupulous manner in which they were researched and presented. I consider these views an important element of our tax reform planning.

We knew at the start that comprehensive tax reform would be a big job. As Members know, we are examining all aspects of the tax system, personal, corporate, and sales taxes. In light of the guidelines for tax reform that I released in October, and with the benefit of our consultations with many Canadians, we are making good progress toward a comprehensive tax reform proposal. I am now planning to bring forward the Government's proposal for comprehensive tax reform this spring. However, I do not believe it would be appropriate to defer a Budget for that long. I therefore intend to maintain the commitment I have made to put the budgetary process on a regular basis. I will bring down a Budget next month on Wednesday, February 18.

[*Translation*]

We are making good progress toward a comprehensive tax reform proposal.

Mr. Speaker, I am not planning to bring forward the government's proposal for comprehensive tax reform this spring. However, I do not believe it would be appropriate to defer a budget for that long.

I therefore intend to maintain the commitment I have made to put the budgetary process on a regular basis. I will bring down a budget next month on Wednesday, February 18.

• (1240)

[*English*]

As I have said in the past, it is sensible to present a Budget annually in February, sensible because regular timing of the federal Budget makes for greater certainty and orderliness in financial planning for the federal Government, for the provinces, for businesses, and for individuals.

Canadians who are planning their financial affairs should be mindful that some income tax changes proposed in the Budget may take effect at midnight the day before budget day, that is, at midnight on February 17.

[*Translation*]

Mr. Speaker, Canadians who are planning their financial affairs should be mindful that some income tax changes proposed in the budget may take effect at midnight the day before budget day—that is, at midnight February 17.

[*English*]

This provision will ensure that budgetary changes apply uniformly to all transactions made on budget day, regardless of where in Canada the transactions take place.

Let me sum up very briefly. I will table a Budget on February 18, and I will be presenting a comprehensive tax reform proposal to the House this spring.

[*Translation*]

Mr. Speaker, I will table a budget on February 18. And I will be presenting a comprehensive tax reform proposal to this House this spring.

[*English*]

I would therefore request that, in accordance with Standing Order 84(3), an Order of the Day be designated to allow the presentation of a budget speech on Wednesday, February 18, 1987.

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, on October 23, 1986 the Minister of Finance (Mr. Wilson) said the following in the House:

> As the next step in the tax reform process, I intend to issue specific directions for change at the time of my next Budget.

That is another broken promise by the Minister of Finance. On February 18 we will have a Budget and a few months later we may have a tax reform proposal. What will the Budget be? Will it be a "go nowhere, do nothing" Budget, because we will be expecting tax reform in a few months?

In terms of tax reform, the Minister of Finance is not very credible. He announced reform of the manufacturers' sales tax in the Budget of 1985. He was supposed to table a White Paper during the summer. It was postponed. He never tabled it. Then, in 1986, he said that we would have comprehensive tax reform and that it would come in his budget speech of 1987. Now he tells us that there will be no tax reform with the Budget. I do not know what to expect, because he told us on a few occasions that he would table a White Paper on tax reform and never did. After crying wolf on many occasions, I do not know if the wolf will be around this time and we will have a tax reform proposal.

[*Translation*]

Mr. Speaker, the Minister of Finance (Mr. Wilson) promised in this House, last October, that he would table a proposal for tax reform. That reform is needed, but we now hear it will again be delayed, perhaps until next spring, and that depending on consultations, we may have to wait until 1988 for a tax reform. Yet, since this Government came to power, it has brought in catastrophic personal income tax increases. The gap has widened between the rich and the poor. Only people with significant capital gains have benefited by means of exemptions. The gap between the Atlantic Provinces and one part of Ontario is widening constantly, and the tax reform that was to bring in certain corrections, introduce a little more justice in our system, is once more delayed.

This proves the Government is not keeping its promises. It is not assuming its responsibilities, and the Canadian economy is going to suffer. And according to the results of the latest Gallup Poll, 60 per cent of Canadians—can you imagine, 60 per cent—believe this Government is mismanaging the nation's economic business. Of course, they come up with figures, statistics, except for one specific region. Mr. Speaker, interest rates should be much lower than they are now, if this Government would stop crawling before the U.S. Treasurer.

[*English*]

If the Government would not cave in to the U.S. Treasurer we would have an interest rate much lower than it is today. The Minister knows very well that the spread between interest rates in the United States and Canada is much too great. The only reason he is doing that is that he wants to cave in to the Treasurer of the United States, because this guy wants to have the Canadian dollar at a higher level. It is another example of the way the Government mismanages the economy.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, many Canadians will welcome the announcement of the Budget coming down on February 18. However, they will particularly welcome the Budget of the Minister of Finance (Mr. Wilson) if in fact it is designed for all of Canada, not just for the ridings in the area of Metropolitan Toronto.

In the Toronto area the unemployment rate is below 5 per cent. I remind the Minister, since I am sure he has not put all the finishing touches on his Budget, that the unemployment rate in Quebec is over 10 per cent in the Maritimes and British Columbia it is over 13 per cent and in Newfoundland it is at 19 per cent. Those Canadians have a right to expect a Budget which will deal with their problems. They need to have employment and some sense that their economic future is secure, and it is not secure under the Government as things stand right now.

I sense and fear that the Budget will in fact do very little, that it will not respond to the problems in our regions, and that with tax reform taken out of it we will in fact have a formality from the Finance Minister and not much else.

In respect of tax reform, I am very concerned that it is now essentially being put back to 1989 or possibly to 1990. Rather than putting in place tax reform which could affect Canadians in their pocketbooks in a very real way before we go back to the polls in 1988 or 1989, the Government appears now to have decided that tax reform will be another election promise, but not put in law by that time.

[*Translation*]

I am just saying, Mr. Speaker, that bringing forward a proposal for tax reform this spring means any time up to June 21 this year, and then consultations with the Committee on Finance and Economic Affairs. Furthermore, a Bill introduced in the spring of 1988 cannot be adopted until the 1989 fiscal year, which means after the next federal election.

Mr. Speaker, I am sorry that the Minister of Finance and this Government have postponed their plans. Now we have good intentions but no action.

[*English*]

I would suggest that in the Budget itself the Government show ordinary Canadians across the country that it is serious

about tax reform and that the Minister of Finance show whose side he is on.

I suggest the Finance Minister could show that by withdrawing the $500 million tax exemption on capital gains and by stopping up corporate loopholes which create an unjust situation across the country. On average, 80,000 companies pay no tax in each fiscal year despite the fact that they are in a profitable position.

• (1250)

Rather than the Finance Minister talking about endless consultations with the provinces and his colleagues, perhaps he should cut through the Gordian knot that is keeping the Government of Canada from taking the first real steps toward a universal program of day care across Canada. My leader has made a proposal and the Hon. Member for Vancouver East (Ms. Mitchell) has brought forward a concrete plan for the inauguration of a national day care plan with expenditures of $320 million. That is enough to start to respond to constituents in my riding and across this country, by saying that it is about time we saw this as a national priority and not as something that just belongs to the provinces. It is about time we ensured that men and women who are parents of small children genuinely have access to quality and affordable day care in every part of Canada.

These are things we will be looking for in the Budget. I call on the Minister of Finance not to use this deferral of his announcement on tax reform as a means of preventing tax reform from coming in soon. Canadians need it now.

* * *

[*Translation*]

MANAGEMENT AND MEMBERS SERVICES

PRESENTATION OF FIRST REPORT OF STANDING COMMITTEE

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I have the honour of tabling the First Report of the Standing Committee on Management and Members Services.

[*English*]

If the House gives its consent, and I can tell you, Mr. Speaker, that we have had the usual consultations, I intend to move concurrence in this report later this day.

* * *

PETITIONS

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour and the duty to present to the House five petitions from the Province of Alberta, from people who submit that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, that the tariff has had little effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, book-sellers, distributors and Canada's culture, and that rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have other petitions dealing with another matter signed by dozens of constituents. They are in order pursuant to Standing Order 106. These petitioners humbly submit that the proposed changes to the Patent Act, which directly affects all Canadians who are not protected by private and Government medicare programs, will raise the costs, already high, of the provincial health care programs. They go on to say that the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase in drug prices, that costs will severely restrict the ability of average Canadians to buy necessary prescription drugs, and that the proposed changes to the Patent Act are another example of the Canadian Governments concession in the free trade negotiations with the United States at the expense of every Canadian. They humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I have petitions to present pursuant to Standing Order 106. The first one is from residents of my riding of Thunder Bay—Nipigon who protest the federal Government's proposals to change the Patent Act relating to prescription drugs which they feel will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They feel that the proposed measures will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on a continuing basis and will result also in higher costs to provincial Government drug plans. They call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

JAPANESE CANADIANS—COMPENSATION

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, my second petition is from residents of Regina and Saskatoon in the Province of Saskatchewan and from residents of Alberta who assert that the National Association of Japanese Canadians is the only elected national organization of Japanese

Canadians with representatives from 15 centres across the country. They point out that the NAJC has held public meetings about redress for the forcible dispossession and relocation that Japanese Canadians suffered during the second world war, and has used a national questionnaire to develop a position on proper redress. They call on Parliament to deal honourably with Canadian citizens of Japanese descent and to enter into negotiations immediately with the National Association of Japanese Canadians.

The Acting Speaker (Mr. Paproski): Before I recognize other Members with petitions I wish to inform the House that because of the ministerial statement Government Orders will be extended by 26 minutes beginning at 1 o'clock p.m. I will recognize the Hon. Member for Mount Royal (Mrs. Finestone), the Hon. Member for Westmorland—Kent (Mr. Robichaud), the Hon. Member for Kamloops—Shuswap (Mr. Riis) and the Hon. Member for Papineau (Mr. Ouellet) on petitions.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I rise once again to present petitions. I profit from the presence of the Minister of Finance (Mr. Wilson) and ask him to listen to the petitioners concerning the tax on reading. I bring to your attention, Sir, that they wish to have this tax removed. They have stated that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and; whereas the tariff has little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture, and whereas rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries—I hope the Minister is listening. The undersigned, your Petitioners, humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

I deposit for your information and for your action, Mr. Speaker, 327 names from Nanaimo and Vancouver, B.C., Sydney and Glace Bay, Nova Scotia, Kincardine, B.C., Ontario, various cities in Manitoba including Winnipeg, Lone Butte, B.C. and other towns and cities in the Vancouver area, Edmonton, Red Deer, Alberta, again Vancouver, B.C., Willowdale, Toronto, more from Toronto and Vancouver, B.C., Burnaby, B.C. These people beg you humbly to press for the removal of the tariff on books, Mr. Speaker.

[*Translation*]

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, I also have the honour of presenting petitions from people living in London, Ontario and in Guelph, Oakville and Mississauga, who wish to express their disapproval of the duty imposed on imports of books in the English language. They feel the duty is entirely unfair and amounts to penalizing the book industry, and they want to see this duty removed as soon as possible.

Mr. Speaker, I also want to point out that the duty was imposed at the same time as an entirely unfair import duty was levied on Christmas trees, and I want to take this opportunity to ask the House, with our petitioners, to have the duty on Christmas trees and books removed as soon as possible.

• (1300)

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my honour and pleasure to present pages and pages of a petition. Noticing my friend from Victoria who keeps an eye on petitions, I will say that not all the pages are full. There are a number of pages with a number of signatures on them reflecting the concern of individuals from various places in western Canada about the Government's plan to change the Patent Act. They believe that this will see a significant increase in prescription drug prices and will restrict the ability of average Canadians to buy necessary prescription drugs.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Hon. André Ouellet (Papineau): Mr. Speaker, I have the honour to present a petition signed by citizens of the Province of Ontario who object to the Government of Canada imposing a tariff on imported books. The petitioners express the view that such a decision by the Conservative Government will limit access of Canadians to literature and information. They call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises cultural industries in respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Hon. André Ouellet (Papineau): Mr. Speaker, I would also present a petition on behalf of citizens of Thunder Bay who complain about the Patent Act amendment proposed by the Government of the day which, according to these citizens, will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on a continuing basis because of the inevitable increasing of drug prices due to the activities of the Government. Therefore, they call upon Parliament to reject these proposals which will undoubtedly increase prescription drug prices for Canadians.

Mr. Les Benjamin (Regina West): Mr. Speaker, I too have the honour and duty of submitting two petitions to the House. The first is a petition with over 200 names to add to the tens of thousands already submitted. This petition is from Canadians who reside in places in Saskatchewan like Estevan, Elfros, Pangman, Prince Albert, Regina, Saskatoon and many other locations in the province. Since the Government's proposed amendments to the Patent Act will unfairly hurt Canadians

whose health needs require the purchase of prescription drugs on an ongoing basis because of higher prices and because the proposals of the federal Government will result in higher costs to provincial government drug plans, the petitioners humbly pray that Parliament reject these proposals which will increase prescription drug prices.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Mr. Speaker, I have a further petition from citizens of Edmonton, Leduc, Beaumont, Jasper and Wetaskiwin. In the opinion of the petitioners, transportation is a natural monopoly without economic regulation and the regulatory reform of the dimensions proposed by the Government in Bill C-18 will create unnecessary chaos in the transportation industry leading to unacceptable reductions in safety standards as well as deterioration in the quality, type and frequency of service. Therefore, the petitioners pray that the House of Commons have Bill C-18 withdrawn and see that the principle of public convenience and necessity remain a fundamental factor in the development of public transportation policy.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): Mr. Speaker, pursuant to Standing Order 106, it is my honour to present a petition which has been approved by the Clerk as being in proper form. It is from a number of citizens of Campbell River and St. Catharines. These Canadians complain that the increase in prescription drug prices that they see being caused by the Government's current legislation which is before the committee will be a severe hardship for many Canadians, particularly elderly ones and those on fixed incomes. The petitioners see this as bringing no benefit to Canada but, rather, bringing benefit to the United States and it is a point lost in the free trade negotiations. Therefore, they call upon Parliament to reject these proposals and thereby avoid an unnecessary increase in drug prices.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Mr. Speaker, it is also my honour to present, under Standing Order 106, a petition from a number of citizens of Cambridge, Guelph and the City of Toronto. These Canadians point out that the low-level flight training of pilots from NATO countries at the Canadian Forces Base at Goose Bay, Labrador, is disrupting the way of life of many native people. Even though it may promise them a few jobs, the petitioners believe that it is more healthy to use the kinds of employment they have been using and can use otherwise, and they point out that the training of these pilots at Goose Bay to fly under radar into eastern Europe is a provocative and aggressive war-fighting action which tends to endanger world peace. Therefore, they ask Parliament to ensure that the Prime Minister (Mr. Mulroney) will bring to an end all low-level flight training at Goose Bay, Canadian Forces Base and cease negotiations with NATO for the establishment of a larger base there.

[*Translation*]

MANAGEMENT AND MEMBERS SERVICES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITEE

Mr. Marcel Prud'homme (Saint-Denis): If the House is agreeable, Mr. Speaker, and I have reasons to believe such is the case, I would move, seconded by the Hon. Member for Simcoe North (Mr. Lewis):

That the First Report of the Standing Committee on Management and Members Services, tabled in the House earlier today, be concurred in.

Mr. Speaker: Does the Hon. Member have the unanimous consent of the House to move this motion?

Some Hon. Members: Agreed.

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

Some Hon. Members: Agreed

Motion agreed to.

* * *

• (1310)

[*English*]

THE BUDGET

DESIGNATION OF ORDER OF THE DAY

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, further to the announcement of the Minister of Finance (Mr. Wilson) I wish to advise that there have been discussions among the Parties. I believe you will find unanimous consent for the introduction and passage of the following motion. I move:

That, notwithstanding any standing or special order of the House, at 4.30 p.m. on Wednesday, February 18, 1987, the Speaker shall interrupt any proceedings then underway and proceed forthwith to the consideration of Ways and Means proceedings No. 10, for the purpose of the Budget statement of the Minister of Finance;

and that the House shall not adjourn until the adjournment of the debate on Ways and Means proceedings No. 10, following which Mr. Speaker shall adjourn the House until the next sitting day.

Motion agreed to.

* * *

[*Translation*]

STARRED QUESTION

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, would you be kind enough to call starred question No. 62?

[*English*]

*RURAL MAIL DELIVERY IN LAUNAY, QUEBEC

Question No. 62—**Mr. St. Julien:**

1. On October 1, 1986, did Canada Post cancel rural mail delivery in concession 4 of the municipality of Launay, in the constituency of Abitibi and, if so, for what reason?

2. Since the route was established and until September 30, 1986, what was the yearly cost of mail delivery?

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): I am pleased to advise the Hon. Member for Abitibi (Mr. St. Julien) as follows:

1. Prior to October 1, 1986, 101 customers were served by the local post office through two different modes: 55 customers directly at the local post office; the remaining 46 customers by a contractor through rural route delivery.

Given the high cost of providing two different methods of delivery to such a small number of customers, a decision was taken to consolidate service to these customers through one delivery method. All Launay Station customers can now access their mail six days per week.

2. At the time the rural route service was consolidated, the service contract cost $5,708, or an average of $124.08 per point of call, compared to the national average cost of $47. In addition, the total number of customers on this rural route was 46, compared to the national average of 225 customers.

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

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Thursday, January 29, 1987, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, when we reached the end of consideration of Government Orders yesterday I was debating the ramifications of Bill C-18. I was particularly concerned about the possible impacts of deregulating transportation in Canada. We will surely see some very serious effects on the competitive situation which the Government claims to be seeking. There will be cut-throat competition which will be responded to by a consolidation of control such as we have already seen in airline passenger service. I also raised concerns about the possible impacts of Bill C-18 on safety in transportation in Canada. I was commenting on that in particular when five o'clock arrived.

In concluding my comments this afternoon I would like to relate a conversation I had with a constituent in late November. This constituent is in the trucking business. We were attending a meeting which focused primarily on the threat to rural mail service due to the Government's plans for Canada Post. This man has been in the trucking business for quite some time. He said that he is not looking forward to the near future in the trucking business as deregulation takes effect. He wonders how long the trucking industry will have to put up with slashed tires and rods through radiators. I asked him if that is the sort of thing which happens when things are really open. He said that before trucking in Ontario was regulated there was all too much of that. He expects it will happen again if the deregulation of trucking is carried through. I asked whether he expected that regulation would be imposed once again and he said of course, that it would be impossible to live with this situation in the trucking industry.

I found that to be a very interesting series of observations. This man is trying to earn a living by providing a vital service, the movement of freight by truck. This man is very much aware of what the impacts of this change by the Government may be.

As others have pointed out, we will shift from concern about public necessity and convenience to a focus on the fitness, willingness, and ability of people to carry on in transportation industries. There will always be people willing to enter the business of trucking. There will always be trucks available at low prices. As businesses fail they will be bought up. Some people live with the excitement and romance of trucking, but the frightful necessity of making a living for those who are unable to get other jobs will always be there. They will be willing, but will they be fit and able to follow through?

In the harsh reality of carrying on in the trucking industry lies the ultimate test of how Bill C-18 will work. I do not know whether members of the Government are content to see railway companies go bankrupt. I do not know whether they are bothered by the fact that scheduled air transportation in this country is already controlled by the two groups of companies. That may not bother them very much. However, when they see people and small businesses in their ridings trying to make a living in the trucking industry labouring under these circumstances, faced with secret agreements and everything else that will be possible under Bill C-18, will they be ready to live with that? I think not. Therefore, I support the motion to send this matter back to the Transport Committee for further study.

Mr. Ouellet: Mr. Speaker, I was interested in the remarks of the Hon. Member with regard to a trucker who seems to be fearful of the consequences of this Conservative legislation. I could echo the remarks of the Hon. Member because a number of people involved in the trucking industry have written to me and met with me in my constituency office to tell me the same

things which the Hon. Member has been told. The direction of the government regulations could create much turmoil and could provoke bankruptcies in the trucking industry.

Has the Hon. Member been able to ascertain to what extent the Government has been consulting the provinces? As he knows, there has been a shared responsibility between the provincial authority and the federal Government in the field of trucking. Recently I read a statement by the Minister of Transport in the Province of Quebec who was vehemently opposed to the Government going ahead with deregulation prior to an agreement among provinces and the federal Government in this area.

• (1320)

It seems to me that there have been some consultations between the Ministers of Transport of the federal Government and the provinces, but there certainly has been no agreement. I am surprised that the Government is anxious to speed up this deregulation process prior to any type of appropriate agreement being signed by the provincial authorities and the federal Government. Does the Hon. Member have any views in this regard, or any information that he could give to the House?

Mr. Epp (Thunder Bay-Nipigon): Mr. Speaker, I thank the Member for his very good question because it directly involves the motion we are debating to send this matter back to the Standing Committee. He stated that the Minister of Transport in Quebec has expressed concern about the Government's proposition.

I have a letter dated August 8, 1986 from the Minister of Highways and Transportation in the Province of Manitoba to the Minister of Transport (Mr. Crosbie). He expresses concern about the Memorandum of Understanding on the reform of extra provincial trucking regulations which had been debated between the federal and provincial Ministers in February, 1985. He indicates that a number of points in the memorandum had not been acted upon properly and that this Bill has changed criteria without the provincial Ministers having an opportunity to consider this carefully.

His first point, which is quite lengthy, focuses on the expectation of complete deregulation on January 1, 1991, and the lack of appropriate review prior to this deregulation. He makes a number of points about the dangers that should be carefully considered before any such plan is carried through.

In another point he focuses on the matter of fitness, to which I alluded in the last part of my comments. Again, he indicates the concern of the Province of Manitoba about the federal Government's action to press this matter through.

Therefore, we have very real evidence from a couple of provinces that provincial Governments are not in support of the Government's action. Clearly that is an argument for sending the matter back to the Standing Committee on Transport for much more study, as the amendment proposes.

Mr. Kilgour: Mr. Speaker, I believe the Hon. Member reflects the position of his Party on a number of issues. One of the New Democratic positions on this Bill is that rail tariffs would increase rather than decrease as a result of this legislation. In fact, between 1980 and 1984 average Canadian rail rates rose at double the average U.S. rates.

With respect to the question of cross-subsidization in air, the Member's Party indicated that a policy of hidden subsidies was better than explicit, direct subsidies. They state that the Bill produces more government subsidies rather than the current cross subsidization. The NDP is essentially saying that service to outlying regions should continue to include large planes rather than the smaller planes such as the DASH-8. Does the New Democratic Party support indirect subsidies? We believe that we should ensure that the costs are known and that the best possible service for a particular route is in place, such as in the Maritimes where there are turbo-props that are increasing service to that region.

The Hon. Member talked about trucking. Prior to this proposed legislation there were about 2,000 U.S. carriers operating in Canada. Current legislation has hardly kept U.S. carriers out.

Is the Hon. Member aware that Canadian railways own five railways in the United States and transfer millions of dollars in business to them, and that 1,000 Canadian trucking companies are operating in the United States now?

The Acting Speaker (Mr. Paproski): Order. I will let the Hon. Member comment in regard to the question put by the Parliamentary Secretary. We have already exceeded our time.

Mr. Epp (Thunder Bay—Nipigon): Thank you, Mr. Speaker. With the indulgence of the House, perhaps I could take a couple of minutes and conclude my ten minutes for comment. Perhaps the Hon. Member's comments relate to what others have said, because I did not find them particularly germane to my speech.

I am much more concerned about declining revenues for operators in all the various transportation industries than about the cut-throat competitive regime which is likely to result from the application of Bill C-18 and other proposals of the Government. That declining revenue will have serious consequences for shareholders and frightful consequences for their employees as the companies negotiate viciously with them in an attempt to reduce costs. It will have long-term consequences on the ability of companies to maintain their equipment and buy new equipment. Those are the dangers which I fear.

The Hon. Member commented on local air service, which I did not talk about at all. I sugggest that we have been served very well by the existing provisions which focus on public necessity and convenience as a basis for allowing cross-subsidization so that those who operate on lucrative routes have a basis for providing service to other communities where there is much less profitable business. In northern Ontario we

are already the victims of Air Canada's anticipation of this deregulation. In Sault Ste. Marie, for example, Air Canada's service has dropped to a lesser quality, although I am not maligning our DASH aircraft and their quality of service. However, it is frequently slower and there are no reasons to be very happy about what will happen under the: "fit, willing and able" provisions. Thank you for your indulgence, Mr. Speaker.

The Acting Speaker (Mr. Paproski): It being 1.28 p.m., I do now leave the Chair until two o'clock this day.

At 1.28 p.m. the House took recess.

AFTER RECESS

[*English*]

The House resumed at 2 p.m.

Mr. Dennis H. Cochrane (Moncton): Mr. Speaker, it is my privilege today to speak on Bill C-18, an Act respecting national transportation with regard to reregulation of the transport industry in Canada. I speak on this subject with a little background, first as an Atlantic Canadian Member of Parliament, and second, as a member of a Standing Committee on Transport.

In my role as a member of that Committee I had an opportunity to take part in the hearings which were conducted across Canada on the *Freedom to Move* Paper. In addition, I had a chance to visit northern Canada and conduct hearings with regard to the *Freedom to Move* Paper and the possible effects of reregulation on the northern part of our country. I also had the opportunity of being sent by the Centre for Legislative Exchange to Washington in order to take a first-hand look at the American experience with regard to deregulation and the ramifications of that action in the United States.

I will attempt today to address the topic from four main points of view; safety, regional development, competition and airline service. Concern has been expressed that the reform of economic regulation will negatively effect transportation safety, that somehow the Government will slacken its resolve to protect the safety of the travelling public. Nothing could be further from the truth. The Minister of Transport (Mr. Crosbie) has stated that safety is, and will continue to be, his first priority. That commitment is stated under "National Transportation Policy", Clause 3, and that commitment is restated day-by-day in the operation of the Government.

Transportation safety will never be compromised by this Government. Canadians should and will enjoy the peace of mind which comes from knowing that the Canadian transportation system is one of the safest in the world, and that we are continually striving to improve our safety programs. Everything humanly possible is being done to guarantee the safety of passenger travel and of freight transportation. Suggestions that the National Transportation Act will jeopardize aviation safety are totally without foundation. The airline industry has always had safety as a top priority. The Government's regulation and enforcement of safety will ensure that it remains that way.

Anticipating that new carriers will enter the industry, the Government's training, inspection and enforcement programs have been beefed up to respond to this increased activity. The Government's commitment to safety is evident from a variety of initiatives now underway. The Aeronautics Act was amended in 1985. It covers all aviation from weekend pilots to the nation's airlines. The law has been strengthened in the area of airport security, records of pilots and engineers, owner and operator insurance, air worthiness of the equipment, air traffic services and navigational aids, as well as medical records for those holding licences. There are strengthening provisions for penalizing offenders.

In addition, the Government has set up a civil aviation tribunal to hear and determine appeals from administrative decisions quickly and fairly. However, rules and regulations are not enough. Qualified people are needed to enforce them. In spite of over-all Government budgetary constraints, more than 100 additional safety personnel are being put into place across Canada. They will work in aviation, in transportation of dangerous goods, in shipping and in other areas of transportation. Canadian safety standards are high. We have a strong regulatory regime. We have the right people to be aware and fully understand safety requirements.

We have as well a safety infrastructure to keep our ships, railways and aircraft safe. For example, radar is essential to safe air navigation, and radar systems have undergone radical changes during recent years. Canada must keep up with these technological changes and we are doing so. The Government is funding more than $800 million towards an airport radar modernization plan which covers Canada from coast to coast. This will improve safety, convenience and efficiency.

Canada's aviation safety record is outstanding. Our major carriers are in the top range of more than 120 international carriers with enviable safety records. This has steadily improved over the past 20 years. Those who say economic regulation reform and improved safety performance do not mix, can look to the example of the United States. Its regulatory reform was somewhat different but the example bears noting nonetheless.

In the United States, the safety record of the commercial airline industry has improved since it deregulated its industry in 1978. Meanwhile, the number of American carriers has grown from 38 to more than 225. In fact when we had an opportunity to visit Washington and discuss these statistics it was indicated that from the time deregulation began in the United States, when there were approximately 200 million people using the air transportation system, the number grew to over 400 million passengers being conveyed on the nation's carriers in 1983 and 1984. That volume alone would put extra pressure upon the system, but it still responded. An excellent air safety record is still being enjoyed in spite of some of the

major situations that have been given so much media attention.

• (1410)

The Government also has important safety responsibilities in other modes of transport. The Canada Shipping Act amendments which will improve marine safety will be brought back very shortly before the House. A uniform national safety code for trucking was approved by the federal and provincial Governments in October. A new railway safety Bill is being developed. Other safety initiatives in the transportation of dangerous goods and in highway programs are being introduced under current safety legislation. Canadians have better service at better prices with the same or greater levels of safety, along with the passing of the National Transportation Act. The Government has not, nor will it ever, compromise safety in any manner or through any legislation.

Another area that has received a fair amount of attention involves regional economic development. I am pleased that the Government understands that an efficient transportation system is needed for enduring regional economic development. The National Transportation Act policy states for the first time—and I emphasize for the first time in legislation—that transportation is a key to regional development. First and foremost the new legislation is directed toward reducing burdensome regulation. This will stimulate competition and create a more dynamic and innovative transportation system. The result will be the best service at the best possible price. That will benefit all regions. Jobs will be created and maintained in all industries in which competitive transportation services are critical to meeting competition, especially foreign competition.

However, that does not mean that the federal Government is insensitive to the special needs for certain transportation services in Canada's regions. The federal Government remains strongly committed to the principles of economic development agreed to by the First Ministers in February of 1985. Those principles reflect arguments made by the provincial Premiers, particularly those from Atlantic Canada, principles which guide all the Government's policies.

The Atlantic Canadian Premiers made a very strong point, not only to the Minister but also to the Standing Committee on Transport, that we must recognize in this legislation that transportation is a key to regional development. This is the very first time that legislation which recognizes that transportation is a key to regional development has been introduced.

Federal transportation programs will continue to benefit Canada's regions. The Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act benefit Atlantic Canada with more than $75 million a year being paid by the federal Government to subsidize transportation costs relevant to Atlantic Canada. The western grain transportation legislation provides transportation assistance exceeding $600 million a year. Furthermore, the federal-provincial co-operation that now exists through transportation ERDAs continues, and will continue, to develop the transportation system in various parts of the country, particularly Atlantic Canada. None of these programs will be affected by the new National Transportation Act, contrary to some of the impressions given by other Members of the House who do not support the progressive legislation put forward in Bill C-18.

I remind all Members that what is needed today to achieve real progress in regional economic development is comprehensive planning and local initiative. Laying rail into remote areas is no longer sufficient to generate permanent and viable jobs. People and their skills, natural advantages and services must all be taken into account. Fortunately, the Government has understood these fundamental facts of life and is acting accordingly.

Co-operation in setting priorities and planning in a comprehensive way is being pursued through the ERDA mechanism and regular meetings of the First Ministers, such as the one held in Vancouver last November. Local input and initiative are being pursued through new approaches, typified by the Atlantic Canada Opportunities Agency which the Prime Minister (Mr. Mulroney) announced in the last Speech from the Throne and which is currently being put in place to provide some economic opportunities for Atlantic Canada.

As well, the Minister of Transport and the Government have listened and responded to the special transportation needs of northern Canada. In the northern areas of five provinces and the whole of the two territories the new legislation introduces some additional competition but maintains strong safeguards to protect absolutely essential air services and community resupply. In line with the Government emphasis on greater fiscal accountability, transportation assistance directed to regions will be open and above board, not hidden beneath a veil of regulatory decisions. This is the approach of the new National Transportation Act.

Sensitivity to local concerns is reflected in the rail provisions of the NTA. Important benefits are provided to captive shippers. This is particularly important for shippers in Atlantic Canada and in the West, particularly those involved in the resource industry. For the first time the Minister of Transport will be authorized to provide financial support for alternative transportation services to replace rail branch lines that are no longer viable. The new NTA will allow the Government to spend smarter on branch lines. One of the statistics that Canadian National keeps emphasizing to members of Parliamnt is that 33 per cent of its rail trackage in this country generates only 1 per cent of the revenue that that firm takes in. The changes being provided for in the NTA will enable the Minister for the first time to provide some direct financial assistance to enable the railways to look at the best way of providing a service, particularly to those we call captive shippers.

I believe that the Government has shown flexibility and sensitivity in proceeding with this reform of economic regulation. The interests of Canadians of every region will be better served by this balanced set of regulatory reforms.

Concerns have been raised that the legislation provides non-reciprocal access and advantage to U.S. railways in Canada, thereby betraying our independence and, as yelled by the Opposition regularly, a sell-out of our nation. This legislation is not designed to provide U.S. carriers access to Canadian markets but, rather, to resolve the all-pervasive transportation dilemma that has faced Canadian captive shippers for years. This legislation provides these shippers with a choice of competitive routings for the first time. Those shippers need competition to get the best service at the best price. They need that service and price to meet the rigours of international competition. Business people across Canada have told us that they want to finally throw off the burden of being captive to one railway. The core of this issue is that new regulatory provisions will allow competitive forces to be introduced into captive markets. There will be competition where there was none before.

An equitable balance in negotiating rates will be introduced between captive shippers and carriers, something that is absent from the present National Transportation Act. Canadian railways will be forced to compete for the first time for the traffic of captive shippers. I believe they are fully capable of meeting this challenge.

In addition, the Bill contains specific provisions to protect against diversion of Canadian traffic where there exists competitive domestic routes. As far as the lack of access by Canadian railways to U.S. markets goes, nothing could be further from the truth. We still tend to perceive CN and CP as purely Canadian railroads. Because of this their activity in the United States is usually overlooked. In 1984 the combined operations of CN and CP's U.S. subsidiaries would have ranked as the seventh-largest U.S. railroad.

These operations provide Canadian railways with wide access to U.S. markets. Joint traffic agreements with other U.S. railways extend this capability from coast to coast. Both Canadian railways have demonstrated the ability to compete effectively in highly competitive U.S. transportation markets. There is no reason why CN and CP cannot compete just as effectively for Canadian traffic and thereby retain existing market share and possibly regain market share that has been lost in the past.

Another area that I want to address myself to quickly involves the aspect of air service and air service levels. For two years Canadians have received some of the benefits of regulatory reform of air transport implemented on a makeshift basis. Now the Government is placing the freedom to compete in air services on a permanent footing. Opponents of these reforms say that our smaller communities will be cut off from essential services because of the new legislation. That is plain old scare tactics, for which they have become well known.

• (1420)

What is happening in advance of legislation is that air services are balancing out as new opportunities present themselves in different regions. For example, in Atlantic Canada in my City of Moncton, there is now a greater system of air service than there has been at any time in the past. There has been the entrance of two or three new airlines into the market, which are providing improved service to people who at one time were discouraged, particularly in their attempt to go east from Moncton by air. There is a now a renewed faith in these companies and the service that they are providing, and a larger number of people are now using the air services offered by the old air carriers, as well as the new companies that have become involved.

In western Canada when Canadian Pacific Airlines, Air Canada, and Pacific Western reduced or withdrew their jet services in the Vancouver-Victoria market, Air B.C., Time Air, and others, introduced new or increased turbo-prop services into this market. In August, 1983 the market was served by four jet carriers which provided nine jet flights a day, as well as five non-jet flights. Within two years this has increased to seven carriers offering 63 flights daily in that area. The flying time between Vancouver and Victoria by jet was 28 minutes. Today it takes 25 minutes in the Canadian-made de Havilland Dash-8. Realistically, the longer the flight distance between destinations, the faster a jet will cover the distance. A difference of five or ten minutes additional flying time will not turn people away from flying, especially if departure times and connections are more convenient and available to jet services in distant destinations.

In the far north air service is absolutely essential to many communities. In many cases the economics of providing needed services are fragile. Northern air service is a special case for economic regulatory reform, and the NTA addresses itself to that issue.

Over-all the NTA is a balanced package to provide better and more efficient transportation services throughout Canada.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I have a question for the Hon. Member who has just expressed his views on the Bill, a Member who sits on the Standing Committee on Transport and who, with his colleagues, studied the draft paper tabled by the former Minister of Transport and entitled *Freedom to Move*. He knows full well that practically all witnesses who appeared at the public hearings of this parliamentary committee were opposed to the Conservative Government's far-reaching deregulation project, and I fail to understand how the Hon. Member can possibly claim in a terse statement that the National Transportation Act introduced by the present Minister of Transport (Mr. Crosbie) will solve the problem of air transport in the remote regions of the country.

For starters, he would know that the parliamentary committee Members did not travel to the remote regions of the country, therefore they did not gather on the spot the many representations which might have been made to Hon. Members. We did get these representations through the mail and they are against the Bill as drafted. Government decisions with respect to deregulation in Canada's frontier regions will

inevitably lead to reduced services or even, in some cases, outright cancellation of existing services in such regions. Yet nowhere in this Bill is there any reference to guaranteed services in remote regions.

Unless I am mistaken, the Hon. Member did say earlier that the proposed legislation deals with such cases. I would ask him to tell me which clause, which line and which page of the Bill contains this guarantee with respect to the maintenance of existing services in remote regions. If the guarantee does exist, where is it? I wish he would tell me which clause of the Bill refers to this.

[*English*]

Mr. Cochrane: Before I comment on the service provided to the North, the Transport Committee did visit northern Canada and conducted a series of hearings. I will not address myself to the numbers and the Members who were present, but those who were there know where we were. We visited a number of places in northern Canada. If the Hon. Member suggests that these places are not remote, I suggest that we have greater problems than transportation. We visited Resolute, Rankin Inlet, Churchill, Inuvik, Yellowknife, and Whitehorse. We had a chance to talk to the people and hear what they were saying about the industry. They had some fears and apprehension, and that is understandable. But they felt that they had a hearing. When we returned we put some of that information that we had heard into that draft legislation in our response to the *Freedom to Move*.

Mr. Benjamin: Where?

Mr. Cochrane: We also indicated that there is a concern. For the first time the Minister will have the opportunity to make sure that, if an airline decides to leave a certain location, it has to give notice of the period of time that it is going to vacate. That gives the Minister an opportunity to call for proposals. It also gives him an opportunity, if necessary, to subsidize someone who responds to that proposal call. In this manner, we can guarantee that there will be a service provided. That mechanism will exist. It may not provide existing carriers, it may not guarantee jet service, but nevertheless there is a process there to make sure that we are to provide a level of air service to some of the remote areas in this country that need that air service for the transportation needs of the people, and for the issues of re-supply as it relates to northern Canada.

Mr. Benjamin: I listened with care to the Hon. Member for Moncton (Mr. Cochrane). Early in his remarks he talked about the United States' experience on safety and the volume of traffic. I will provide my hon. friend with a copy of the article from *Time* Magazine which is entitled: "Be careful out there," and the article from *Business Week* on deregulation in the United States. As I am sure you are aware, Mr. Speaker, these are not NDP documents or publications.

In discussing the trucking business the article in *Business Week* states:

> There's no question the big guys are getting bigger and the bottom end is getting squeezed.

In discussing the airlines it states:

> The six largest carriers control 84 per cent of the market—

Prior to that the article states:

> The dimensions of the concentration trend are disquieting.

In regard to railroads it states that mergers have reduced the ranks to six large carriers. The Canadian railway industry ranks number seven in the United States. That means it is the little guy, the small end of the ranks. Those six control 93 per cent of the traffic through mergers, takeovers, and bankruptcies. The articles also discuss safety in the airlines, the railroads, and the trucking companies in the United States. The Hon. Member mentioned Members having been in Washington. I wish to remind the House that that was over two years ago, and it has worsened. I also wish to remind my hon. friend that even then it was admitted that they were desperately short of air traffic controllers and inspectors in all modes of transportation. They are just going through the motions and in *Time* Magazine they are saying, "Be careful out there."

For one, the Canadian Truckers' Association is asking that all the legislation concerning safety in the trucking industry, railroads, marine, and airlines be put in place.

• (1430)

The safety boards proposed by the Government should be put in place. The multimodal accident investigation board should be put in place. All these things should be done before this legislation is proceeded with. If the Government means what it says about inspection, safety, and security, would the Hon. Member not agree that those things should be in place before starting to deregulate all modes of transportation?

Mr. Cochrane: Mr. Speaker, it seems to me that Hon. Members opposite have a hard time remembering where they have been and when they were there. I believe the Hon. Member attended the sessions which I attended in Washington just a year ago, not two years ago.

Mr. Benjamin: It was more than that.

Mr. Cochrane: I think the record will show that I am correct. Nonetheless, we had first-hand exposure to the American industry. When we talk about the safety aspect, we saw two things happening in the United States which have not and will not happen in Canada associated with the NTA. First, the FAA and its director made very clear to us that they had taken a serious cut in the number of people assigned to policing the safety aspects of their industry. That is not happening in Canada. In fact, as I pointed out today, we have added 100 people to our roles.

Mr. Benjamin: You need 300 more.

Mr. Cochrane: We have added 100 people at a time when we have attempted to restrain our budget. We recognized that priority and added 100 people.

In addition, in the United States there was a major dispute with air traffic controllers. Everyone knows what the President did with regard to the air traffic control situation. Everyone knows how unfortunate it was, not only for the workers but for the people using the industry. That is not happening in Canada. We have an excellent air traffic control system. We are spending $600 million to upgrade our radar system. We are adding people to our air traffic control system. We are ensuring that the regulation will be accompanied by a uniform system to guarantee improvement in the materials, facilities, and qualifications of the people assigned to those tasks.

The American example does not relate to the Canadian situation. We are involved in an orderly and progressive deregulation of the transportation industry, consulting with the people, the provinces, the shippers, and the employees to ensure that our record in Canada will stand. We are doing it progressively with a very comprehensive plan.

Mr. Ouellet: Mr. Speaker, I have a short question for the Hon. Member. Earlier I asked him to indicate which clause of the Bill deals with a guarantee of continued service in remote areas of the country. He might sound very convincing and strong in his answer, but in reality he did not answer. He gave a long explanation because he knows very well that there is no clause in the legislation which assures continued service in remote areas. It is open season. A company could come in, start to give service, cream the market in the good season, stop operating, and leave the region without any service at all. It will be total chaos unless there are agencies like the CTC to continue to ensure services in these areas. The Government has totally abdicated its responsibility *vis-à-vis* remote areas of the country. Again I ask the Hon. Member to tell us where in the legislation there is a guarantee.

The Acting Speaker (Mr. Paproski): The Hon. Member for Moncton (Mr. Cochrane) on a succinct rebuttal, please.

Mr. Cochrane: Mr. Speaker, because I do not have a copy of Bill C-18 with me, I am not able to give the Hon. Member the exact chapter. Nonetheless, we recognized that concern when we went into northern Canada. There was an expression of that concern, not only by the people but by the companies providing the service.

There is a process by which the Minister can intervene and give a 90-day notice with regard to service, so basically that should take an area through the winter period. Then the Minister can call for a proposal and not allow the carrier to leave the market until he is convinced that there is a solution. Then he can provide for a supplementary program from the Government in order to subsidize the operation into the particular area.

We feel that process may not even be necessary because companies are operating more efficiently. I think they are enjoying greater respectability as far as the population is concerned. As they build their credibility and reliability, people will rely on them, and I do not think they will encounter economic difficulties in the northern areas.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I am pleased to have an opportunity to speak to Bill C-18, an Act respecting national transportation. The Bill will have a major effect upon the manner in which goods and passengers are moved by ship, by rail, by airline and through extraprovincial trucking firms which will be allowed to conduct business under the new rules. Everything from foreign ownership of our transportation sector to safety standards and profit margins will be affected by the measures contained in the Bill.

If we were examining a Bill for deregulation which had been put together in an orderly, thoughtful, and careful way, with protection for our Canadian industries, I believe we on this side of the House would be strongly supporting it. However, this is not the case. What we have here—

The Acting Speaker (Mr. Paproski): Order, please. If Hon. Members would like to discuss the particular Bill behind the curtains, I would appreciate it very much. I would like to listen to the Hon. Member for Mount Royal (Mrs. Finestone).

Mrs. Finestone: We may share differing points of view but at least we can have the respect to listen.

As I was saying, the idea has good potential and we find the idea acceptable. It is the procedure, the manner, the lack of thoroughness, and the concerns we have which lead us to ask that the Bill go back for reconsideration.

If we take a look at the Bill, we see that what we have is the giving up of a free trade negotiating card. We are jeopardizing our own Canadian markets and our own Canadian jobs. We will really be setting up a unilateral free trade situation with no reciprocal rights. It is absolutely disgraceful.

We have just gone through the whole business of books, drugs, trees, shakes and shingles, softwood lumber, and now we are putting trucking, shipping, and railway lines into jeopardy, and we are not even using it as a bargaining chip. I do not know what is wrong with the planning of the Government, but it is certainly not thinking very far ahead.

I would like to direct my remarks to particular sectors of the transportation industry which will be impacted should our transportation industry be deregulated in the manner outlined and proposed in the Bill. I would like to recommend strongly, at the end of my remarks, that the regulatory framework and the interprovincial agreements need further study, and should be studied, and that the whole matter go back to committee. They should come back with an amended Bill, something of which all Canadians can be proud, safe, and assured.

Let us take a look at the airline industry. The Government spoke of its grandiose plans. I listened to my hon. colleague talk about *la situation dans les endroits éloignés*. I think there is great cause for concern. When we look at those plans, they

often speak in terms of the large corporations involved. We must not for one moment neglect employees in the industry who will be affected if Bill C-18 is passed in its current form.

For example, employees in the airline industry could face large lay-offs and displacement from deregulation. When I make this statement I draw upon the U.S. experience where deregulation was introduced in 1978. It is reported that from 1978 to 1985 approximately 40,000 airline employees lost their jobs. The evidence is there in black and white. This is not fearmongering, this is a reality. Those large lay-offs were as a result of deregulation.

In Bill C-18 we fail to protect the employees of Canada's airline industry. The Bill will not even require airline companies to compensate displaced workers or to give fair warning before lay-off. I do not think that is what Canadians want, and I do not think that is what the Government should be allowed to do.

Mr. Roy Rideout, Vice-President of Canadian Pacific Airlines, has been quoted in the press as saying that Canadians have unrealistic expectations from the Government's plan to deregulate the airline industry. He indicated that these expectations were fuelled by the release of a White Paper entitled *Freedom to Move* in July 1985 by the former Minister of Transport.

• (1440)

The recommendations set forth in that White Paper have been largely incorporated into Bill C-18. In the course of the past year, the Government has been promoting its *Freedom to Move* deregulation package by telling Canadians that air fares on Canadian airlines would drop as a result of deregulation. It is difficult to see how air fares will drop when airlines are currently making only very small profits, if any. Prices will only fall in the longer term if there are cuts in the costs of productivity or other overhead expenses. The increased competition which is predicted by the supporters of this Bill could very well lead to a movement toward a "no frills" strategy where safety could easily be compromised.

This brings me to the subject of safety, Mr. Speaker, which is of the utmost importance to all of us, the safety of airline passengers in a deregulated environment. A recent headline in *La Presse* reads:

[*Translation*]

More aircraft accidents with deregulation—We can expect the number of plane accidents in Canada to increase, as a result of deregulation and the increased activity in this sector—

et cetera, et cetera.

[*English*]

Looking at one week's worth of press clippings on this subject, you will find that all of them have pointed out the dangers and concerns of deregulation. For instance, we have the headline "Deregulation will hurt us, CP Rail says". Provincial Governments and their experts are very concerned. Industry officials fear that deregulation plans will run Canadian truckers off the road. If this is a Government that is open, listening and busy consulting, it ought to read the newspapers a little more carefully and it should open its ears and listen to what the people are saying rather than going pell-mell from an ideological perspective into deregulation without enough forethought.

With respect to safety considerations to which I was referring, we regret that the legislation contains no safeguards preventing situations that would effectively reduce safety standards in the airline industry. The American experience has shown us that this is a real danger.

Our position is based on four observations. First, deregulation brings on a substantial increase in competition, which in lean and more difficult times leads to few remaining options in cost-cutting strategies. At these stressful periods, a lesser managerial integrity will lead to cost cutting in maintenance, monitoring, inspection and verification of aircraft, perhaps not in our largest and major airline carriers but certainly in the smaller ones. That is of serious concern. Second, deregulation strongly encourages new entries into the market by relaxing the regulations for entry. These new companies often enter with inexperienced and improperly trained employees to maintain aircraft. Third, deregulation impacts on established and new carriers to demand concessions from their employees. These often lead to longer working hours, stress, job insecurity, lower wages and fatigue, all of which contribute to a higher risk of human error. Fourth, in the United States the Federal Aviation Administration, the FAA, in 1979 had 2,000 inspectors monitoring 237 air carriers. In 1984, it had 1,300 inspectors for 407 air carriers. If we are to maintain and improve safety with respect to availability of inspectors, at least that particular point would not be of ongoing concern. We believe that these four situations speak for themselves.

There is no possible way that these direct consequences of deregulation can increase safety standards. They can only act to decrease them. We recommend that before deregulation is allowed to flourish fully in Canada that the federal Government introduce the necessary amendments and measures to protect the traveller from these potentially serious dangers. To compound the problem even more, in his report to the House of Commons for the fiscal year ending March 31, 1985, Auditor General Kenneth Dye stated:

—none of the Transport Canada regions was able to inspect all carriers in its jurisdiction at least once a year.

That means several air carriers in Canada that year went without any inspection whatever. These are not what we call high safety standards, and by no means should deregulation be introduced until strict and unequivocal safety measures are put in place. Any policy which in any minute way puts in peril the safety of the airline travellers in Canada will be vehemently opposed by the Liberal Party in Canada.

One thing that struck me particularly, having spent so many months on the parliamentary committee on equality rights and travelling across this land, listening to the plight of the handicapped in our society, was the lack of any kind of

consideration for the accessibility, comfort and safety needs of the handicapped on all types of transportation. I could recount chapter and verse, but I will not go into the details at this time. Let me assure you, Sir, that handicapped people do not have easy access to our planes, trains and buses, something which should be looked at in keeping with the spirit of Section 15, the equality section of our new charter. I believe, and I would hope that having brought this to the attention of the Government, that when this Bill goes for study a proper amendment will be made to this Bill.

With respect to the trucking industry, Mr. Speaker, it is very important to the City of Montreal, as you well know. It is a major transportation centre and it needs to use the trucking industry. It is of considerable concern to me that the federal Government's plan to deregulate the Canadian trucking industry is fraught with many difficulties. A number of trucking firms in Canada have expressed concern that they will be run off the road by U.S. based haulers if this Bill is adopted. Unless deregulation comes gradually, giant U.S. trucking firms could squeeze out Canadian truckers and take over segments of the Canadian market. While listening to my colleague across the way, I was thumbing through a number of press clippings. I came across one observation which really worries me, and I hope it will be taken into consideration. Under the title of "Truckers Warn Province Loser in Deregulation", we find:

> Domestic truckers will be run off the road by U.S. based haulers if a proposed transport deregulation package is adopted by federal and provincial Governments.

It talks about the access which foreign truckers have to our industry through our roads. *The Ottawa Citizen* reported Ken Maclaren, executive director of the Canadian Trucking Association, as saying:

> Its like letting Attila the Hun and Genghis Khan loose.

If we are going to allow the U.S. trucking industry access to our routes and the right to come approximately 50 miles into our territory, what are we doing so that our trucks can have similar access and fair play on the American side? That is something we must look at very carefully. Certain segments of the trucking industry in Canada are already ailing. Therefore, deregulation comes at the wrong time since carriers are operating under reduced profit margins.

Consider, for example, the problems of many of the trucking firms which have been quoted in these articles. In order to prepare for the changes which will be brought about by deregulation, trucking firms are already scrambling into mergers and acquisitions. In the past year, Reimer Express bought the trucking firm called Inter City. The Brazeau transport group of Montreal bought three Quebec based regional carriers. Canadian Motorways Limited of Winnipeg acquired Direct Transportation System of Toronto. It seems that Canadian truckers are receiving the message that to prosper under deregulation and to compete with the U.S. fleets they must be large operators. The federal Government seems to feel that large, big, equals beautiful and is largely unconcerned about the corporate concentration which will result.

I have a letter from Jacques Alary, the Executive Vice-President of Association du Cammionage du Quebec Inc. He writes of some very serious concerns which I would like to bring to your attention, Mr. Speaker, and I hope that you will give them very serious consideration.

[*Translation*]

Dean Madam:

> On October 2 last year, a meeting was held in Toronto by the federal Minister of Transport, John Crosbie, and his provincial counterparts.
>
> The purpose of this meeting was to decide on the future of regulation of the transportation industry.
>
> Our provincial Minister of Transport, Mr. Marc-Yvan Côté, supported the approach suggested by the ACQ.
>
> It proposes no deregulation without first providing for a comprehensive framework, as follows:
>
> 1. a uniform transport safety code that is both enforced and enforceable;
>
> 2. a skills test;
>
> 4. a formula for amortizing the present value of transport licences;
>
> 5. special attention to market takeovers through price discrimination.

It will kill competition and cause some concentration.

And he goes on:

> Our provincial Minister, Mr. Marc-Yvan Côté, who defended this position at the meeting, received only partial support from the Ministers from Ontario and Manitoba—

—which means there was no consensus between the various provincial Ministers, because to achieve a consensus, there must be mutual support. In concluding he says:

> We ask you to urge the Prime Minister, Mr. Brian Mulroney, to refuse to consider the Bill to amend the Transport Act as proposed by the Minister of Transport, Mr. John Crosbie, until a consensus has been reached among the various parties concerned, including the trucking industry.
>
> You will realize that the trucking industry cannot bear an increase of its social and fiscal charges on the one hand, and on the other a deregulation of the freight transportation industry; the fierce competition which would result would destabilize the effectiveness of the industry and jeopardize the proper servicing of various Quebec regions.
>
> Our industry will not be able to fight off the competition from American truckers who will easily operate along all the lucrative transportation corridors originating from our major urban centres situated only a few kilometers away from their border.
>
> "My government will again be placing before Parliament measures to give Canadians a more efficient, competitive and safe transport system by relieving the burden of unnecessary regulations in the transportation sector."

That was in Brian Mulroney's Speech from the Throne. And he requests that we reconsider this matter.

• (1450)

[*English*]

I know my time is running short, but I want to address the issue of foreign ownership as the Bill contains no provisions setting limitations on foreign takeovers of Canadian transport companies. The few guidelines that exist are that all mergers and takeovers over $20 million and over 10 per cent of the voting shares of a Canadian transportation firm will be

reviewed by the Governor in Council, and that all those below these ceilings will be reviewed by the normal Investment Canada procedure. I believe that is something we should all fear.

I recently received a letter from and had interviews with people from CP Rail, a Mr. Richard Bell and a Mr. Jacques Côté they expressed very serious concerns about CP and CN. Given the time, I would simply say that the management feels we must send this Bill back because there is the potential for a loss of jobs and the loss of contracts to our own Canadian competition. The inevitable conclusion is that there will be very serious suffering for workers.

These workers feel that they are facing extremely unfair American competition. They feel that Bill C-18 would place the integrity of Canada's railway system at risk and that there is no provision in U.S. law that would similarly require American railways to expose their traffic to competition from Canada. We are looking at unfair competition from the American side. I hope we will give this Bill very serious consideration by sending it back to committee.

Mr. Kilgour: Mr. Speaker, the Hon. Member for Mount Royal (Mrs. Finestone) has raised a number of points. Her question about the disabled community is well worth answering. I actually worked on the committee which reviewed the human rights legislation a number of years ago.

Mrs. Finestone: One year, that's all. April 17.

Mr. Kilgour: It seems to me that we worked on it earlier as well. The simple answer is that when this measure is passed, it will be subject to human rights legislation. The disabled community will have all of the rights with respect to access and so on that have been built into the human rights legislation which I support fully, as does the Hon. Member. The Minister of Transport (Mr. Crosbie) has an advisory group on the development of access standards, and these will, I hope, quickly become part of the human rights legislation which will be enforced in the Act.

Regarding the question of safety, Members of the Hon. Member's Party have quoted the Auditor General's report for 1985, noting that Transport Canada was unable to inspect 100 per cent of Canada's air carriers at least once a year. The Auditor General's observation was a fact, although he did not conclude that this was inadequate. One hundred per cent inspection remains a goal, but the primary concern today is to conduct more frequent and intensive inspections of high risk activities and carriers. The number of air carrier inspector positions has been increased by 31 per cent over 1984-85, and steps have been taken to improve the effectiveness of inspection staff.

Please remember, Mr. Speaker, that Transport Canada has 13,000 men and women working on safety every day of every year. The Department's expenditures in that area will be about $1.2 billion this year. The highest priority is being given to safety. The Hon. Member raised a number of other points but I think I should leave time for her if she wishes to reply.

Mrs. Finestone: Mr. Speaker, I have a real deep and abiding concern over safety. It is not a partisan concern, because either the Hon. Member or I could be on an aircraft. A recent study indicates that we require a minimum of 300 new inspectors if we are to at least maintain a decent safety record. When will we see these 300 people hired to do a task that must be done?

I am pleased to hear that my colleague has been studying the issue of the handicapped. I am glad to know that there might be some consideration given to that. However, as the saying goes, I'm from Missouri—show me. I would like to know in what clause of the Bill are these provisions and what kind of measures are being taken. I do not simply want goodwill, I want to know where it is written.

[*Translation*]

Mr. Ouellet: First of all, Mr. Speaker, I should like to congragulate the Hon. Member for Mount Royal (Mrs. Finestone) for her excellent speech, especially that part which she developed about the Government's complete lack of a coherent policy for the Canadianization of the transportation industry. It is clear that the major transportation companies in Canada have traditionally always been Canadian. As a matter of fact, Canada has greatly progressed because of the Canadian Pacific and Canadian National Railways, both having contributed to the tremendous development of our country. When we read this Bill and hear the interpretations and remarks from the officials of both these major companies, we realize that the legislation put forward by the Conservative Government could result in the breaking up of both these great Canadian companies.

Both CPR and CNR officials have publicly stated that they felt unfairly treated by this Bill from a Conservative Government. Well, I know that for lack of time at the end of her speech, the Hon. Member was prevented from telling us what she would have liked to say about the concerns expressed by the railway companies. I think it would be appropriate for her to reflect on these objections which I feel are entirely founded because if, on the one hand, the Government wants to allow major Canadian shippers to move their goods at a lower cost, it would be unfortunate, on the other hand, if this bill killed these transportation companies which move manufactured products in Canada. Because then the manufacturers themselves would be the losers on the long run. And above all is the real danger that big Canadian transport companies might fall into foreign hands. I believe the Hon. Member could shed more lignt on what is being done in the United States in that respect.

Mrs. Finestone: Mr. Speaker, I must tell the Hon. Member that he is the expert. As far as I am concerned, I only read and listen closely to witnesses who come and see me at my office. I can assure you that there were many witnesses—they are deeply concerned about allowing Americans to enter Canada with whatever means of transportation. They are governed by

rules that are totally different from ours and this gives them a competitive edge. They are not subject as we are to statutes and regulations. So they can come here and sign contracts. They are not in the same competitive situation.

In my view, Mr. Speaker, when you have confidential contracts, you have increased competition and no control over the Americans who enter this country nor over their right to buy out our property, or to take over our routes.

• (1500)

[*English*]

—traffic routes. It is a moment of deep concern. That is why I support the motion to send the Bill back to committee for more study. The concept of deregulation is not a poor one, but it has not been carefully worked out. Our Canadian sovereignty and development should be first and foremost. While we are so busy selling off, deregulating, and allowing access to the United States and other countries, we should think of the social costs of putting our own people out of work. If that were calulated in, what would we end up with?

Mr. Kilgour: Mr. Speaker, there is no section in Bill C-18 which deals with access. That is covered in the human rights legislation which will apply to this Bill.

With regard to the question raised by the Member for Papineau (Mr. Ouellet)—

[*Translation*]

The Hon. Member mentioned competition and I must tell him that in the United States, since deregulation, the number of jobs in trucking and in air transportation has increased rather interestingly.

[*English*]

This Bill requires three basic criteria to get a domestic air service licence. One of those is the requirement to be Canadian. At least 75 per cent of the voting interests must be owned or controlled by Canadians. Therefore, I think the Hon. Member's fears in that area are unfounded.

With regard to the railways, it is true that they must be viable, and we believe that they will be. However, for too many generations, especially in my part of the country, the railways have been living on the backs of the shippers and producers of potash, lumber, etc. In order to create more jobs in those sectors the railways must stop setting rates at the levels they choose, forcing the suppliers and shippers to pay what the railways can gouge out of them.

We are conscious of the concerns about the viability of the railways and believe they will be met. At committee we will listen to any representations on that issue. We accept, of course, that the railways must continue to be viable, but not to the point of preventing people from the other eight provinces to earn a living. I note that both of the speakers this afternoon are from the inner two provinces. People in the northern regions of Quebec and Ontario have rights too.

The Acting Speaker (Mr. Paproski): I will allow the Hon. Member to reply briefly.

Mrs. Finestone: Mr. Speaker, if the Hon. Member is so comfortable with this Bill, what objection has he to going back to committee and hearing the Premiers of the provinces and leaders of the industry who are not of the same opinion as him, and then revising the Bill? I suggest that that is exactly what he should do.

• (1510)

[*Translation*]

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, in 1984, we received a very definite message from the population to reorganize the country and our industries, and to give Canadians better equipment for a better living, and I am happy to see that the now Deputy Prime Minister (Mr. Mazankowski) was the first to propose a review of the Transportation Act. I would like to commend him, and also to commend a Quebecer who, as Minister of State for Transportation, visited part of the Province of Quebec, listening to the various people involved in transportation—and indeed I attended many of these meetings—and I would like also to commend my colleague for Annapolis Valley—Hants (Mr. Nowlan) who, as Chairman of our Transport Committee, also questioned many Canadians throughout the country, from east to west, from north to south. This team produced a document which contains our basic message, *Freedom to Move*. Before going any further I think I should sum up the principle and main point of our message, of our approach to this issue: Are Canadians there to serve the bureaucrats, or to be enslaved by public servants, legislation and procedural red tape as institutionalized by our Liberal predecessors? Or should it not be the other way around—bureaucrats at the service of Canadians, business people, consumers and buyers?

In my opinion, Mr. Speaker, the answer to the question is that the bureaucracy is there to serve us. We must be the masters of bureaucrats, not their slaves.

It used to be that management people anxious to improve the services offered by their transport company or to open a new transport business had to meet the requirements of a wide array of legislative constraints. They had to spend as much energy on simply getting permits as they would eventually do on offering their services, so we decided to get rid of this abusive legislation. Our Bill takes three major principles into account. First, the safety of the transport network remains our priority. Second, competition and market forces—words unheard of in Canada a few years ago—have to be the main factors of our approach aimed at providing less costly yet profitable, efficient and adequate transport services. And the third major principle: our policy is based on the fact that transport is a tool for regional and economic development.

The ultimate purpose of our legislation is lower prices for the Canadian consumer, and people have to understand that.

Canadians produce each year $500 billion worth of goods and services, including about $300 billion in goods. We export $120 billion of these goods abroad, including $95 billion to the United States. If our transport deregulation policy results in a lower product cost for Canadians and foreign importers, it will have been a success. I would like to quote a few figures to show the importance of transportation costs in the Canadian production process.

In the case of a resource industry such as agriculture, for instance, when the product gets into the hands of the first purchaser, that is a wholesaler or a secondary processor, transport already accounts for 3.2 per cent; for iron and other mining products, 10.8 per cent, for coal, 9 per cent; for asbestos, 10.3 per cent; for gympsum, 51 per cent, and I believe that most Canadians are surrounded by gypsum, at least in their own homes. In the case of salt, transport accounts for 38 per cent of the cost; for gravel and sand, 26 per cent.

If we look at the manufacturing industry and at the difference made by transportation costs before the products are delivered to the wholesalers, and these figures are to be added to those I have already mentioned, we find transportation costs of 10.9 per cent for sawmills, 5.3 per cent for pulp and paper industries, 5.3 per cent for aluminium ingots, 10 per cent for petroleum and coal products, that is for more of less refined hydrocarbons, 8.5 per cent for fertilizers, and so on.

Mr. Speaker, all that goes to show that transport has a very substantial effect on the cost of our products. That is why we are trying today to lower the cost of our products. We have only to look around us to discover the hidden cost of transport in either longlasting or more perishable consumer products, whether we are speaking about a television set, which contains refined hydrocarbons, plastic items, which contain copper and various other metals, our homes, furniture and light fixtures, the exported fruit we eat, the meat which costs a lot of money to transport, candy, or whatever. Each day, a Canadian family pays maybe 20 or 30 per cent of what it spends on consumer products for transport.

That is why in order to enable private entreprise to be more imaginative and to reduce costs, we will implement and stand up to our deregulation project firstly to reduce costs to the Canadian consumer and, secondly, as I mentioned earlier, we will do so to facilitate our access to the exportation markets. We know that percentages in the costs of an item are all important: 2 per cent, 5 per cent, 7 per cent. And often that narrow percentage is enough to help sell our products abroad. That is why in our belief that private enterprise is inventive enough and can rationalize our means of transportation, we will reduce costs. Consumers will take advantage of reduced transportation rates in relation with the cost of their products.

In the same way, since we have been in power in September 1984, Mr. Speaker, consumers have seen the reduction in the Bank of Canada rate down to 7.5 per cent. This is the first time since 1973. It is embarrassing to say the Liberal administration with the agreement of the Socialists, forced Canadians to pay up to 22.75 per cent interest in 1981. Meanwhile, the Government of Canada was borrowing billions of dollars, and generations of Canadians, we, our children and grandchildren will have to pay. Our transport legislation, however, will make goods cheaper, and that is important. By making goods cheaper, and this is something the Liberals have never understood, we are enhancing our competitive position on export markets, especially in the U.S., which means it is easier to compete and get better orders.

Our Government has given the private sector, the business shakers and movers, the task to make Canadians come out winners in a new world economy where it is becoming increasingly difficult to compete. However, by giving the experts in the private sector the best possible conditions for competing on foreign markets, we will succeed. We will not if we leave it up to the technocrats and the senior bureaucracy who are too far removed from these problems.

In October 1980, the United States passed the Staggers Rail Act. This is a piece of American legislation. The U.S., with its 225 million people and a Government that takes its responsibilities seriously, one of the strongest governments in the world, decided it was time to deregulate the transportation sector. I believe that at the time, our own Government did not realize how important it was to make this adjustment to the economic situation, and during the four subsequent years, our Government never made the slightest move towards deregulation, in other words, towards adjusting to modern production and distribution methods. What results has deregulation had in the U.S.? One important result has been that competition has made goods cheaper. That is what happened in the United States and it will happen here.

Meanwhile, the Canadians under the Liberals did not have an opportunity to compete with the United States. Anything but. The Liberals' failure to act has led to the development of bypass systems in the United States, so that telephone calls from Eastern Canada are routed across the American border and then back on the West Coast. Highway transportation has followed the same route, and the same goes for railway freight. Ingenious Canadians have had to adjust to the U.S. legislation and live with the inaction of the Liberals who were in power at the time. Since 1980 we have been losing our transport companies, while the United States benefitted from the situation. There were many similar developments, Mr. Speaker.

It is high time we amended our transportation legislation. I think one of the main arguments in favour was made in the landmark speech on December 19, 1986 by the Minister of Transport. Mr. Speaker, I shall, if I may, quote the Minister of Transport.

Our regulatory regime today impedes—that is the tendency—rather than supports economic development. It stifles competition in all modes of transportation. It reduces the competitiveness of our producers and the free movement of goods and people. If we do not have an efficient and effective transportation system, everyone who manufactures goods or provides services here in Canada is at a disadvantage compared with his competitors in the rest of the world. That is why

these bills are known as the freedom to move legislation. They are meant to send a message to Canadian business and the traveller. We are freeing the transportation sector from the shackles of heavy handed economic regulation.

Mr. Speaker, there are people who are concerned about where this Bill is going, and I heard the Hon. Member opposite speaking earlier about the concerns of the trucking industry. I would like to draw the attention of the House to an independent study on the effects of deregulation on the trucking industry that was ordered by the Canadian Conference of Motor Transport Administrators. The study concluded that gradual deregulation of market access and trucking charges has already brought about significant changes in the industry. The industry is really interested in our legislation.

This Bill will help destroy monopolies. Many people operating in remote areas did not have many outlets for distributing their goods. Our legislation gives them possible solutions. The Bill will prevent price fixing by carriers and secret deals, negotiations between various carriers. It will allow for *ad hoc* negotiations with each carrier from whatever part of the country, something that was not possible.

The Bill also will allow the integration of the various possible transportation services. In other words, trucking may be used in some areas and integrated with rail transportation. Previously, the legislation would not allow such adjustments, Mr. Speaker.

We will also see to it that changes are made to the Canadian Transport Commission. As we know, the existing legislation requires companies like Canadian National to provide services and make available facilities that are no longer useful to Canadians. That was already true under the Liberals and they never realized it, Mr. Speaker. Do you know that one third of Canada's railroads are used in only 1 per cent of CN's operations, and that another third of Canadian railroads are used only in 9 per cent of CN's operations?

All that means costs. Maintenance of light signals at each intersection, school buses and public carriers stopping at intersections knowing full well there no train ever comes—they have been stopping for years because of this obsolete Liberal legislation. Do you know, Mr. Speaker, that in my constituency there is a track section that has not been used for years? People in those areas have constantly been making representations to have the track removed and the land given back to adjacent owners, so that school buses may cross the track without stopping, etc. And do you know, Mr. Speaker, that despite years of efforts to have that section removed, they never succeeded because of the indifference of our predecessors in this place?

All this means, Mr. Speaker, that consumers will have no reason to fear changes in the services we will be making available to the people. Services will remain the same, the only change will be to the way they are provided. We will simply modernize the way those services are provided.

Mr. Speaker, let me also comment on the Opposition's reaction and position. But first, I have one single point to make, because I had no opportunity for exchange with the Hon. Member for Laval-des-Rapides (Mr. Garneau), a Quebecer specializing in economic and financial affairs. I read something amusing, by way of an aside, Mr. Speaker, in this morning's *Le Devoir*,

> Banking centre plan unacceptable, says Raymond Garneau.

I therefore found that very hard to swallow for Canadians. I say to the Hon. Member for Winnipeg—Fort Garry (M. Axworthy) who is concerned about employment that we have created 666 000 jobs since we came to power and that we shall create more, since we shall give Canadians opportunities to be more productive, to produce more and to sell more abroad.

For these reasons, Mr. Speaker, our legislation, because it lowers costs for consumers, because it increases our exports, because it makes industrial recovery easier in Canada and because it creates employment for all Canadians, must be passed swiftly and I hope we can count on the support of the Liberals. As for the support of the socialists, forget it.

The Acting Speaker (Mr. Paproski): Questions and comments. The Hon. Member for Papineau (Mr. Ouellet).

Mr. Ouellet: Mr. Speaker, I would like to follow upon the comments made by the Hon. Member for Lévis (Mr. Fontaine) who so kindly congratulated the ministers who took part in the preparation and drafting of this Bill.

He stated that we should congratulate the Minister of State for Transport. I would remind him that the Conservatives have been in power for over two years, that the Leader of the Conservative Party has stated before Montrealers that he would give back to Montreal its important status as metropolis of the country, that we have had three successive Ministers of State for Transport whose mandate was to settle the problem of Mirabel and Dorval airports.

Now the first Minister of State for Transport who was Member for Roberval (Mr. Bouchard) had promised that the matter would be settled immediately. He left and was replaced by the Hon. Member for Rosemont (Mrs. Blais-Grenier). The latter was more interested in travelling abroad and consequently she got lost somewhere along the Champs-Elysées so that the Dorval-Mirabel problem was never settled.

The third one, the Member for Saint-Jean (Mr. Bissonnette) who was also Minister of State, told us right away that—

Mr. Lanthier: Mr. Speaker, I rise on point of order.

The Acting Speaker (Mr. Paproski): The Parliamentary Secretary (Mr. Lanthier) on a point of order.

Mr. Lanthier: Mr. Speaker, I think the comments made by the Member for Papineau (Mr. Ouellet) are totally irrelevant. The competence of the various Ministers of State for Transport is not being questioned, because some of them were exceptionally brillant. But we are dealing with a bill. Consequently, it may be advisable to stick to the legislation.

• (1520)

[*English*]

The Acting Speaker (Mr. Paproski): The Hon. Parliamentary Secretary does have a point but, I regret, it is debate.

[*Translation*]

Mr. Ouellet: Mr. Speaker, it is clear that the Hon. Member for LaSalle (Mr. Lanthier) finds my remarks concerning these incompetent Ministers of State embarrassing. In any event, should he so desire, we could exchange correspondence about this. I feel, however, that my question to the Hon. Member for Lévis (Mr. Fontaine) is quite relevant. He had said that he wanted to praise a Minister of State who had been actively involved in this matter. So, I should like to find out which one. Is it the Hon. Member for Roberval? Is it the Hon. Member for Saint-Jean or is it the Hon. Member for Rosemont? Because the Hon. Member for Saint-Jean, in particular, had indicated that he would quickly settle the Dorval-Mirabel problem.

First, the Hon. Member for St. John's West, in his capacity as Minister of Transport, indicated that he preferred Dorval; then the very same day, the Hon. Member for Saint-Jean, in his capacity as Minister of State for Transport said that he favoured Mirabel.

They met a few days later. They agreed that they both were partly right. They maintained, therefore, the *status quo* and after two years, they brought forth a solution which is a non solution. This clearly demonstrates the incompetence and short-sightedness of the members appointed to the transportation dossier. We have a Bill which is full of loopholes because five ministers—two Ministers of Transport and three Ministers of State for Transport—were responsible for it and spoiled it.

Therefore, I do not think that the Hon. Member for Lévis should praise anybody. Quite the contrary. He should be embarrassed by some of his colleagues who have been in charge of the transportation dossier in Canada.

Mr. Fontaine: Well, Mr. Speaker, the Hon. Member for Papineau (Mr. Ouellet) is a very crafty politician. He managed to mention specific points during a few minutes. He asked me to which Minister I was referring and to which Minister I wanted to pay homage. To set the record straight, Mr. Speaker, I want to pay homage to the entire Conservative Government team which now administers a country which had been saddled with a $200 billion debt during two decades of Liberal Government. And I want to pay homage as well to the consumers who gave us a mandate to represent them here.

Since the Hon. Member has alluded to the positions of the Ministers of Transport, I take the liberty of quoting from a speech delivered by the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) on January 29, 1976. The Hon. Member does not want to say where he stands, he does not want to protect us and help us with this legislation. This was in 1984.

> At the time, Mr. Speaker, I realized there was a serious problem with our transport system, particularly with respect to the rigidity of decisions and regulations.

And there is more. Listen, Mr. Speaker, and Canadians as well should listen to this sentence uttered by a former Minister of the Liberal team:

> There is no competition likely to help consumers and producers.

Have you ever heard such a socialistic message, Mr. Speaker? I will repeat this for the edification of the Hon. Member for Papineau (Mr. Ouellet).

> There is no competition likely to help consumers and producers.

This is just another way of saying that our system should ignore competition, that we should get rid of our private enterprise system. Is this the ideology of the Liberals, the kind of principles which translated into a $240 billion debt as a result of the distribution of somebody else's wealth?

Mr. Lanthier: Mr. Speaker, I have a question for the Hon. Member for Lévis (Mr. Fontaine).

The Acting Speaker (Mr. Paproski): The Hon. Parliamentary Secretary for the Minister of Public Works (Mr. Lanthier) has the floor.

Mr. Lanthier: Mr. Speaker, being in the service of the people of LaSalle who travel in great numbers to Ottawa by train, I am concerned about the fact that some railway companies have expressed an intention to cancel some lines. However, since that railway between LaSalle and Ottawa will be useful to me for some 20 more years, I would appreciate if he could give us the assurance here that the Government has taken every step in the Bill under consideration to preserve those railways which are presently in operation.

Mr. Fontaine: I thank the Hon. Member for LaSalle for his question. Mr. Speaker, in the present legislative context, one thing remains unchanged for Canadians, something which in fact was achieved as a result of a project of a Conservative Government and completed in 1886, and that is the Halifax to Vancouver railway. The author of that achievement was Prime Minister Macdonald, an eminent Member of the Conservative Party, as we are indeed, Mr. Speaker. That is a fact, and that railway will remain in operation. All other railways in the country may be reviewed to ascertain the relevance of their costs before the money is spent, something which our predecessors never bothered to do, Mr. Speaker.

• (1530)

[*English*]

Mr. Benjamin: Mr. Speaker, I would like to ask the hon. gentleman a question. Early in his remarks he mentioned a trucking association about whose existence I am not aware, unless I misunderstood him. Representatives of the Canadian Trucking Association have met with me, and I have met with a number of people from large, medium and small trucking companies, all of whom have expressed their dismay and fright at this legislation. Could the Hon. Member inform the House which association he was talking about? Where is its head office? Who are the members of it and how many of them are there? Could he provide all of us or some of us with a copy of what it is they had to say?

[*Translation*]

Mr. Fontaine: Mr. Speaker, I am pleased to provide an answer for the Hon. Member for Regina West (Mr. Benjamin). First, the Hon. Member for Regina West, in their usual fashion on Parliament Hill, they take steps in Committees to call witnesses, to have witnesses called in who are supporters of the Socialist spirit. They use those facilities, the standing committees, to help people living in far away constituences get free transportation to Ottawa at the expense of Canadian taxpayers. They are used to hearing very congenial witnesses, because that is their main activity, Mr. Speaker.

If my colleague for Regina West (Mr. Benjamin) does not recognize the association, since I identified it in my remarks a few moments ago, he will have no problem finding tomorrow morning in the official report of our debates the references he needs to contact that association, and should he need more information, he is welcome to call me and I will provide him with every possible information.

[*English*]

Mr. Benjamin: Mr. Speaker, I rise on a point of order. I heard the response of my hon. friend. I was wondering if there is any provision in the rules governing Parliament whereby he could be examined for an extreme case of paranoia.

[*Translation*]

Mr. Boudria: Mr. Speaker, I have heard the few comments made by my colleague from Lévis (Mr. Fontaine) and I note regretfully his lack of respect for those people who travel from all over the country in order to appear before our standing committees. I am sure that if my colleague were to review his comments, he would perhaps have the opportunity to apologize to those Canadians who devote some of their time to contribute to the democratic process. No, Mr. Speaker, those are not—

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. Excuse me for interrupting the Hon. Member, but we are overtime now. The Hon. Member for Gander—Twillingate (Mr. Baker) would like to ask a question of the Hon. Member for Lévis (Mr. Fontaine). Will the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) please pose his question?

[*Translation*]

Mr. Boudria: Mr. Speaker, I am directing my question to my colleague opposite. He knows that on September 25, 1986, VIA Rail stated in a document that it would stop running its trains between Ottawa and Montreal in 1990. This is due, according to VIA Rail, to the new deregulation. Is he in favour of ending rail service between Ottawa and Montreal yes or no, for the implementation of this Bill would mean just that?

Mr. Fontaine: Mr. Speaker, the question asked by my colleague for Glengarry—Prescott—Russell (Mr. Boudria) deals with two issues. First, he asks me to explain my comment about witnesses before the Standing Committee. We have excellent witnesses at both the standing and legislative committees of this House. What I said to the Hon. Members was that the socialist party always does everything in its power to call witnesses who sympathize with its own socialist philosophy. This answers the first point, Mr. Speaker.

[*English*]

Mr. Baker: Mr. Speaker, the Hon. Member for Lévis (Mr. Fontaine) mentioned a piece of railway track in his constituency which he was trying to get rid of, or which his constituents were trying to get rid of. He did not complete his remarks in this area about whether or not they did get rid of this piece of railway track. He mentioned something about buses and cars having to stop at a railway line that was not being used. Did the Hon. Member manage to get rid of this piece of railway track or not?

[*Translation*]

Mr. Fontaine: Mr. Speaker, it is effectively a railway section between Saint-Anselme in my constituency and Sainte-Claire. This section is only a few miles long, and pressure has been put on me by the elected representatives of these municipalities to remove the track because there are accidents caused by the mismanagement of the previous Government. This has resulted in some accidents. The track is built on a higher level than the road and cars meet on top of the rise. Accidents have often caused fatalities in these circumstances. I do not want to blame the Liberals for this situation, but these are matters which should be covered by the legislation.

I must point out that I have taken steps to have this track removed to help the people and relieve them of these regulatory constraints on our rural areas which the Liberals had forgotten.

[*English*]

The Acting Speaker (Mr. Paproski): The time allotted for questions and comments has terminated. Resuming debate with the Hon. Member for Vancouver East (Ms. Mitchell).

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I am pleased to have this opportunity to speak to Bill C-18, and in particular the amendment put forward by my honourable and wise colleague. We feel that this is an important amendment. We do not want a hasty Bill to which a great many risks and unanswered questions are related, a Bill going through committee in too great a hurry. We want more time to study this subject. I think there are many people in Canada who share this concern.

We are concerned about the Bill because it will have a dramatic impact on the Canadian economy, both on consumers

and workers. It has not received enough study by us and by those groups. Thousands of Canadian jobs are at risk. I would like to say to Hon. Members that many of these jobs are jobs held by women. It is women who will most likely be the first fired and laid off as we move into deregulation.

Public safety, regional development, vital transportation services and Canadian sovereignty are other matters which we feel are at risk.

• (1540)

The Bill is of particular concern to people in my riding of Vancouver East. There are many transportation workers in this riding. It is the place where many modes of transportation converge, the rail lines, shipping in the Port of Vancouver, and also the airlines. Many of my constituents work in the field of transportation. We are concerned because we believe this legislation could be quite detrimental to the Port of Vancouver, which is struggling to compete with American ports to the south. I will enlarge on this later.

It is also of concern in my riding because of the dangerous situation where the Canadian Transport Commission approved the transfer of dangerous goods. That also has implications.

Transportation is very important to the Canadian economy. We all know the country could not survive without an effective, efficient, and affordable system of all modes of transportation. It is completely basic to bringing together our country.

The Conservative Government has not bothered to do a thorough impact study of what deregulation through this legislation will do to the transportation system. I am not on the committee, but I am sure my hon. colleagues who are will confirm that the Government has not consulted with various groups that will be affected, certainly not widely enough.

In summary, we know that this Act would abolish the Canadian Transport Commission and replace it with a much weaker National Transportation Agency that will have no authority over fares, routes, or entry or exit into the industry. It probably would have far fewer employees than the CTC. There are many concerns that a national body, such as the Canadian Transport Commission that should be dealing with it, requires workers.

It would replace the "public necessity and convenience" which is the test for entry or exit into the industry. This is very critical to Canada, and an implicit part of our national identity and cohesion that we have this criteria of public necessity and convenience as the test for entry or exit into the industry. It would be replaced with something called: "Fit, willing, and able" test. I would like to have more explanation about who is fit, willing, and able? Certainly the Government is not fit willing, and able. I shudder, as do many Canadians, to think of what types of things we are putting into its hands and into the hands of the private industry sector without the type of controls and the over-all planning that is in the interest of all Canadians.

The Act would also make it easier for companies to abandon airline and rail routes and leave remote communities stranded. In British Columbia I have had reports that this has already happened with airlines, and many of the traditional air route schedules have been changed. In the smaller and northern communities, there is not the same type of coverage for essential transportation by air, which is very important to those communities.

The Act would end regulatory oversight over fares, routes, and schedules, except in some remote areas. It would allow rail carriers to strike confidential contracts with individual shippers. It would open the entry of United States' rail lines into the Canadian market. This subject is of great concern to us. I will return to that in a minute.

I fully support my colleague who has proposed this amendment to withdraw the legislation and send it back to the standing committee. We cannot allow such significant legislation to pass without a thorough knowledge of the impact on safety, job loss, and service cut-backs. The Conservative Government—and I am sorry, Mr. Speaker, because I know you represent this Government, and I do not suppose you would agree with this view—is only too anxious to imitate everything that the Americans do, and to do it as quickly as possible. Many Conservatives should be concerned about the effect that this type of imitation or—

The Acting Speaker (Mr. Paproski): Order, please. I hope the Hon. Member will not involve the Chair in the debate.

Ms. Mitchell: I am sorry, Mr. Speaker, you are quite right.

The United States' model of transportation deregulation has been disastrous in many areas. We have received documentation from other speakers of the impact it has had on United States workers. There are concerns from American consumers about the costs and the inadequate services that have resulted. There is also concern from regions of the United States which are not in the central areas, but are off the beaten track. What will happen to some of the smaller communities in remote areas in Canada if we do, which it appears we will, deregulate transportation here?

Ironically, I understand that although the Government is eager to imitate the United States' model in many of these things, government Members who are on the *Freedom to Move* committee refused to travel to the United States to study this issue, or to bring United States' experts to testify at hearings in Canada. I wish the committee would bring some consumers from the United States, the people who can tell us first-hand about the impact on the lives of ordinary people.

The only hearings on this vital issue took place in 10 short weeks. The only travel was to Winnipeg, Halifax, and Vancouver. I can tell you that not many people in Vancouver were aware and prepared to participate in this important hearing. The hearing in Vancouver took place in one day, and dealt only with vague generalities of transportation regulations. They were very short on the specifics. People in my part of

Canada have not had a chance to think about this, much less receive information and look at the issues in an analytical way. This is very typical of the Government. It was also typical of the former Liberal Government. We had hoped that the new Government would end the Liberal tradition of ignoring the West. This is what the Government told us, it was going to make sure that the west was finally a full participant in Confederation, and would no longer be ignored.

I am sure many Members from the west will regret this, but unfortunately the tradition of ignoring the West has continued. It must be embarrassing to Conservative Members of Parliament who are from the west. I know it is for those from British Columbia. Those Members are supposed to represent the West here, have some power and impact on decisions made by the Cabinet and on important portfolios like the transportation portfolio which is vital to western Canada, yet they do not appear to have any influence.

The result of this poor consultation process is poor legislation. That is why we are obliged to oppose it. That is why in this amendment we have asked for a postponement so that there can be more study. It jeopardizes safety, jobs, vital services, regional development and, as I said earlier, our sovereignty. It is unfortunate, because Liberal and Conservative Governments have neglected the importance of revamping transportation regulations over the last 20 years. We would certainly agree that regulations need to be reviewed, changed and improved, but not improved by deregulating and providing a threat in many areas of Canadian life and the economy.

• (1550)

I should like to spend a few moments explaining to my colleagues why the Bill is of great concern to my constituents in Vancouver East and to myself as their representative and as the critic responsible for social policy and status of women.

As I said earlier, a great many people in the riding of Vancouver East are employed in the transportation sector. The Port of Vancouver is Canada's link to the Pacific Rim. It employs thousands of workers directly and indirectly around Vancouver. Every time I return to my riding, I talk with many transportation workers.

We are concerned about a number of things which could have a very negative impact upon the Port of Vancouver. I understand that $3 billion of rail revenues is now involved in east-west traffic and that 70 per cent of it originates in Canada.

I have raised the following issue in the House and have written to the Minister of Transport about it many times. We are very concerned that CN Rail has introduced tariffs which have the effect of diverting freight traffic from eastern Canada, not through the western Canadian transportation system and to the Port of Vancouver, but down to Chicago and from there through the American transportation routes to the Port of Seattle, the Port of Tacoma, and other West Coast ports. This has already started. We are very concerned about it. The Port of Vancouver is very concerned about it as well because it means a great loss of business.

This piece of legislation will encourage more and more of that kind of thing. It will allow U.S. rail and trucking companies to raid the freight traffic of Canadian railways and truckers. They will be able to come in, take over Canadian goods, and transport them through the United States. They will take them south to Conrail and Burlington Northern, and they will take them west to American ports. I am talking about Canadian goods and goods which will eventually come from those ports into Canada.

The new Bill gives much more leverage to U.S. truckers and railways to come into Canada. However, does it provide for the same kind of interchange for Canadian truckers into the United States? Not at all. As I understand it, there are American restrictions which prevent this. It is a good example of the double jeopardy system. Of course it is symbolic in many other free trade negotiations which are not free at all; they are one-sided.

We are also very concerned about the impact of the Bill on western grain transportation administration. When the Act was before the House we pressed very hard for a special amendment to ensure that Canadian grain travelling on Canadian rails went to the Pacific Rim through Canadian ports, the Port of Vancouver and the Port of Prince Rupert. We felt that it was extremely important in that it was part of our national economy and part of our national transportation system.

Now we hear that Mr. Horner, the administrator for WGTA, is trying to remove this particular amendment in order to allow Canadian grain to go out through American transportation systems and American ports. We need a definite answer. I know that officials at the Port of Vancouver, longshoremen, and many others are extremely concerned and worried about it. It would have a tremendous impact upon the Port of Vancouver and would certainly undermine our whole Canadian transportation system. We want to know whether the Bill will override the WGTA and accommodate the people who are trying to take away very important regulations under the Western Grain Transportation Act.

We in Vancouver East also want to know whether the changes to rail regulations will take Canadian goods south of the border to U.S. ports. As I have already said, we believe it will. This trend has already started, and deregulation will facilitate it.

We in Vancouver East and in British Columbia want to know how many jobs will be lost. Many jobs were lost in the United States. We need a feasibility study by the Government and time to do it so that we have some answers. We want to know how the safety of workers will be affected. We want to know whether wages and working conditions will be affected. We need a delay in order to conduct feasibility and impact studies to answer these questions.

We know some of these answers from the experience in the United States. This is why it needs to be studied. We know that similar legislation to deregulate in the United States was brought in and that 150,000 jobs were lost in the railway sector. We also know that rail service to communities off the beaten track suffered. Great pressures were put on workers to accept poorer working conditions and, I am sure, to accept poorer wages and benefits. Safety conditions also suffered.

In Canada 11 labour organizations appeared before the committee that studied the *Freedom to Move* White Paper and expressed concern over substantial job loss and reduced wages which result from deregulation. My office has contacted labour unions in British Columbia which confirm and share these concerns.

I should like to explain quickly another concern of mine, that this kind of deregulation does not protect communities. If the CTC is removed, as proposed in the Bill, the risk of hazardous goods blowing up in our communities is even greater. I explained recently that the transfer point for dangerous goods was routed into Vancouver East, in the most densely populated part of downtown Vancouver, Chinatown. We do not intend to allow it to stay there, but unfortunately it will be very difficult to get it out of town, where it should be. If we are having difficulty with the CTC, how much more difficult will it be when there is no such organization with the authority?

Finally, I am also very concerned about the impact of deregulation on the jobs of women. I have talked with a number of women who work in the airlines. They are very concerned because they are the ones who are first to go. The majority of workers in the airline industry are women, and it is women who will suffer the job loss. The Canadian airline industry employs 40,000 people, most of whom are women. I also know of women who have families and may be forced by deregulation to move to other communities, especially from smaller communities. We have experienced that already in the interior of B.C. They will be told that they will either move to another area, leaving their families and communities behind, or they will be unemployed. That is the choice they will have. Those who still have their jobs will face lower pay, reduced benefits, less job security, and so on. Women are always the ones who are on the lower end of the job scale in these industries. I challenge the Minister responsible for the status of women in this area. Coincidentally, she is also responsible for privatization. I think there is a real conflict in those roles. Privatization also does away with the jobs of women. I challenge her to conduct a special study of the impact upon women's jobs of both deregulation and the sell-out in privatization of important services which rely upon women in many of the jobs.

I think my time is almost up—

The Acting Speaker (Mr. Paproski): I will give the Hon. Member 30 seconds to wind up.

Ms. Mitchell: I appeal to my colleagues, particularly to the Government, to support the amendment to delay the Bill so that there can be intensive studies using the experience of consumers and people who know something about the impact of deregulation in the United States so that we can ensure that we are going in the right direction before we deregulate our transportation industry.

• (1600)

The Acting Speaker (Mr. Paproski): Before I recognize the Hon. Member for Lévis (Mr. Fontaine) I would like to inform Hon. Members that on Monday, February 2, when Orders of the Day are called on Bill C-18, there will be 10 minutes remaining for questions and comments if the Hon. Member wishes to take them.

May I remind the House that from now on, under Standing Order 55(2), speeches will be of 10 minutes' duration. The Hon. Member for Saint-Denis (Mr. Prud'homme).

Mr. Prud'homme: Mr. Speaker, may we dispose of the 10 minute question period today?

The Acting Speaker (Mr. Paproski): We are going into Private Members' Hour. We cannot do that. The Hon. Member for Lévis (Mr. Fontaine) on a point of order.

[*Translation*]

Mr. Fontaine: On a point of order, Mr. Speaker. A few minutes ago, the Hon. Member for Regina West (Mr. Benjamin) said I was a paranoid. According to *Petit Robert*, this is a very questionable and derogatory term and I feel almost certain the Hon. Member did not really intend that.

Mr. Prud'homme: Read the definition to see if it applies.

Mr. Fontaine: Paranoid, its says here this is related to paranoia!

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. In the spirit of Friday afternoon, I am sure the Hon. Member for Regina West (Mr. Benjamin) will retract the statement he made calling the Hon. Member paranoid or whatever. I would hope that he will retract that statement.

Mr. Benjamin: Mr. Speaker, I do not know whether the Chair or my hon. friend took exception to what I said. I did not say the Member had paranoia. I just wanted him to be examined for a case of extreme paranoia.

Some Hon. Members: Oh, oh!

Mr. Benjamin: If that offends my hon. friend and the Chair—I have been called a lot worse than that around here and sometimes people might have been right—and if my friend is that thin skinned and feels hurt, I will be happy to withdraw.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): It being 4 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

HOUSING

ADVISABILITY OF ESTABLISHING NATIONAL MORTGAGE CORPORATION

Mr. Ernie Epp (Thunder Bay—Nipigon) moved:

That, in the opinion of this House, the Government should consider the advisability of establishing, with the provinces, a National Mortgage Corporation, financed through contributions paid into the Canada Pension Plan.

He said: Mr. Speaker, may I note that it is three minutes past four o'clock and the 10 minutes allotted to me will expire at 13 minutes after four o'clock.

The proposal which I have the pleasure of putting forward this afternoon is a proposal to establish a National Mortgage Corporation which would be financed by using the premiums which Canadians pay into the Canada Pension Plan. My intention with this proposal is to have the Government consider the possibility of establishing such a National Mortgage Corporation as a basis for a sound housing policy for Canada.

We have experienced in these last years astonishing fluctuations in interest rates. At the moment I confess, and I do it with pleasure on behalf of Canadian homeowners and buyers, that interest rates are at a very happy level.

Some Hon. Members: Hear,hear!

Mr. Epp (Thunder Bay—Nipigon): I am always astonished at how members of the Government take credit for good news while never accepting any of the blame for bad news. High unemployment rates in various parts of the country and so on are presumably the fault of the Government too. It is international developments, particularly the difficulties in which the U.S. Government finds itself, that have produced low interest rates. I do not think there is anything the Canadian Government has done that is responsible for the low mortgage rates that prevail these days. That is why I am surprised the Government is taking credit for this particular piece of good news.

Interest rates fluctuated very, very sharply in the first years of this decade. We had rates that were very, very difficult for Canadians to meet. In many parts of the country people lost their homes and had to give up mortgages. It was very difficult for people to enter the housing market, for people to move from being tenants to buying homes. It is in recognition of that kind of problem that I put forward this proposal to put Canadian housing policy on a sound basis to provide funds on a regular basis at steady interest rates, which the Government would set at reasonable levels in recognition of the importance of housing to Canadians. This would have several happy results. It would obviously reduce, if not end, the kinds of disruptions that people experienced in the early 1980s. It would ensure that people were able to finance their mortgages, meet interest payments, pay off the principal and pay off their mortgages. People would be able to keep the homes they were buying. It would make it possible for others to consider buying homes much more easily than is now the case. It would have happy results, not just for those Canadians who want to buy homes, but also for those who are involved in construction and want the jobs, the important good jobs that can be obtained in the construction industry. It was those problems of unemployment that so many of my constituents experienced, which I discovered graphically when I was calling on them in the spring and summer of 1984, that made me think about the possibilities of doing something like this.

It seems to me that it is only by provisions of this sort that we will achieve the kind of regularity of conditions, the predictability of conditions required, to make the construction industry as efficient as it needs to be on the supply side for being able to provide homes, and for contractors to be able to carry on with all the efficiency of regular operations. Only by these means are we going to ensure that Canadians are able to acquire better housing, more space, more comfortable arrangements of which they dream, the kind of living conditions people need to raise families in happy circumstances.

Space makes an enormous difference. The quality of housing needs improvement. By putting the construction industry in Canada on an efficient basis and by putting housing on a sound basis through such means as this, we can make a real contribution to the living conditions of many Canadians.

But how can we do this, Mr. Speaker? That is where the proposal to finance this corporation comes in. It could easily operate within the orbit or under the umbrella of the Canada Mortgage and Housing Corporation and the Government could consider the possibility of using Canada Pension Plan contributions to provide the capital required. Canada Pension Plan contributions are made regularly by Canadians, generally month by month. They represent a very large in-flow of money. By the end of the current fiscal year, the Department of National Health and Welfare expects that Canada Pension Plan investments will be near $33 billion. That is a great deal of money and is an indication of what might be available if a National Mortgage Corporation were able to use these funds from the outset. But the federal Government agreed with the provinces that the moneys paid in in the various provinces of Canada would be available to the respective province for it to use for its own purposes. In province after province this money has been used for public investment purposes. I have no criticism to make of those plans in any general terms. The social investments of the provincial Governments are certainly important. But there are a couple of aspects of this situation that make this a sound proposal to consider. Provincial Governments could, I think, find their capital needs in the financial markets of our country. We are sometimes told that

there are not enough good investment opportunities in Canada for private pension plans. It seems to me that the kinds of blue chip investments provincial bonds represent could be very useful to various financial concerns that manage and hold private pension contributions. To force the provincial Governments to turn to private financial markets in order to finance activities in the provinces could in fact improve things for private pension plans.

• (1610)

On the other hand, if moneys which they presently draw from the Canada Pension Plan investment fund were to be made available to the mortgage corporation, we could achieve something quite desirable for the present Government. We could see these public investments actually made through the mortgage corporation to individual Canadians and groups of Canadians. I would expect that the National Mortgage Corporation would be sensitive to social and co-operative housing needs as well as the desire of individual Canadians to take up mortgages and buy homes. I would like to be explicit in recognizing those possibilities.

One could make the argument that to have the federal Government, through the Canada Pension Plan investment fund or the National Mortgage Corporation, dealing with individual Canadians would be to put them into a part of the financial market in a relatively open way. Capital would be made available and invested in what must surely be the soundest security this country holds. What could be better than mortgages of Canadians from coast to coast who have been regarded as capable of meeting interest and principal payments and are consequently allowed to acquire securities? What could be a sounder investment than that?

On the other hand, Canadians would take out these mortgages with the assurance of having funds available at rates maintained by the Government. It should be possible to arrange the kind of long-term mortgages we used to have within the Canada Pension Plan without having those Canadians who are concerned about the pensions they expect to receive from the Canada Pension Plan being in any way hurt. In fact, these mortgages would be soundly based and there would be two new and different relationships established in two different aspects of the consequences of this proposal. I put this proposal to the House and look forward to the warm response of my colleagues on both sides.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I would like to comment on the motion put forward by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp), who raises the possibility of establishing jointly with the provinces a national mortgage corporation funded by the contributions to the Canada Pension Plan.

I must thank him for his preamble, first for having applauded the results of our monetary policy that led to such low interest rates, and, second, for having realized this new Government is indeed capable, along with the provinces, of establishing joint programs because the confrontation era has ended, and the era of national reconciliation is upon us. So I must commend him for his remarks in his preamble.

[*English*]

I can entirely sympathize with the Hon. Member's evident desire to ensure that adequate mortgage funds are available to prospective home owners. One cannot ignore the existence of the very large sums of money belonging to Canada Pension Plan funds. There are two elements to the question: the means of providing mortgage money, and the need for such funds. The Minister of National Health and Welfare (Mr. Epp) has explained the problems in using Canada Pension Plan funds, the administration of which is the subject of a long-standing and successful federal-provincial agreement. I would like to turn from the means of providing mortgage funds to their effective need.

[*Translation*]

In 1986, the number of housing starts reached 200,000 units, the highest production in eight years. This is another result of our monetary success policy. Simultaneously, we have just experienced a general economic growth, and two years have been outstanding in the housing industry. As we say in Quebec and in French, generally: *Quand le bâtiment va, tout va.*

Last year, mortgage loans reached a record high, with total residential loans approximating $30 billion, as against $20 billion the previous year. There were mortgage funds to cover all applications, despite exceptional growth in the housing sector—by that I mean mortgage funds available on the market.

Forecasters appear to agree that housing demand will stabilize within a year or two.

In this period of high demand for mortgage funds, there has been no shortage of funds. Besides, we could see the effects because interest rates kept going down at the same rate as the other bank interest rates. The supply probably will go on increasing within the very near future, and there is no indication that we should use funds from the Canadian Pension Plan, even if that were possible.

The current situation is in tremendous contrast with that of 3 or 4 years ago, where there were interest rate increases and instability—the possibility was not assured of obtaining mortgage loans, or at what costs. It was mainly and essentially because this Government has succeeded in bringing interest rates down that housing funds have become easier to get. Not only was money expensive during that unlamented period, but it was more difficult to borrow from the usual financial institutions. Long term mortgages which allowed homeowners to plan their budget for years to come have unfortunately virtually disappeared. However, lower interest rates have brought net benefits to the homeowner. For instance, the borrower who took out, in September 1984, which date will be remembered as the date when our economy was freed, a 25-

year $50,000 mortgage at the unthinkable rate of 13.75 per cent for three years had monthly payments of about $578. Two years later, with a 10.5 per cent rate, his monthly payments will have gone down to $464, which represents a saving of about $1,400 a year. Stable and reasonable interest rates, which we now have, are still the best possible guarantee of sufficient residential funding.

To promote this long term stability, our Government recently announced a mortgage-backed securities program to provide a new investment pool for housing. Because of the punctual payments guaranteed by the Canada Mortgage and Housing Corporation and the fact that this instrument is about as safe as Government bonds, it will be an attractive instrument of investment for both institutions and individuals. In the case of homebuyers, the program will tend to stabilize mortgage rates and to maintain them at a reasonable level, thanks to a sensible monetary policy such as we have now, and this will bring longer term mortgages back to the housing market. In fact, ten-year mortgages are now becoming available on the Canadian market.

Thus, Mr. Speaker, the desirable objective of funding housing has already been met and the required funds will remain easily accessible in the forseeable future. There is no need to use the Canada Pension Plan or to create a national mortgage corporation for which consumers would eventually pay dearly. Of course, such an organization already exists, but only on paper, and I am talking about the Federal Mortgage Exchange Corporation.

[*English*]

As the Hon. Member is no doubt aware, that corporation was authorized by Parliament 13 years ago under the Residential Mortgage Financing Act. The desire to stimulate the flow of mortgage funds was similar to the intent of the proposal in Motion M-40. The Government of the time decided not to implement the section of the legislation dealing with the Federal Mortgage Exchange Corporation because it was unnecessary at that time, as it is today. Succeeding Governments reached the same conclusion, even when mortgages were much more difficult to negotiate than they are now. Today such a special mechanism as a mortgage corporation is not only unnecessary but expensive to home buyers, wasteful and possibly damaging to the growing sense of partnership between the Government, the private sector and the provinces.

• (1620)

[*Translation*]

If mortgage funds became scarce, a situation which is very unlikely to occur in the current climate of confidence among Canadian consumers and investors, and if the housing industry did not fare well, the Government would then have to consider the best way to rectify the situation.

For the time being, at least, I cannot envision the Government of Canada using funds from the Canada Pension Plan. This money is used to finance a good many worthy projects, including financing Government capital cost for which no funds might otherwise be available from the private sector. Even if the provinces showed interest in considering a new agreement, something to which we are always open, we could hardly justify the diversion of Canada Pension Plan funds from its current worthy projects to the benefit of housing when the private sector can have access to all the funds for housing it may need now and in the future, thanks to the climate favorable to investment which exists at last in Canada. I hope that no Government will try to bureaucratize an area which is the exclusive domain of the private sector, for it is an activity for which it is particularly well suited and in which it presently obtains, thanks in part to some encouragement from our Government, unqualified success.

In short, Mr. Speaker, it is well understood that the funds now available are used for other purposes than those of the private sector. Having favoured the development of the economy for over two years now, we will certainly not return to these sad times when the government interfered in the economy and created Crown corporations which cost a lot of money to the Canadian people, created a huge bureaucracy and resulted in a lack of competition which discouraged investors. Now that there is a climate of investment and confidence among Canadians, we do not see the need to establish such a corporation.

Mr. Don Boudria (Glengarry—Prescott—Russell): First of all, Mr. Speaker, I should like to emphasize the fact that we are not dealing this afternoon with the kind of work which the Government is supposed to have done to reduce interest rates. That is not the subject of the debate today.

[*English*]

We are not here to make long-winded speeches about how good the Tories are. If that were the case, we could adjourn the debate now because there is not much to say on that topic. The only thing which is at the same level as the prime lending rate right now is the popularity of the Government. The debate today is on another topic.

The issues before us this afternoon are, first, whether we want the National Mortgage Corporation proposed by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) and, second, whether we want it financed by premiums of the Canada Pension Plan. I would like to address mainly the second component. We can discuss whether we want a National Mortgage Corporation on another occasion. However, I have some difficulty with the concept of financing anything else from the Canada Pension Plan.

The Canada Pension Plan is in place in nine of the ten Canadian provinces. The Province of Quebec has its own pension plan which is well run, well managed, and properly invested by and large. However, when the Canada Pension Plan was established as a joint federal-provincial venture for the rest of the country, it was decided that the provinces could borrow funds from the plan for slightly less than the going rate. It was also agreed at that time that any changes to the

plan would require the consent of provinces comprising no less than two-thirds of the population. Therefore, even if we did adopt a proposal for change, it would require the agreement of those provinces.

I sat for three and a half years in the Ontario Legislature. At that time I was interested to hear New Democratic Party Members in the House object to the fact that provincial Governments could borrow from the Canada Pension Plan at less than the going rate. I wonder whether it is the position of the federal New Democrats that the funds should be made available to this National Mortgage Corporation at the going rate or below the going rate. If they believe they should be available at below the going rate, that is inconsistent with what I heard some time ago. If they believe they should be available at the going rate, why then would we borrow the funds from the Canada Pension Plan at all?

The idea of taking funds out of the Canada Pension Plan for any other purpose disturbs me. We know that the provinces borrow from the fund. We know that contributions to the fund have been increased dramatically on the pretext that the fund would run dry some time after the year 2000 if they were not. Many Canadians wonder whether that is accurate or if it is only a case of the provincial Governments wanting to be able to borrow more from the plan.

I believe that far too much is taken from the Canada Pension Plan already. The last thing we should consider is borrowing funds from the plan for any other purpose. I wonder about putting funds from the Canada Pension Plan in a mortgage portfolio. If you or I, Mr. Speaker, were to invest funds for a rainy day in a guaranteed investment certificate, we would get a five-year rate of 9.5 or 9.75 per cent. We would get 1 per cent or 2 per cent more if we invested in a mortgage portfolio because it is a riskier business. Because it is riskier, I do not think the premiums of the Canada Pension Plan should be invested in it.

Mr. Nickerson: Now you are talking like a Tory.

Mr. Boudria: I am not talking like a Tory. I am talking like a Liberal. The Liberals created the Canada Pension Plan. Although it has imperfections, it is a good plan. However, we should never put those funds in a mortgage portfolio. That is too businesslike, too Tory-like. Perhaps there is a certain *rapprochement* of my colleagues in the two other Parties. However, I do not want to get into that.

The point is that if we decide that we want a National Mortgage Corporation, there are other ways to finance it than with Canada Pension Plan contributions. Those contributions are heard-earned dollars of working Canadians. Those funds should be properly invested for our retirement years. The Member who proposed this motion indicated that the provincial Governments are borrowing from this fund and that perhaps that is not the wisest investment of fund contributions.

When I was in the provincial legislature, the Hon. Member's colleagues there used to say the same thing. They said it was unfair for the provincial Governments to borrow at lower than competitive rates. If that is unfair, how is it any fairer to take the funds, at lower than competitive rates, and put them in a new National Mortgage Corporation? If the Member does not believe that the funds should be invested in that corporation at less than the going rate, why use funds from the Canada Pension Plan at all? Presumably we could take funds which are available on the open market.

Mr. Epp (Thunder Bay—Nipigon): Now you are talking like a banker.

Mr. Boudria: No, I am not talking like a banker. I am taking the opposite position. The funds that belong to the people of Canada should not go into a mortgage fund. If those funds are not to be left as they are now but invested in some other way, they should be invested without risk because they are for our senior years. They should not be invested in any way by which they could be lost. I believe there is enough risk in lending the funds to provincial Treasuries at this time, particularly when it is a well known fact that most never intend to repay those funds. We should not take any greater risks with the fund and should leave the Canada Pension Plan as it is to ensure that our senior Canadians have those funds when they need them.

• (1630)

Mr. Albert Cooper (Peace River): Mr. Speaker, I am pleased to have an opportunity to speak to the motion put forward by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp). First, my experience in the private sector before coming to the House of Commons was in the area of real estate. I regularly dealt with housing, mortgages and all those things connected with real estate and therefore am quite interested in that part of the motion.

However, the motion also gave me an opportunity to study in more detail the Canada Pension Plan because of the implications on that plan in the Hon. Member's suggestion.

I want to deal with three areas in my remarks today. First, I want to examine the very interesting financial aspects of the Canada Pension Plan. Second, I will talk briefly about federal and provincial jurisdiction over the CPP, and finally, I will speak about some of the implications of putting those funds to other use.

The Hon. Member's motion involves a very interesting concept, and one that I initially found rather appealing. I was tempted to consider the matter further and this led to the research that resulted in some of the information I am giving today.

There is no doubt that housing is very important to Canadians, not only in providing shelter but in providing the economic development that flows from the building of homes. Members will know that when there is building activity in their constituency there are jobs, investment opportunity and a boost to the over-all economy.

While the Hon. Member's objective is good, unfortunately problems develop when one examines the implications of removing those funds from the CPP to achieve that objective. I was extremely interested to learn that the Canada Pension Plan is the largest pension fund in Canada, amounting to some $31 billion. Currently, that money is invested in both provincial and federal government securities and, as the Hon. Member who spoke before me pointed out, the majority of those investments are at slightly below the going market rate. Yet, when we consider that interest rates have ranged from somewhere between 5.3 per cent and 17.5 per cent back from 1966 when the plan was introduced, the over-all weighted average over that time is about 10 per cent. The interest on the CPP fund for fiscal year 1985-86 alone amounted to approximately $3 billion.

There is certainly an impression in my riding, and I believe throughout the country, that much of this money has been frittered away, never to come back to the fund, and that the provinces will not repay the funds, and that as a result of these unusually low interest rates senior citizens and future senior citizens of Canada are being robbed. That is not true. While there is no doubt that the money is lent at slightly below normal interest rates, I am told that if those funds were invested at the going rate, the difference since 1966 would have meant that there would be roughly another three months in benefits in the pool. Presently, we have a pool from interest investments and so on that is equal to approximately five years of the benefits that would have to be paid out. Therefore, when we consider three months in benefits compared to the five years, the return is not much lower than the existing average of the market rate.

Let us deal with the concept of federal and provincial jurisdiction. There is no doubt that the contributions are made on a province-by-province basis and the funds raised in a particular province remain within that province for those who contribute the funds. It is a good plan.

Pension plans were originally a provincial jurisdiction. In order for the federal Government to enter this regime, it negotiated a scheme with the provinces that was comfortable to both. The basic result of this is that the provinces have a right to participate in any decision that would change the way the moneys are spent. It is fascinating the consider the implications of that if we proceeded with the Hon. Member's motion. All of the provinces except Quebec are part of the Canada Pension Plan. Would Quebec, with its own pension plan, be excluded from this National Mortgage Corporation? I am sure Quebecers would like to be part of this scheme because it is for the benefit of all Canadians. In addition to that question, there is the question of shared federal-provincial responsibilities and a requirement for two-thirds or a majority of the provinces agreeing to any decisions made about the plan. The Province of Quebec would have a voice on the question while, at the same time, Quebecers have their own fund which presently amounts to some $10 billion.

The alternative would be to exclude Quebec from any proposal such as this, which I do not think would sit very well with the people of Quebec. Considering that we function as a nation, I do not think it would sit well with the rest of Canada.

Finally, I want to deal with the implications of this motion. A large part of the money invested by the provinces goes to health care and education. They are two very important areas not only to the provinces but to Canadians as a whole. Therefore, we are not dealing with an idle surplus fund, but a fund that is being used by the provinces in many ways, particularly for education and health care. If we were to proceed with the Hon. Member's motion as he has suggested, we may well be robbing Peter to pay Paul. I do not believe that is the intent of the Hon. Member's motion and it is certainly not what any of us in Parliament want to happen.

I repeat that the objective of the Hon. Member's motion is good. The idea of exploring concepts for making better mortgages available to home owners is good. However, the idea fails when we begin talking about taking funds from the Canada Pension Plan and placing them into mortgages and creating a new mortgage corporation. I believe the net impact would be that the provinces would suffer and Canadians generally would suffer. There is no doubt that it would affect education and health care.

• (1640)

When we go back home and talk to our provincial people, we know very well those are two areas which right now are feeling stretched and stressed as it is. Again, I thank the Hon. Member for his motion. It is very thought provoking and I certainly found it enjoyable to work on because it gave me a chance to go back and look at some of the areas I have enjoyed working in and looking at.

Mr. John Reimer (Kitchener): Mr. Speaker, I appreciate the opportunity to make a few comments on the motion presented to us by the Member of the New Democratic Party, the Hon. Member for Thunder Bay—Nipigon (Mr. Epp). The Hon. Member has suggested we establish, together with the provinces, a National Mortgage Corporation financed through contributions to the Canada Pension Plan. My first reaction and advice, I suppose, to my hon. friend, would be to follow perhaps the wise advice I am sure has been given to him by some of his constituents, the common sense axiom: "If it ain't broke, don't fix it". I would suggest to the Hon. Member that that is part of what we are looking at today. We have a situation which is working very well and I wonder why we should interfere and perhaps create greater bureaucracy and the many problems attendant to that.

However, I commend the Hon. Member for the intention of the motion. I am very sympathetic to what the Hon. Member had in mind. What he wanted us to do was to look as carefully as we could at every opportunity to see if we could support the housing industry and thereby create decent accommodation within the reach of all Canadians. To that extent, I commend the Hon. Member. As I understand it, if the motion were

accepted, it would create a national mortgage corporation which would be akin to the federal Mortgage Exchange Corporation which was provided by the residential mortgage financing Bill. As you know, Mr. Speaker, that Bill became law on December 7, 1973. However, the corporation itself was never established by the Government of that day or by any government since. I admit its projected structure and funding are different from the proposal in this motion. The operation of the federal Mortgage Exchange Corporation of 1973 did not require the concurrence of 11 other Governments or of 11 Governments together. It also did not require, as this motion would, a profound change in the historic agreement which established the Canada Pension Plan.

I am also struck by another fact. As I listened to the Hon. Member presenting his motion, I heard no reference to the Province of Quebec which operates its own pension plan. Therefore, would the proposal ignore the needs of Quebec in stimulating mortgage financing? I am sure the Hon. Member had no such intention.

I honestly do not think the present housing situation requires either a new National Mortgage Corporation, or the establishment of the federal Mortgage Exchange Corporation already authorized by law. Quite simply, the need is not there. There is no need because the private sector, aided by responsible Government fiscal policy, is amply supplying the mortgage market.

Perhaps the most successful of all government policies which affect housing has been the lowering of interst rates over the past two years. Every home owner with a mortgage has gained the benefits of a decline in interest rates of close to 30 per cent. It is money in the bank for thousands of Canadians. These lower interest rates have also made the difference between buying a home now or continuing to wait, hoping for some brighter day in the future. Lower interest rates have created a tremendous stimulation to the housing industry. More and more jobs have been created in the construction industry, in our distant forests, right down to the fast-food outlet down the street.

When this Government came into office in September of 1984, we looked at the monthly payment a person would have to make for a $50,000 mortgage amortized over 25 years. It was in the neighbourhood of $550 to $580 a month. Today it is possible to obtain a six-month mortgage for $50,000 at 7.5 per cent, which means a monthly payment of $366. Those home owners have approximately $200 more in their pocket every month to use for other purposes such as savings.

Last year institutional lenders approved 49 per cent more money for 40 per cent more housing units than in 1984. Although this sharp rise in construction may slow down, the demonstrated availability of ample mortgage money should dissuade us from any expensive new schemes such as this motion, which proposes to involve more government structures in the mortgage market. Even 13 years ago, the Government of that day did not think it necessary to establish a new mortgage corporation. I would submit that in these days such a corporation seems even more superfluous than then.

One of the real differences between the New Democrats and the Conservatives is in the different way we approach such issues. The New Democratic Party constantly looks at how we can create more government, a larger bureaucracy and more regulation. The Conservative approach over the past two years has been the exact opposite. We are trying to lessen the size of government and the size of the bureaucracy, thereby lessening the debt load upon the taxpayers who pay for it. As a result, we have begun to attack government spending and the deficit, thereby strengthening the dollar and lowering interest rates. That is the situation we are in today.

In beginning his remarks, the Hon. Member for Thunder Bay—Nipigon mentioned that interest rates are much lower today. Some of my colleagues on this side of the House then applauded. The Hon. Member then chided those Hon. Members, saying: "Don't take so much credit for that. There are other reasons". That is true. There are many reasons. However, I would submit to the Hon. Member that in addition to the reasons he gave, the fact we have some of those lower interest rates today in Canada is because of the very things this Government has done. We have cancelled the National Energy Program which was ruinous to western Canada. We cancelled FIRA. We created Investment Canada. We have taken action to reduce the deficit. We have taken action to reduce government spending. All of these initiatives create a climate for both foreign and domestic investment and lead to the strengthening of the dollar, thereby the lowering of interest rates. I would chide the Hon. Member, as he chided us, by submitting that if he wants to attack us for the problems, he has to give us some credit when things go well.

The ready availability of mortgage funds is no reason for complacency. To provide a new pool for the housing industry, the Minister responsible for CMHC announced last year mortgage-backed securities. This program alone, requiring no new government infrastructure or complicated federal-provincial agreements—which this motion would require—will go far to meet the objectives underlying this motion. It will certainly increase the mortgage funds available and will introduce more stability into the market. The program should usher in a return of longer term mortgages, which will enable home buyers to make sound decisions in their personal financial planning without all the doubts and fears of a fluctuating mortgage market. In fact, just recently, because of the decline in interest rates, a 10-year mortgage is now available.

To make these mortgage-backed securities more attractive to investors, both to institutions and to individuals, CMHC now provides loan insurance to ensure the lender will receive the principal and interest even if the borrower defaults. Further, the investor has a guarantee of punctual monthly payments of principal and interest. These securities will rank with Government of Canada bonds as safe and attractive investments, probably with slightly higher yields.

• (1650)

In looking at the motion which is before us today my first concern is that it is not necessary. Second, it would simply create bigger and bigger government and therefore more costs. Third, it would drive up interest rates again since it would indirectly contribute to the costs of bigger government.

Although the Hon. Member's motion has some laudable and good objectives inherent in it, it is not necessary because the Government's program of fiscal responsibility is bringing about the very situation he desires, that is, making it easier for people to own homes through the lowering of interest rates.

[*Translation*]

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, allow me to comment on motion M-40 introduced by the Hon. Member for Thunder Bay—Nipigon (Mr. Epp). In his opinion, the Government should consider the advisability of establishing, with the provinces, a National Mortgage Corporation which would be financed through contributions paid into the Canada Pension Plan.

Before dealing with the motion itself I should like to set it in a proper context, namely the current situation with respect to housing starts and mortgage funding in Canada. Surely we all realize how imperative it is to take every measure required to get rid of any financial obstacle which have an adverse effect on the construction of adequate houses for Canadians.

Right now the housing industry is doing quite well. Housing starts reached 199,785 in 1986, a peak for the last eight years, an increase of nearly 34,000 over 1986 which was shared by all provinces.

These data are both promising and reassuring because this period was definitively not highlighted by huge public expenditures nor by other private sector programs designed to promote home construction. Surveys and resale market indicators attest to a rather strong consumer confidence.

This level of activity is due to a large extent to low interest rates and sustained economic growth. Most forecasters however predict a stabilization of the Canadian economy. According to projections contained in the federal Budget, the rate of growth of the Gross National Product should slow down from 3.7 per cent to 3 per cent in 1987. The most appropriate answer to the Hon. Member for Thunder Bay—Nipigon is to say at a time when housing demand is so strong, almost sudden, one might add, finding mortgage financing is not a problem.

All Members of this House will agree, I believe, with the two following objectives with regard to our public housing policy: first, to provide as much adequate and affordable housing as possible to all Canadians and second, to ensure the good health of the housing industry. For most would-be buyers, a practical financing scheme is almost as important as the price of housing. A healthy housing industry is very important, given its impact on the economy at various levels, from the resource industries to the supply of local services. How then can Government best help to attain these two objectives?

The answer is simple. The Government should go on doing just what it is doing now, that is creating an environment of co-operation with the private sector and encouraging the private industry to provide the funds required to preserve a dynamic housing industry. Those funds can be obtained from savings, with no need to draw from the Canada Pension Plan.

The Government should also attempt by all means to encourage low interest rates. Lower interest rates in the past two years have had a very positive impact on the housing sector. Every household renewing a mortgage since the fall of 1984 did achieve real savings. On a typical $50,000 mortage amortized over 25 years, the savings resulting from lower interest rates between September 1984 and now could easily amount to more than $1,000 per year. This means money in the bank.

Current interest rates, which have not only come down but have also avoided the severe ups and down of a few years ago, are a definite incentive for potential buyers. Housing acquisition is a common social objective from coast to coast. Add reasonable interest rates and it also becomes a good investment. Knowing that when you renew your mortgage a few years from now you will not have to go through a terrible financial crisis makes the whole prospect more appealing.

It is with the goal of further reinforcing that stability in mind that the Minister responsible for the Canadian Mortgage and Housing Corporation introduced the mortgage-backed securities program, which is a new way for the Government and the private investor, big or small, to engage in joint ventures. This program was announced after extensive consultations with lenders, provincial and territorial Governments, consumer associations and the housing industry throughout Canada. In order to promote the productive use of savings for housing, the Government guarantees immediate payment to lenders of principal and interest should the borrower experience financial difficulties. These securities are just as secure as the one already offered by the Government of Canada and their yield is expected to be slightly above similar Government issues.

Let's go back to the motion under consideration. Two things are proposed: A new agency which would provide mortgage loans with funds from the Canada Pension Plan. At this stage, a new agency seems not only superfluous, but it could also be prejudicial. As you know, Mr. Speaker, thirteen years ago, Parliament passed an Act authorizing the establishment of the federal mortgage exchange. However, no government implemented it. The overhead costs would represent a heavy burden that would inevitably be passed on to homeowners. What is more important, it would affect the spirit of co-operation between the private and public sectors that this government promoted with so much success.

Furthermore, the use of the Canada Pension Plan funds would be senseless and potentially detrimental. Supposing even

that all the provinces would agree to such measures as would be necessary to allow the use of those funds, which is quite unlikely, we would be diverting funds intended for essential projects such as schools, hospitals and other public works for which there can be no direct loans from the private sector, while leaving no room for savings funds that investors are getting ready to make available on the housing market.

Therefore, I think that even if the motion was moved with the best of intentions, it would not help at all the housing situation in Canada. We can consider ourselves fortunate that such impractical measures turn out to be needless, today as well as in a foreseeable future.

The Acting Speaker (Mr. Paproski): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), this item shall be dropped from the Order Paper.

It being five o'clock, this House stands adjourned until next Monday at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 5.00 p.m.

HOUSE OF COMMONS

Monday, February 2, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is a pleasure to present a petition, pursuant to Standing Order 106, from a number of Canadian residents who are concerned that the changes to the Patent Act by the federal Government will significantly increase drug prices for Canadian consumers. They believe it will severely restrict the ability of average Canadians to buy necessary prescription drugs. They are calling upon the Government to come to its senses and stop the continuation of this Bill changing the Patent Act.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a petition from residents of Winnipeg, mostly in my riding of Winnipeg North Centre, concerning the Government's proposed changes to the Patent Act. They indicate that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They add further points and conclude by calling upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

OPPOSITION TO SANCTIONS AGAINST SOUTH AFRICA

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I am presenting a petition on behalf of a number of Canadians who are opposed to the Government's proposal and sanctions against South Africa, claiming that it harms the Canadian economy.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, it is my honour and duty to present a petition on behalf of a number of Canadians from my constituency and the constituency of The Battlefords-Meadow Lake who call upon Parliament to reject the proposals which would increase the prescription drug prices for all Canadians and suggest that the proposals presently before the Government will do just that.

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, I have the honour to present, on behalf of Canadian voters from Montreal, a petition concerning the proposed changes to the Patent Act, which these petitioners say will have a direct impact on all Canadians not covered by public or private drug plans. They humbly pray that Parliament reject these proposals which they say will increase the price of drugs for Canadians across the country.

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, this morning, I have the honour of presenting a petition on behalf of Canadians from Vankleek Hill in Ontario, urging the Government to refrain from adopting the amendments to the Patent Act proposed in Bill C-22. They say this legislation will have a direct impact on all Canadians not covered by public or private drug plans. They also say that proposed amendments to the Patent Act are one more example of the concessions the Canadian Government is making to the United States.

• (1110)

[*English*]

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to table a petition from many Canadians, particularly from Vancouver. The petitioners state that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, that the tariff has had little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers and book-sellers, distributors and Canada's culture, and that rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

[*Translation*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I also have a petition from Canadians in Montreal who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners, in the certain

assurance that your Honourable House will therefore provide a remedy. They humbly declare that the monopoly position granted innovative pharmaceutical companies will prevent competition from less expensive generic drugs, thus leading to an increase in the price of drugs for the Canadian consumer and severely restricting the ability of many people to purchase the drugs they need, that the proposed amendments to the Patent Act will have a direct impact on all Canadians not covered by public or private drug plans, that the Government's proposal will increase the already high cost of provincial health insurance schemes and that the proposed changes to the Patent Act are one more example of the Canadian Government's concessions to the United States in the free trade negotiations, without regard for the well-being of the average consumer. Wherefor the undersigned, your petitioners, humbly pray and call upon Parliament to reject these proposals which will increase the price of drugs for Canadians.

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and duty to present two petitions to the House. The first petition is signed by some 300 citizens of the queen city of the plains, Regina. The petitioners, all of whom are residents of Canada, present a grievance common to them. The petitioners state that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and that the proposals of the federal Government will result in higher costs for provincial Government drug plans. Therefore, the petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Mr. Speaker, I have another petition signed by residents of Calgary, Alberta, another fine city which is next to Regina. The petitioners state that in their opinion, transportation is a natural monopoly without economic regulation and that economic regulatory reform or deregulation of the dimensions proposed by the Government in Bill C-18 will create unnecessary chaos in the transportation industry leading to unacceptable reductions in safety standards as well as deterioration in quality, type and frequency of service. Therefore, the petitioners pray and call upon Parliament to have the Government withdraw Bill C-18 and retain public convenience and necessity as a fundamental factor in the development of transportation policy.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, question No. 47 will be answered today.

[*Text*]

GRANT TO BAIE VERTE MINES INC.

Question No. 47—**Mr. Kaplan:**

Did the Government make a grant of $19,200,000 to Baie Verte Mines Inc., as a method of permitting it to repay debts due to the Crown and, if so, for what reason did the Government use this method rather than simply forgiving the debt?

Hon. Michel Côté (Minister of Regional Industrial Expansion): While the grant has not yet been provided, it is the Government's intention to provide $19,200,000 to Baie Verte Mines Inc. as a method of permitting it to repay debts due to the Crown. This grant item is included in Supplementary Estimates "A" 1986-1987 and parliamentary approval of the payment will be sought in Appropriation Act No. 3, 1986-87.

This method is being used as there is no mechanism through which the debt can be directly forgiven. While the Financial Administration Act does provide for the forgiveness of debts, the appropriate provisions of the Act apply only to Crown corporations. Given this situation, the provision of a grant was deemed to be the appropriate course of action.

It should be noted that the existing situation whereby debts of Crown corporations may be directly forgiven but debts of individuals or privately held corporations may not, was considered to be inappropriate by the Senate National Finance Committee. In its report on Supplementary Estimates (C) laid before Parliament for the fiscal year ending March 31, 1986 the Committee stated that:

> The Committee believes that under the principle of equity, individuals and private corporations should have the same rights as Crown corporations with regard to write off or forgiveness of debts and that the Government should consider such a change when the Financial Administration Act (FAA) comes under legislative review.

In a subsequent appearance before the Committee (April 23, 1986) the President of the Treasury Board noted that "—the suggestion makes a lot of sense and I plan to review the issue fully. I have instructed my officials to look into this matter and to develop recommendations for the consideration of the Government when the FAA next comes under legislative review."

[*Translation*]

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

The Acting Speaker (Mr. Paproski): The question enumerated by the Hon. Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Friday, January 30, 1987, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756),

The Acting Speaker (Mr. Paproski): The Hon. Member for Vancouver East (Ms. Mitchell) did have the floor for the 10-minute question or comment period. However, since she is not here, we must go to the next person.

I would like to remind Hon. Members that under Standing Order 55(2) we have completed the eight hours of debate. We are now into 10-minute speeches. I must recognize the next speaker from the other Party. The Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins).

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, I have not yet had the opportunity in the resumption of this Parliament to congratulate you on your job as Deputy Chairman of Committees of the Whole. You conduct yourself very well in the chair and we wish you every success in that role.

I am pleased to rise today to speak on Bill C-18 which deals with the National Transportation Act. It also deals, of course, with the deregulation of the transportation industry. Bill C-18 is primarily designed to revamp the National Transportation Act brought forward in 1967 by the Hon. Jack Pickersgill who was then Minister of Transport in the Government of the Right Hon. Lester B. Pearson. I can remember very well as a fledgling Member in those days sitting behind Mr. Pickersgill while he supported his Bill day after day.

I recall having a Parliamentary Secretary come to my riding to speak one night. In those days, of course, the House sat at night, and the House was still in session. While the Parliamentary Secretary and myself were in my riding, a snap vote took place. I was paired, but, unfortunately, the Parliamentary Secretary was not. The Government lost that vote, I believe, by 57 to 55. It was one of those squeakers. When Bill C-18 came up for debate it brought back those old memories. Jack Pickersgill was a very adept and professional Parliamentarian, as we all know.

The cited purpose of this Bill is to increase competition in the transportation sector by removing certain regulations which hinder the ability to compete. That is very serious for the regions of this country. It is certainly one reason I wanted to speak on this Bill on Friday and today. The transportation modes which will be affected by this deregulation are rail, air and trucking. Of course, most of us have received representations from them all.

Every Canadian rail company, commercial airline, private airline owner, extra-provincial trucking firm and parcel carrier will be affected by this Bill in the way they will be allowed to conduct their business. It will be particularly difficult on regional airlines. Again, regional airlines are very important to the regions of this country because they feed passengers and freight into central locations.

Of course, there is something about which we have to be very cautious, and it is one of the major thrusts of this debate. The fact is that in the deregulation of the transportation industry one must always talk about ensuring that safety measures are implemented. We are not absolutely certain that the proper precautions have been taken with respect to the implementation of this legislation.

• (1120)

I remind the House today, and all Canadians, of the Gander air crash in which Arrow Airlines transporting a planeload of American troops home from peace-keeping operations in the Middle East did not use every safety precaution. As a result there was a crash in which many people on their way home for Christmas lost their lives.

This is a serious matter in spite of the fact that the Parliamentary Secretary gets up after each speech and reiterates how the safety measures of the Bill will be implemented and how everything will be fine when they are in place. What will be needed to oversee the transportation industry once all deregulation efforts go into effect is a police force doing nothing else but supervising deregulation and the way in which people treat it.

We have to go one extra step in Canada, something which we have known since Confederation and even before. I refer to the equalization of transportation costs to all parts of the country. The issue is deeper than that, however. It goes to placing transportation facilities at the service of various regions of the country.

I was absolutely astounded to learn what will happen under deregulation. I have received a great many representations from van lines, people who ship by rail, trucking firms and, of course, regional airlines. The Prime Minister (Mr. Mulroney) went down to the United States and said that Canada is open for business. It has been said often in conjunction with that statement that we are not up for sale. Yet, when we see what has happened recently in Canada, for example, the 15 per cent tax on softwood lumber, the fishing agreement with France which has devastated the fishermen of the East Coast and now the transportation industry situation, we may very well have large American companies coming in to buy up smaller Canadian firms. These firms will not be absolutely perfect in putting into effect all the safety measures.

Let us deal with one measure of deregulation. There is one thing that the transportation Bill of 1967 did, that is, it ensured a reasonable and fair transportation policy for the regions of Canada. Recently, the CNR came out with what it

calls a rationalization program, 1986-1996, concerning the St. Lawrence region. This is the region including Montreal, the Ottawa Valley and areas of northern Ontario. It is a devastating report. It starts off with the following words:

> In the context of the rationalization of our rail infrastructure, some lines have been identified as being potential candidates for abandonment in the coming years. A preliminary plan has been prepared and attached you will find the sections affected.
>
> Any effort to attract new traffic on these sections is to be abandoned immediately.

So CN wishes to discourage business to make it look as if the railway line is not needed. The report continues:

> For the traffic already on these lines, we must consider either, and preferably, converting this traffic onto the intermodal system, or else, adjusting rates to minimize our present losses.

So if the company cannot discourage traffic on the lines it wants to close down, so says CN, then what it does is simply raise freight rates to the extent that nobody will use them, something which will be devastating to the regions of Canada. The report goes on to state:

> You will shortly be convoked to a meeting in which the particulars of the application of these measures will be discussed in more detail. In the meantime, I would ask you to treat this with discretion.

In other words, "Keep it low-key, fellas. Don't blow the whistle and don't let anyone know what we're planning to do". When I asked the Minister of Transport (Mr. Crosbie) a question about this matter one day in the House he belittled my representation and more or less shoved it off to the side as if it were not important. Yet, the document to which I have referred concerns the main line of the CNR from Montreal to Ottawa, up the Ottawa Valley to North Bay and beyond. A major part of it, some 163 miles, is known as the Beachburg Subdivision. This does not only affect the regions of eastern Ontario and western Quebec but it affects other parts of Canada, for example the City of Toronto and the large urban areas of southern Ontario where a great deal of this traffic will be headed if that line is closed down.

The Consolidated Bathurst Paper Mill at Portage-du-fort on the Quebec side of the Ottawa River receives and ships out approximately 4,500 railcars per year. Out of this amount, nearly 1,800 carry chemicals including chlorine, caustic soda, bunker oil, to name just a few. The concern is that if the railroads are looking to all these chemicals being transported over our provincial highways, then with the abandonment of the line servicing this mill it is a certainty that the goods will have to be shipped over the provincial highways. I do not think that the Governments of the Province of Ontario and Quebec have any choice but to enter into this issue to save that CN line and ensure that it stays in place.

Local fire and police departments in the area of this mill are not equipped to handle a major spill of chlorine if one were to occur as a result of a transport accident. Some municipal fire departments have done excellent jobs of upgrading themselves. A great many of them are volunteer fire departments and they still send their members away on courses. They can handle many of these situations. But to put this type of material into these big transports on to highways in eastern Ontario and western Quebec, highways which are already overloaded, is not only unfair to the shippers but to the people of those areas. It will end up costing the two provincial Governments a fortune.

In conclusion, where will these 1,800 carloads go? They will go right through the built-up areas of Canada.

There are a great many things I have to say about the Bill but I see that you are giving me the signal that my time is almost up, Mr. Speaker. I want to say that I will be voting against the Bill because I think it is horrendous. I just wish that the Hon. Jack Pickersgill were back here putting some sanity into Canadian transportation policy.

Mr. Albert Cooper (Peace River): Mr. Speaker, I am pleased to have this opportunity to take part in the debate this morning concerning an issue that is so fundamentally important to western Canada. I do not think it is any secret that I come from a region of Canada which is very much dependent on transportation. A large part of our industry is based on resource development. Many of the industries in my riding literally end up becoming captive shippers. As a result we are very keenly interested in the Bill which is before us. We feel it is fundamental to the development of the West, especially in terms of its economy. All the grain produced in our area has to be shipped out by rail. There are many difficulties surrounding these shipments. This debate is but a reminder that the number one problem we face in the Peace River country continues to be with respect to transportation.

I would like to give a specific example which illustrates the point I want to make in speaking to this Bill. In my riding I have a large lumber mill, the capacity of which is virtually incredible. It probably ranks as one of the top-producing mills in Canada. The only form of transportation available to this mill is one railway. What is the result of this situation? There is no competition. Thus the bottom line is very simple. The mill pays tremendous prices to ship out its lumber. But does this company have an alternative? The company has to provide a form of competition on its own. It has to truck out large amounts of its lumber, not because it is practical or economical, but because it is the only way there can be any form of competition which allows some leverage to bring down the prices the railway charges. In effect, artificial competition has to be created because of the present National Transportation Act. There is no opportunity for the competition that is so necessary. This Bill starts to deal with and address that problem.

• (1130)

The second item I wish to briefly touch upon, and which I think is very important to western Canada, is the whole issue of western coal. We have talked for some time now in the west about the coal there. It is high quality, low in acid emissions, and it is ideal coal for Ontario Hydro to use in the production of its power.

In today's *Quorum* there is an interesting article from *The Globe and Mail* which speaks directly to this issue. I wish to refer to some of the quotations from it, because it illustrates some of the problems that we are facing.

Under the leadership of the Deputy Prime Minister (Mr. Mazankowski), the Government has spent a great deal of time, effort, and energy to bring western coal into Ontario.

Deputy Prime Minister Donald Mazankowski has written a stiff letter to Ontario Premier David Peterson, complaining that the Premier is avoiding a meeting with him to discuss the use of low-sulphur western Canadian coal by Ontario Hydro.

"I have, since last November, been seeking a meeting with you to discuss how we might best proceed on a co-operative basis with this important initiative," Mr. Mazankowski wrote in a letter dated January 29 and obtained by The Globe and Mail.

"Already, this meeting has been postponed twice by your office—

This is a very important issue and we are trying to do it.

The article becomes more interesting, and as a western Canadian I feel it is well and accurately stated that:

The report, which says 13,000 jobs could be created in the next 15 years, $4.1 billion in income generated—

That is, just because of this deal. This is an extremely important decision for western Canada with an impact for the nation.

In addition to that, there is the all-important concern about acid rain. The same report states:

—Ontario Hydro could meet its future acid-gas emission limits "solely by the use of more western Canadian coal"—

There are two options. First, we could create economic activity in Canada instead of in the United States, which is where Ontario Hydro presently gets its coal. In addition to that, an important goal is met, that of reducing the acid emissions in Canada. What is the problem? Why can we not arrange a meeting with the Premier? Why can we not come to some resolution of this issue? Again I refer to the article, this time a quotation from the Ontario Energy Minister, Vincent Kerrio, who said this:

"One major hurdle, however, is the high cost of transporting Western coal to Ontario," he said. "Instead of Mr. Mazankowski laying the blame on us, if he came forward with a strong commitment to moving that product at a reasonable price I'm sure we could do it."

Is that not incredible, Mr. Speaker? The provincial Government of Ontario is asking us to come up with something that will allow the coal from western Canada to be brought into Ontario at a reasonable price, and their federal colleagues are sitting here blocking the very vehicle needed in order to ship this coal into our region.

That is a picture of the type of problem that we have. I am astounded when I see an economic opportunity, an opportunity to reduce acid rain emissions, and what have we got? The two wings of the Liberal Party at loggerheads, at opposite ends of the spectrum on something that is so fundamental and important.

The question is, are the Liberals opposing this Bill because of some clear understanding of some great harm to the Canadian economy, or are they looking at it for some other reason?

If we look behind the scenes and take our memories back to 1983-84, we find something that is very interesting. At that time the present Leader of the Opposition (Mr. Turner) was a director of CPR. In itself, that is fascinating. His resignation did not take effect until after he was sworn in as Prime Minister, so that carried through his run for the leadership into his time of leading the Party, and then becoming Prime Minister. The Leader of the Opposition presents himself as a Member from western Canada. If he was representing western Canada, he would see the absolute importance of this coal deal. He would see the legislation as an opportunity to deal with that problem. In addition, he would sit down with his Ontario colleagues, namely, the Premier of Ontario, and say, "Sit down. Let's get this ball going." What is he doing?

Mrs. Mailly: He has moved to Toronto. Maybe they will talk to each other.

Mr. Cooper: That is exactly what he has done. He has taken a condominium in Toronto, and maybe the two of them can get together and work out these serious problems.

The truth of the matter is that the Liberal Opposition is not representing western Canada. The time has come for them to do that. He should not be buying a condominium in Toronto, he should be spending more time in Vancouver, Alberta, Saskatchewan, and Manitoba, and understanding what is going on there. He should be talking to his provincial colleagues and not representing the CPR, even though he has resigned as a director, but representing the people who have the concerns of western Canada, and their concerns focus on this Bill.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to have an opportunity to say a few words on Bill C-18. It is always a pleasure to speak on Bills relating to transportation, particularly because we can look back in our history and recognize the major element that transportation has played in the social and economic structures. We are the second largest country in the world ranking twenty-eighth in terms of population. It is not surprising that transportation has played such a role in the development of Canadian society and the economy.

For the average Canadian thinking in terms of our history, we think of the voyageurs, the fur traders linking up Montreal with Fort St. James in British Columbia. We think of the CPR and the history of railroads and canals in Canadian history. We certainly can recall the role of aircraft, the bush pilots opening up Canada's North.

I could go on, but obviously transportation and the development of transportation in the best interest of Canadians is important. Now that we are debating amendments to the National Transportation Act, we recognize that it is long overdue. It was 20 years ago last year when Jack Pickersgill introduced legislation, the National Transportation Act, that

in a sense provided the framework that we have known in Canada for the last two decades. We all recognize that it is time for rethinking, upgrading, and re-examining the various sectors of that Act, and bringing it more in line with the realities of the 1980s in preparation for the 1990s.

This Bill could be called Bill C-18 with a variety of things in terms of title. It does have a title, but I would think that a more appropriate title would be to call this an anti-bill. It is in fact anti-competition. It is anti-regional. It is anti-economic development, particularly in certain regions of Canada. It is anti-Canadian. It is anti-safety. It is anti-service. It is anti-small-business. I could go on with a variety of other categories.

In looking at what this Bill actually does as opposed to the mythology surrounding it, it is quite alarming. In this Bill there is the assumption that we will leave the transportation systems of Canada to the free hand of the market-place. The belief that whatever is the most profitable thing to do is what companies should be permitted to do, and that what makes sense in terms of profit motive is good for Canada goes against the reality of the Canadian landscape. If we say that what is profitable is best, once again the entire emphasis of the transportation system will be focused on the Golden Horseshoe region of southern Ontario or the Toronto-Montreal access. That will be Canada, that is where the transportation system will be most effective and efficient. The rest of Canada will simply be left on the sidelines. That is not what built Canada. That is not what makes Canada today. That is one of the major weaknesses in this piece of legislation. It lacks any framework by which to evaluate the various aspects of the Bill.

• (1140)

What does it do in terms of dealing with matters of safety for workers and passengers? What does it do to create better and improved competition in our economy? What does it do in terms of developing economic growth, particularly in the regions of Canada? Does it assist the fledgling small business sector or small manufacturers, particularly in our regions? Does it promote Canadian participation in the economy? I am afraid that the answer to all these questions is no, it does not.

Consequently, we have a number of concerns regarding Bill C-18. I think it is really a carbon copy of Bill C-126. The old Bill has been simply reintroduced in the House. When the Minister of Transport (Mr. Crosbie) introduced the Bill, he was asked in a scrum outside the House, "How is Bill C-18 different from Bill C-126?" He had to admit that he was not aware of any significant changes. He was not aware that it was much different at all.

We know what groups felt about the previous Bill to deregulate the transportation system. We know that the Canadian Trucking Association was against the previous legislation. We know that CN was against the legislation. We know that CP was against the legislation. We know that the Council of Maritime Premiers was against the legislation. We know that the Canadian Labour Congress was against the legislation. Quite frankly the list goes on for a whole page. Witness after witness appeared to speak against the legislation in terms of it being anti-competitive and anti-service. They indicated that it did not promote safety for passengers or for people working in the transportation system and that it did not enhance Canadian participation.

Quite frankly the question is, who supports the Bill? I suppose a few major shipping companies support it. However, do Canadian consumers support it? I, for one, will be very curious to see who lines up during the committee hearings, which will hopefully be held across Canada, to say that this is good legislation.

I should like to refer to a specific point in the legislation. The authors of Bill C-18 seem to understand the devastating impact of deregulation on the northern parts of Canada. Perhaps one should ask, do they really understand? The Bill retains regulation for air travel only for an area called the designated area. In other words, the Bill indicates that it is important to have regulation in a certain part of Canada, that being the northern part of the country. I should say that it is defined as being north of the line drawn from the 50th parallel on the East Coast to the 55th parallel on the West Coast. In this particular area regulation will continue, except for flights from the south to northern destinations as well as trips originating in the North and terminating in the South. These flights are still deregulated.

If it was believed that it was important to maintain regulation in the northern parts of Canada, which includes the northern parts of most provinces and certainly the territories, why was it restricted only to air travel? What about truck and marine traffic in those areas? If it is needed in the northern parts of Canada, what about the other parts of Canada?

In this particular section of Bill C-18 the Government really betrays the reality of the situation. It recognizes how important it is to ensure the economic development of northern Canada and to ensure that the citizens of that part of Canada obtain reasonably competitive rates. Also it recognizes that safety is a factor for workers and for passengers and that it is important to help Canadian companies exist in that milieu. Obviously it felt that regulation was necessary in that part of Canada. However, for the rest of Canada it says no. We will have to explore that distinction as the debate continues.

It is part of the sell-out theme for which the Government has become famous. It sold out the softwood industry. It sold out to multinational drug companies. It sold out the fishing industry. Now it is selling out in the transportation industry. It is part of the so-called free trade discussions which are already well under way. Bill C-18 is simply part of that because it will give United States railways and trucking companies access and advantage in Canada which Canadians will not have in the United States. It gives it all to the American trucking companies and to the American railways, but it does not give the same benefits to Canadian trucking companies and railways. Why would anyone agree with that? That is what the legislation does. It is pro-American and anti-Canadian. For that reason we have some real concerns about it.

We also have concerns when we think of the need for some regulation in the system to ensure that parts of Canada are well served. I remind the House of the 1897 Crow's Nest Pass agreement, which was designed to help western producers; of the statutory grain rates established in the 1920s, again to assist western farmers; of the Western Grain Transportation Act, which was necessary to provide equal opportunities for those in western Canada; and of the Maritime Assistance Act as well as the Atlantic Provinces Freight Assistance Act, which were designed to provide equal opportunities for people in the Atlantic provinces. These pieces of legislation were thoughtfully presented, argued, and adopted in the past because they were deemed to be absolutely necessary. Suddenly, through this intellectual breakthrough, the Conservatives think that they are unnecessary and that we can throw aside all this legislation and let the free hand of the market-place decide.

In closing, when people are seeking lower air fares, they want to go between other places than Vancouver, Toronto, and Montreal. What about Red Deer, Swift Current, Moncton, Sherbrooke, and Brantford? If it is to be simply the invisible hand of the market-place which decides where services will be provided at competitive rates, it will just be between major metropolitan areas in terms of air fares. Those living in smaller cities and towns in rural areas will once again experience discrimination at the hands of the Government.

Mr. Moe Mantha (Nipissing): Mr. Speaker, I just want to draw to the attention of the House the problem with which I was left when I was elected in 1984. As a result of deregulation under two former Ministers of the Liberal Government, 23 controllers at the air terminal in North Bay were to be uprooted through attrition, or moved to Toronto or Winnipeg. They had mortgages. Their children went to school in the North Bay area. They were totally upset.

I draw to the attention of the House that this problem was started by the former Government under deregulation, and today Liberal Members talk about being against deregulation. It is hard to believe what you hear as a new Member of Parliament. The former Government has left the present Government with this problem. I hope we will be able to do something good and that these controllers will not have to move.

• (1150)

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, I welcome this opportunity to rise again in the discussion of Bill C-18, because it allows me to dwell a little longer on this party's position on such a basic matter.

Although unbelievably thick, this Bill as it now stands is more amazing because of its shortcomings than because of what it does contain.

Two weeks ago, I rose for the first time in the early stages of the debate on second Reading, and I pointed out to the House that we in the Liberal Party believe this legislation is incomplete. The deregulation principle itself is acceptable, but the way they are going about it is totally unacceptable in our view. For this reason during discussion in committee we will attempt to bring in amendments to provide safety guarantees to certain groups in our society who may be harmed by the Bill as it is now drafted, because we believe specifically that safety at airports is essential, and the Bill does not guarantee the safety of each and every passenger boarding a plane. Despite all this Government's rhetoric, it is clear the Bill has no teeth as far as air safety is concerned, and the same even applies with respect to rail safety, for we must admit there is now a significant increase in the number of rail accidents in Canada. The only thing the Government has been able to do so far is to appoint inquiry commissions which invariably urge the Government to intervene and impose much stricter conditions and a much more appropriate control system. Yet this Bill does not even allude to safety measures.

We would also suggest that the Bill is replete with other flaws. Particularly with respect to air rates, we can see now that one of the priorities advocated by the Deputy Prime Minister and Member for Vegreville (Mr. Mazankowski) who was then the Minister of Transport and sponsor of the first Conservative Bill on deregulation can be summed up in his words: Thanks to deregulation we will see the rates decline. The fact is that the rates of our Canadian air carriers will not go down as a result of deregulation or this Government measure. There could have been competition in the air, but any such possibility is melting away like snow under the sun. All major air carriers are buying each other out and before too long there will be undue concentration in Canada's air transport business. So how can anyone possibly look forward to healty competition among various companies when in fact Canada will end up with only one or maybe two major air carriers?

As if the situation were not devastating enough, both CP Air and Air Canada presidents stated before the parliamentary committee which studied the Minister's document entitled *Freedom to Move* that they did not expect to see lower air rates within the next few years. Why? Because the two presidents told us that indeed, owing to market forces and especially competition from foreign airlines—mostly American airlines—Canada's major carriers are feeling the pinch and simply cannot offer lower rates to their clients.

In short, I believe that the Canadian consumers have been deceived because the Minister of Transport (Mr. Crosbie) has tried to make the public believe that the rates will decrease substantially because of deregulation. The former Minister of Transport, who is the sponsor of this Bill, was himself forced to admit the truth last June when he appeared before the Committee and was asked for evidence that rates would in fact decrease. He was himself forced to admit that there was no guarantee that his deregulation plan would result in a rate decrease. What is even worse in my opinion is the effect that this Bill will have on employment in the transport sector. The

House will recall that the Conservative Government was elected on a platform of jobs, jobs, jobs. Before the last election, the Conservatives were saying: Vote for us and we shall create jobs. Yet, the Bill does the exact opposite of what this electoral promise implied because, if we look at what happened in the United States when the American authorities deregulated the industry, we find that there was a series of layoffs and a major displacement in the air industry. Between 1978 and 1985, some 40,000 workers in the air industry lost their jobs in the United States. This Bill, however thick it may be, contains nothing to protect jobs in the air industry. It contains nothing to force the air carriers to compensate workers who have to move to keep their jobs or to give adequate notice to employees being laid off.

We feel that Bill C-18 will lead to major disruption of the air transportation industry, the trucking sector, and our two railway companies in this country. All intervenors who testified before the Standing Committee of the House of Commons on Transport which examined the Government's paper, *Freedom to Move*, and I say all intervenors, made it clear to the Conservative Government that this Bill would have serious repercussions on employment levels in the transportation industry in Canada. Mr. Speaker, traditionally, Canada's transportation sector has been among the most fertile and most stable sources of employment in the history of this country. Our country was developed thanks to our ability to improve our transportation modes, including the railways, highways and our aviation industry with its many airports across this country. I think we can say that in the past, thousands of Canadians have earned an honest living, made good wages and enjoyed job security in the transportation sector in Canada. I therefore have no hesitation in saying that the Government's hasty decision to proceed with total deregulation may severely affect the number of jobs available and the job security of those who traditionally earn a living by working for one of our Canadian transport companies.

I find that unacceptable. And that is why I support a suggestion submitted by one of our colleagues who presented an amendment that would send this Bill back to the Standing Committee on Transport with the request that it reassess the entire question, and add firmer guarantees for employment security to the Bill, as of now, if possible.

I know this Bill contains many other deficiencies. Unfortunately, our Standing Orders do not give me more than 10 minutes at this stage. When I next pursue the matter, I will point out all the loopholes and reasons for concern this Bill contains, not only for workers in the transportation industry but for those who enjoy the benefits of our very efficient transport infrastructure here in Canada.

• (1200)

[*English*]

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I must say that I am a bit disappointed that I did not hear a few more of my colleagues from the government side taking an opportunity to participate in this debate. I extend an invitation to them to enter this debate following my remarks which are limited to 10 minutes. If government Members rise, they may contribute to the public discussion on this very crucial matter. This is an essentially important piece of legislation. I would like to hear the Conservative response to my understanding of the implications of this legislation, and that of my colleagues who have spoken on it. I invite Conservative Members to speak rather than to remain silent, waiting for the negative impacts of this legislation on Canadians.

This legislation is gambling with Canadian interests. It is playing Russian roulette with our economic and transportation needs. The Government is gambling that its approach to transportation will work.

Mr. Blenkarn: Right.

Mr. Keeper: The Hon. Member over there has said that this is right and I hope he rises after I have finished to elaborate. Canadians do not want to gamble with essential services—

Mr. Blenkarn: It was studied by the committee.

Mr. Keeper: It is interesting that the Hon. Member can heckle. I appreciate his capacities in that regard—

Mr. Gauthier: He's got good lungs and that's all he's got.

Mr. Keeper: He has good lungs and I would hope that he would take the opportunity to make a speech and make good use of those lungs so that we may hear his position on the gamble the Government is taking with our need for transportation services and for safety in transportation.

I would like to elaborate a bit on the substance of this issue. It is my understanding that the carrot the Government is holding out to the Canadian public is lower transportation fares; that if the Government moves out of the area of transportation and is no longer a watchdog, we can expect to have lower transportation fares. In fact, by holding out this carrot, the Government has even captivated those who do analyses for the Consumers' Association of Canada, or at least it has up until now.

I heard recently that a representative of the Consumers' Association of Canada has said that while the association agrees with deregulation in principle, if it will mean less competition and only two major carriers in Canada—and it seems to be moving in that direction—then the association has doubts. It has said that if the interests of Canadian consumers will be hurt, it will have to re-evaluate its position on this legislation.

We should remind ourselves that we have already begun to move in the direction of deregulation. When the Liberal Government was in office, it commenced that process, a number of years ago. I think it is worth while to remind Canadians that, while Liberal Members in Opposition may be taking strong stands with regard to deregulation, they started the ball rolling. They started the snowball rolling down the

mountain and now it is getting pretty big and scary and they are waking up to the actions they themselves started.

Deregulation has already taken place to a great extent. Under existing legislation, there is a rule that refers to public convenience and necessity and this provides some protection for the public. Even so, the regulatory environment has been loosened up a great deal. While there have been some seat sales, Canadians cannot point to any great nirvana in terms of reduced transportation fares. The Government is simply gambling that its further giant step in the direction of deregulation will result in bargain-basement fares. If it does not work, then we will be paying an enormous price because we could lose Air Canada and we could lose in the areas of safety and service.

Even if the Government's gamble does work, what will we have? We may win on price but is price the only consideration? Is there not a place in transportation policy for considering the value of a service as determined by convenience, availability and safety?

I would point out that there have been a number of disasters in the transportation industry. I think in particular of the Air-India disaster. When transportation companies are put into a deregulated environment in which they take responsibility for safety and security, it is obvious that the price of the ticket is not the only consideration. Safety is an essential consideration as well.

The Government is taking a big gamble on behalf of Canadians. Why does it not put its studies on the table? Why does it not tell us precisely what it expects fares to be if this legislation goes through? Based on our experiences to date, I doubt that we will see the air fare nirvana that the Government has been holding out as a carrot to Canadians. I am afraid we will pay a price in terms of safety and service.

[*Translation*]

Mr. Speaker, this legislation is very important, because the interests of all Canadians are at stake here. Our transportation system is not just a matter of rates but also of safety and service.

I believe the Government is gambling with the interests of Canadians. It wants to offer Canadians the lowest possible fares for transportation, but it has failed to prove this will indeed be the case, which I doubt it will in the near future.

Mr. Speaker, I know I should finish my speech, and I simply want to say in concluding that Canadians do not want a Government that is taking a serious gamble with their interests. They want a Government that takes a balanced approach to these issues, since there is more involved than just the price of a ticket.

• (1210)

[*English*]

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, I had not anticipated speaking on the question we have before us because I thought the correctness of the legislation would be self-evident to any rational, thinking human being. However, we have just had a demonstration from the Hon. Member for Kamloops—Shuswap (Mr. Riis) and the Hon. member for Winnipeg North Centre (Mr. Keeper) that perhaps rationale and common sense are not as prevalent, certainly in this House, as I had hoped they would be. I therefore feel compelled to add one or two points.

Is it not self-evident that competition results in the best service for the customer? You do not really have to think about that. All you have to do is go to your local grocery store and then walk across the street to your local post office. Can you not see that the level of service and prices that you get from the grocery store are far better than you get in the post office? That is not because of the people who work there. It is because of the system imposed in the case of the post office when Government is involved in things where it has no real place.

I am not surprised at the arguments we have heard here today. It is typical of the Liberals and their socialist allies to want to control everything. We will decide, they say, where you can fly from and to and what price you will pay. There is no point in leaving that to the open market because we are better than the open market. We are more intelligent than you, the consumer, or you, the provider of service. We the Government should tell you what you can do and what you cannot do. The Liberals and the NDP look upon the providers and consumer of services as some kind of incompetents. They cannot get over the state of mind which says that the Government knows best and can therefore impose its will on all other Canadians.

I do not know, Sir, whether you have ever spent any time dealing with the regulatory process in transportation as it existed in the past. I sat in on ATC hearings and have seen high-powered and high-priced lawyers trying to belittle the applicant concerned. It is a waste of time, money, and human effort which could be better spent on competition rather than trying to beat down some guy in a quasi judicial hearing. Instead of competing in trying to hire the smoothest talking lawyer, they should be improving the service concerned, which is what will happen as a result of the legislation presently before the House.

I was astounded when the Hon. Member for Kamloops—Shuswap said that deregulation was against the little guy. It is the very opposite. It is the little guy who will benefit most from deregulation. He is the guy who cannot afford to hire the special consultants and lawyers under the existing system. He is forbidden to get into business right now unless he goes through six months, a year, or two years of judicial proceedings. He cannot even start out. Under the new system proposed by the Minsiter of Transport, using the fit, able and willing criteria, the little guy will be able to get into business where he cannot even get a start right now. In so doing, if you are a big operator in transportation and you are always scared of little guys starting up in competition, that will keep you honest. The

big guys are not going to be able to get away with the things they have been getting away with because there will always be that threat of competition. That is the way it should be.

I know, Sir, why the NDP and Liberals want to restrict economic enterprise to a few big organizations in Canada. They do not like little guys. They are scared of thousands of Canadians running around doing their own thing, making their own deals, buying and selling amongst themselves with no Government telling them what to do. I know why they want just a few big corporations in every field of endeavour, whether it be energy or transportation. It is a lot easier to eventually nationalize five or six big companies than it is to take over hundreds or thousands of little guys. That is why they are always arguing in favour of the big corporations. Liberals, in their political philosophy, might not want to take over ownership of the means of production and transportation, but they certainly want to control it. They want to keep that iron grip. Therefore we have the Liberals and socialists together arguing in favour of continued regulation.

I will give you a couple of examples of this. The town where I live is an exporter of arsenic. It is hauled away by truck from the City of Yellowknife down to somewhere in Georgia. It is a hell of a good business for a little trucking company to get into. However, a little trucking company cannot do it because it has to go through several Canadian provinces and several U.S. states to get from the Northwest Territories to Georgia. Only a large international trucking company can bid on a contract like that. What the Government wants to do is have a system where the little guy has a chance to bid on a job like that. At present he is prevented from doing so.

I have seen this in small communities in my riding which have no road access and where somebody wants to start an air service. They want to buy themselves a Cessna 185 or a little Beaver and provide air service where none now exists. If you want to charter a plane you have to pay to ferry it from its original point to where you are, then to where you want to go, and then pay again to ferry it back. I have seen it made impossible for people to start up an air service because existing corporations based in other towns have gone to the ATC and blocked the setting up of an obviously advantageous air service for the people who live in these small communities. We heard examples of towns like Brantford and Red Deer, the kind of medium-sized town not particularly well serviced at the present time. With deregulation it would be a lot easier and simpler for an air carrier to set up in those towns and start servicing them on a regular basis. Deregulation has been put into effect in the U.S. but here in Canada, because we have not changed the legislation, the Government has not been applying the existing law in all its rigour.

I have a few final comments about the north-south line which divides Canada. We will have one system of more or less complete deregulation in the south and a continued form of regulation north of the line. In this respect I believe the Hon. Member for Kamloops-Shuswap had a good point. He said if one argues that deregulation is best south of the line, should one not also argue that deregulation is better north of the line? Alternatively, if one is of the other opinion, the same ought to apply.

• (1220)

Why do we need this line? That is a question that troubles me. My opinion is that we do not need that line. I believe that deregulation is best both in southern Canada and in northern Canada. However, I know that a number of operators and municipalities have argued that they want to keep a system in the north for some time, on a kind of experimental basis. If the deregulation works well in the south, then the line can be eliminated later. That may not be bad because in that instance, the reverse onus would be in effect.

In conclusion, I want to go firmly on the record as being in support of the Minister of Transport (Mr. Crosbie) and the deregulation system for Canadian transportation that he has so wisely brought before the House.

[*Translation*]

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, I am pleased to take part today in this debate on Bill C-18, to amend the current national transportation legislation which was first implemented in 1967. I deplore the fact that before introducing this Bill on November 4, the Government chose to ignore the quite legitimate claims of dozens of organizations representing thousands of Canadians.

Again, the Government overlooks the results of a democratic process just as it did in the case of Bill C-22, concerning pharmaceutical products, totally disregarding the recommendations of Professor Eastman. In both cases, Canadian consumers will foot the bill for this Conservative Government's indifference.

I should like especially to emphasize the shortcomings of this Bill concerning the transportation of handicapped people. The House will remember that in 1981, the Special Committee on the Disabled and the Handicapped, on which I had the honour to sit, submitted ten recommendations dealing with transportation in Chapter VIII on its *Obstacles* report.

The two major objectives of the International Year of the Handicapped, I should like to remind the House, were: equality, participation and full integration.

Our report was entitled *Obstacles* for a precise purpose. Having heard over 600 briefs, we wanted to make the Government and the Canadian public aware of the special needs of the handicapped in each and every area which affects their daily lives, namely, human and civil rights, employment, income, information and communications, housing, independent living, public access to facilities and buildings, transportation, recreation, education, aids and devices, consumerism institutional living, changing attitudes, prevention, research and development, data base development, Native population, international perspective and finally funding and implementation.

I wanted to list the various chapters of this report, Mr. Speaker, to demonstrate the extent of this study which should have been consulted by the Minister responsible for Bill C-18, a legislation aimed at de-regulating the transportation industry.

Chapter VIII of our *Obstacles* report dealt entirely with the problems associated with the transportation of handicapped in Canada. Here is what Elizabeth Semkiw, from Winnipeg, said:

> Transportation, or rather the accessibility or lack of transportation, has always been the most serious problem handicapped people have had to face.
>
> Getting to the doctor, to work, or, on very rare occasions, to recreational activities has always been a major obstacle and a source of considerable difficulty and expenditure for the handicapped who, like myself, cannot move around without assistance in an ordinary vehicle.

Then, there is what the Canadian Rehabilitation Council for the handicapped has to say.

> Since the invention of the wheel, humanity has always worked at improving its means of transport. High technology gives more freedom to the non-handicapped and facilitates their movements in their own neighbourhood and beyond. However, for the handicapped, transport still is a major obstacle to equality, participation and integration.

I remind the House that the theme of the International Year of the Handicapped in 1981 was equality, participation and integration plans. How can our handicapped in Canada hope to achieve full participation and integration if they cannot travel with dignity inside their own country? Our fundamental recommendation on which all the others were based was as follows. Before making any change to any Canadian law, the Government must always consult the handicapped about programs and policies which directly affect them.

It is very disappointing, Mr. Speaker, to see that the Government did not consult the handicapped in preparing this Bill. If the handicapped had been consulted and listened to, Bill C-18 would be very different. For instance, it would ensure reasonable access to all modes of transport under federal jurisdiction for the handicapped. The Minister of Transpsort should have developed a national policy on transport for the handicapped before introducing the Bill. As we know, several means of transport come directly under federal jurisdiction, such as air carriers, interprovincial railway services, interprovincial bus services, international and interprovincial ferries and the road cruiser service in Newfoundland.

Had the Government adopted a national transportation policy for the handicapped, the major air, rail and water terminals would be decently accessible to them, especially with respect to washrooms, wickets, baggage registration, restaurants, telephones and drinking fountains, as well as the audio and visual communication and information systems. There are still too many terminals across the land where those essential services are not available, and the Minister of Transport should publish without further ado a scheduling of the projects he intends to implement to ensure reasonable accessibility for handicapped travellers. "Accessibility" means that the person may get aboard and take his or her seat without help. This is too bad, and I regret that the Minister did not take this opportunity when tabling the Bill to make transportation more accessible to the handicapped.

Mr. Speaker, Bill C-18 now before the House, the National Transportation Act, 1986 is a clumsy and incomplete application of the deregulation principle. It is an application copied from the American experience. I have just shown how the Bill has completely ignored accessibility, comfort, safety and rates for the Canadian handicapped. With this in mind, I will ask the House the following question: If the Canadian Government fails to take heed of ensuring accessibility and safety to the Canadian handicapped, is it realistic to believe an American firm will? This legislation brings in long awaited changes on which we are partly in agreement, but as concerns the handicapped, there are still too many shortcomings and deficiencies.

Hopefully, Mr. Speaker, we will have an opportunity to introduce amendments during the parliamentary committee study and, above all, the Minister will look favourably upon them. So I intend to vote against this Bill, Mr. Speaker, but I will support the amendment aimed at withdrawing it and referring the subject-matter to the Standing Committee on Transport.

• (1230)

[*English*]

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I rise to speak on Bill C-18, and the motion, which I support, to send it back to committee so that people who have expressed an interest in having input can do so before it is drafted instead of after the direction is set by the Government.

This Bill is a virtual word-for-word repeat of a Bill which failed in the last Parliament, Bill C-126. We see with this Bill an introduction of an Act by a Progressive Conservative Government to, what it calls, "deregulate" the transportation industry. That is the same Party which appeared to be opposed to the killing of the Crow rate because western Canadians understood what killing the Crow would do to their region. Now the Conservatives have done a complete flip-flop and decided that all transportation matters should be completely deregulated.

What does that mean for a region like western Canada? It means there will no longer be rights to service by rail. The process of getting rid of branchlines will continue at an even faster pace under this Government than happened under the Liberals. Western Canadians will recall that the Liberals closed down some 2,500 branchlines in the course of their mandate. There are about 3,000 that the Conservative Government is proposing to get rid of in its mandate. This is the same Government that on the hustings claimed to be the protectors of farmers' rights to maintain those branch lines and the rights of their communities to have access to the rail system.

What regulation is all about is the right of communities to have access to service. We have used the system of regulation

to ensure that when service whether by truck, rail or air, begins in a particular community or area, it will be there for some years to come so that the local community can build its businesses and infrastructure based on the certain knowledge that the transportation service will continue.

I noticed with some interest that the Hon. Member for Western Arctic (Mr. Nickerson) talked about the great value of deregulation and permitting companies to come and go at will in providing service to communities. He can take that position quite secure in the knowledge that his area of the country, the far north, will continue to be regulated so that those comunities will know for some time that they will have transportation service available and will not be subjected to the kind of on-again off-again service the smaller communities in my part of the country, the prairies, will find themselves facing.

The only criteria for a company beginning a transportation service to a community is that it prove—and apparently this can be done fairly easily—that it is fit, willing and able to provide a service to that community and it will, with very little to-do, commence the service. On the surface that sounds like the ultimate in free enterprise and good business for small communities. However, most of the communities I represent, and in which I have lived all my life, know that that sort of philosophy does not pan out when one starts getting into cases. The community of Wishart has lost its rail line because it was unable to maintain the interest of the shipper. Under this law, that phasing out process which took three or four years, during which time the community was provided with service, will no longer be available. The service can be withdrawn very quickly by a number of processes, some of which only take 60 days, so that if a railway or trucking company think they are not making enough money providing goods and services in and out of a town like Wishart, they can be gone in 60 days. Under the regulated system, at least the community had an opportunity to go before a branch of the Canadian Transport Commission and argue its case for maintaining the service as long as possible.

We have another process at work with the dropping of the old regulation which required that public convenience and necessity be the basis upon which service was supplied to small communities. That is the move which was made possible under the changes to the Western Grain Transportation Act when it was piloted through this House by the previous Government under the then Minister of Transport, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy). These changes permitted a procedure whereby some of the railways could offer to their customers variable rates. This is beginning to be seen in western Canada for what it is worth. It appears to be an opportunity for the grain companies and railways to coalesce and provide a minimum amount of delivery points so that producers have only a few points at which to deliver grain. They propose to use the variable rate procedure as a means whereby higher prices for the final grain product will be offered to producers to deliver to certain designated points. Those higher prices are made possible because the railways have offered a reduced rate to the shipping company. One of the railways states these variable rates are in fact economical for it because it can drop off more cars to these larger points and make fewer stops. Making drop-offs of 10, 20 or 30 cars, reduces its operating costs and, therefore, it can pass the savings on to its customers.

I want to raise the question, Mr. Speaker, that if the railways are finding it costs less and is more convenient to drop off 10, 20 or 30 cars on a siding for a customer, why can they not offer those kinds of rate cuts to the Wheat Board which is, in practice, the actual shipper of the biggest chunk of the grain in western Canada? The Wheat Board allocates the cars and arranges for them to be unloaded, a trainload at a time, at the individual terminal, regardless of who the prior shipper was, and the corrections for the ownership of pool grain, UGG grain or pioneer grain, is taken care of simply by trading paper between terminals. If the railways are arguing they have less cost by dropping off 10, 20 or 30 cars to a shipping point, I would argue that by allowing the Wheat Board to be seen as the shipper, the cars could be loaded faster because they could call on all of the loading capacity of all of the companies at that shipping point to make the load. The unloading is already being done at one terminal and the ownership question is corrected afterward.

• (1240)

I think that some of the arguments being used in proceeding with some of these so-called initiatives do not make sense. Where they do have some economic impact, they are not put into place with the desired rationality. For instance, they do not recognize that the Wheat Board is the major shipper of grains. They do not consider the Wheat Board a shipper because the grain transportation agency has decided it will not permit the Wheat Board to be a shipper, even though the practice and the law states very clearly that it is.

I think all Members of the House and the general public will be opposed to this move by the Government to end regulation, as it calls it, simply because it will effectively end the feasibility and economic viability of a great many small communities in my part of the country, as well as in other parts of the country.

[*Translation*]

Mr. Richard Grisé (Chambly): Mr. Speaker, I am pleased to take part in today's debate on Bill C-18, an Act respecting national transportation, because transport is a major tool to promote business expansion in the riding of Chambly and, of course, the economic development of the entire Montreal region, including the south shore of Montreal. I am pleased as well to join in this debate and share whatever transportation experience I have had over more than twenty years, especially with respect to road transportation in Quebec.

I heard Members of the Liberal Party and our NDP friends say that Canadians will be deprived of certain services as a result of this measure. I should think it will be the other way

around because, once this more than 20-year old transportation legislation has been put through the deregulation process, a community or company will be in a position to negotiate more favourable rates for its products, whereas until now producers and companies did not have any leeway since under the law only one carrier was licensed to transport their products at fixed rates in a competition-free market. The producer or company that was saddled with higher shipping rates sometimes had to go through incredible contortions to be able to produce his product and bring it to market to compete, while today, producers, whole communities and our exporters as well will be given a fair chance to negotiate cheaper rates, both for finished products and also for the products they have to modify or process.

Mr. Speaker, under the present legislation, often when people need a shipping licence, they come before the Transport Commission and are told: Sorry, the licence has already been given to a company or several companies, and even if they only provide a service once or twice a week or even once a month, they have that licence. This means other shippers cannot come in because there are already companies who are doing the shipping, often at much higher rates. Under the proposed legislation, Mr. Speaker, a company that is willing to take the initiative and create jobs, a company that wants to set up a new service or improve an existing one, and perhaps charge lower rates, will be given a licence. It will be up to the other companies to ask the CTC for a ruling on whether the new shipper is harming existing companies or the community or the companies concerned.

Mr. Speaker, this Government, whose priority is the development of our economy, has realized the importance of deregulation in the transportation sector. If we want to get ahead, and we are now in 1987 . . . I fail to understand why the members of the New Democratic Party are opposed to a Bill that will in fact protect the consumer. It will protect Canadians. Mr. Speaker, I fail to understand why they object to a Bill that helps the little man. We have always been branded by the New Democrats and the Liberals as a Government that supposedly ignores the needs of the people. Now we are meeting those needs in this National Transportation Act, they object, saying we are not protecting the people and may be protecting one group more than another, although the very opposite is true. We are telling existing companies—I have nothing against the companies operating at this time—they no longer have a monopoly over territory, rates or service. We want to give other companies a chance to say: I'm ready to show what I can do. I want to tender against these people. I want to negotiate.

In the railway sector, companies were limited to certain regions and certain routes by the various railway companies, and the manufacturers using the services of these railway companies could not negotiate rates.

Mr. Speaker, Bill C-18 before the House today will have a major impact on the economy of this country. The safety issue has been raised. Mr. Speaker, as far as Bill C-18 is concerned, we have said we will be even stricter about enforcement of the safety regulations in the National Transportation Act. That is what we intend to do, that is what is in the Bill, and, as the Member representing the riding of Chambly in the House of Commons, a riding that is so important to the economic development of the metropolitan area of Montreal, especially on the South Shore, I welcome this opportunity today to speak to this Bill, to represent the people of Chambly and to thank the Government and private enterprise, because it is with this kind of legislation that we will continue to create employment and develop our economy, not just in our own region but across Canada.

[*English*]

Mr. George Henderson (Egmont): Mr. Speaker, I am pleased to speak to Bill C-18 and, of course, the motion which would send it back to committee for further study. At the outset I must say that we on this side of the House are certainly not against the principle of deregulation. What we are against is the contents of the Bill, especially as they relate to safety in general, and safety in the air traffic field in particular. I believe we must have some safety safeguards in this Bill to protect the travelling public. We must also have some safeguards to ensure that regional interests are not jeopardized by rail abandonment, or by transportation companies taking over the lucrative routes of the region, and leaving other regions of the country with an inefficient service at a higher cost. This will make some of those regions even less competitive than they are.

• (1250)

Since I come from Prince Edward Island, I wish to briefly touch upon this transportation Bill as it pertains to P.E.I. It goes back a long way to the terms of Confederation in 1873 when the Dominion of Canada was supporting or guaranteeing an efficient ferry service to the mainland that was to be operated continuously winter and summer. Even under those terms of agreement, it was not until 1917, 40 years after Confederation, that service was provided from the island to the mainland that could qualify as an efficient and continuous service in summer and winter. I raise these points, because I think that I can develop a case here in the next few minutes to show you what has gone on in our province and, indeed, what is likely to continue under this Bill.

I have before me a clipping from *The Charlottetown Guardian* dated Tuesday, March 19, 1940. It is a speech given by a Mr. J. O. Hyndman. You may know some of the Hyndmans who are in Alberta, who are direct descendants of Mr. Hyndman. One of the Hyndman boys was a member of the Alberta Government. He probably still is. The headline states: "P.E.I. Producers Facing Unfair Discrimination". In this article, Mr. Hyndman discusses the Confederation contract. He states:

> Prior to the Car Ferry Service being established by the Borden Conservative Government, Island farmers realized for their field crops only fifty percent of the prices realized by the farmers of the Mainland, according to the Dominion Year Book, on account of our products having to be shipped out, in the Fall months,

before navigation closed and our farmers were deprived of the opportunity to take advantage of the Winter and Spring Markets and the prevailing enhanced prices.

That article was printed 47 years ago.

In his speech he mentioned something that is true today, and started in 1984 under this Government. I am talking about the excessive ferry charges. He states:

The Provinces of Nova Scotia and New Brunswick purchase farm products to meet the requirements of upwards of one million people in these Provinces, to the value of over $2 million each month, or approximately $24 million per annum. Prince Edward Island farmers could cater to a large share of this market right at their own door if the excessive Ferry charge equivalent to a tariff between foreign countries was not in effect.

Over the years, we have tried to make this case. Certainly, in the last years I have tried with this Government. Ferry rates are a great detriment to the transportation costs of Prince Edward Island.

Mr. Hyndman further states:

It should be remembered that this Car Ferry Service was bought and paid for by Prince Edward Island when the Province entered Confederation. Compare these excessive charges with the great Canadian Canal System, which required an expenditure of hundreds of millions of dollars to construct, and is costing the tax-payers annually, many millions of dollars to maintain and operate, but no toll charge, whatever, is made to Canadian or foreign vessels. Nevertheless, all vessels passing through the Panama Canal have to pay a toll of fifty cents each per registered ton . . .

When we talk about transporation, we should look at transportation as a tool of economic growth. Regions of this country are truly disadvantaged because of their geographic dislocation.

We also should go back to the annual Premiers' Conference held last August in St. John's, Newfoundland. The Premiers adopted the following resolution which emphasizes the role of transportation as a regional economic tool. I wish to read the resolution into *Hansard*. It should be alluded to when Members are speaking on this important Bill. It states:

Whereas the importance of regional economic development has been agreed upon by all governments, we, the provincial Premiers, call on the Government of Canada to incorporate in the proposed new National Transportation Act, in addition to an objective of commercial viability, the following:

1. Transportation is recognized as a key to regional economic development; and

2. Commercial viability of transportation links must be balanced with regional economic development objectives in order that the potential economic strengths of each region may be realized.

That is the resolution the Premiers put forward in August, 1986 to the federal Government.

I believe the Government should carefully look at that resolution.

What the Premiers are saying, and what transportation companies are saying, is that we must use transportation as an economic tool to development. Some of the regions of this country are disadvantaged because of large geographic areas with small populations which are a long distance from the markets. There must be some type of infrastructure which is looked after from general revenues in order to have comparative costs and equal competitive opportunity with those of other parts of the country. That is what Canada is all about. Therefore, in some of those areas, we must have preferred rates.

In looking at air traffic, we have seen that in the past Air Canada and some of the large carriers had to go to some of those remote areas, and service to those areas had to be subsidized and paid for out of the revenues received from the lucrative areas.

In returning to safety, I hope that when Members of Parliament are debating and discussing this Bill before the House, they talk to some of the people who will be affected, and some of the people who will benefit from the Bill. I talked to a small entrepreneur two weekends ago who told me that he was driving a tractor under a common carrier's name, that he had bought the tractor and was an entrepreneur. Because of deregulation and the strict competition that the big companies will be faced with, they are selling off some of their tractors to the employees. This chap was from Prince Edward Island. He said that we are 650 miles away from Boston. Because we are not covered under any union agreements, we have to drive to Boston. We leave Borden, Prince Edward Island on the last ferry. We drive straight through to Boston. We unload our cargo. Instead of paying the extra cost, we are tempted to sleep in the truck for four or five hours, and drive all the way back.

I contend that those numbers of hours for a truck driver who is driving a heavy tractor with 30 or 40 tonnes in the trailer, will be a severe problem for our highways. Indeed, we may not get the benefits. If there are more accidents on the highways, there will be higher insurance rates. Along with the higher costs of transportation, be it diesel oil, et cetera, the competition will be so stiff that corners will be cut. It will be to the detriment not only of the consumer, and those who are using the service, but in my opinion to the detriment of the travelling public.

The Acting Speaker (Mr. Paproski): I will recognize the next speaker, the Hon. Member for Prince Albert (Mr. Hovdebo), when Orders of the Day are called after Question Period.

It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—ENVIRONMENT CANADA FINDINGS

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, here are some interesting conclusions by Environment Canada on acid rain.

The currently planned U.S. clean coal technology initiatives will not provide any measurable reduction in the transboundary flow of U.S. air emissions affecting Canada between now and 1995.

Even after 1995, in the absence of a U.S. acid rain control program, neither the currently planned U.S. clean coal technology initiatives nor existing air pollution control programs will provide any significant reduction in U.S. transboundary air pollution flows for at least the next 25 years.

While about $1.7 billion of the expenditures appear to meet most of the special envoys' technical criteria, the potential reduction in U.S. transboundary flows will be insignificant and will not alleviate the damage being caused in Canada.

Will the Government act on the findings of Environment Canada and request at the next summit that President Reagan impose pollution controls in the U.S. which would protect the Canadian environment? We hope so.

* * *

CANADA POST CORPORATION

DENIAL OF SECOND-CLASS MAILING PRIVILEGES TO *THE CANADIAN LUTHERAN*

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, *The Canadian Lutheran*, the national publication of the Lutheran Church, is successor to three previous Lutheran publications, all of which enjoyed second-class mailing privileges.

Imagine the shock experienced by Canadian Lutherans after being advised by Canada Post officials that *The Canadian Lutheran* did not qualify for second-class mailing because it did not contain sufficient material devoted primarily to religion.

In the meantime, under the heading of news or articles of interest to the general public, *Playboy* magazine found favour with the same officials and received second-class mailing registration.

Clearly these matters involve the exercise of judgment and common sense within existing regulations. These arbitrary and inconsistent decisions are typical of a sick postal administration which seems determined to alienate every Canadian.

I urge the Minister to tell his Canada Post bureaucrats to stop aggravating Canadians and to start serving them.

* * *

CANADIAN COAST GUARD

POLAR 8 ICE-BREAKER CONTRACT—ROLE OF FORMER EVALUATION COMMITTEE MEMBER

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, during the Oerlikon affair we learned that officials from the Department of National Defence who worked on the tendering process subsequently left the Department to work for one of the tendering companies, Oerlikon itself. An obvious conflict of interest took place under these conditions.

Now we learn that a member of the government committee which evaluated proposals for the Polar 8 ice-breaker has joined a consortium competing for the contract, taking with him confidential information provided the team by a rival bidder—obviously another conflict of interest.

Peter Hatfield was a member of the committee which evaluated three proposals for the design of the new Canadian Coast Guard ice-breaker. We now find that he was part of a last minute proposal offered by a newly formed consortium on January 15.

This new formed consortium, including proposal evaluation team member Peter Hatfield, had obvious inside information and therefore was in a position to submit a proposal to undercut those previously submitted. This is a blatant abuse of the tendering process and obviously a conflict of interest.

The federal Government ought to take immediate steps to ensure that not only is justice done in this case but that it is also seen to be done.

* * *

[*Translation*]

INTERNATIONAL YEAR OF PEACE

PLEA IN FAVOUR OF PEACE

Mr. Guy St. Julien (Abitibi): Mr. Speaker, I should like to read a letter sent to the Prime Minister of Canada (Mr. Mulroney) by Rochebaucourt, Abitibi, fifth grader Sylvie Tremblay, the daughter of Rosaire and Cécile Tremblay, concerning International Peace Year.

Mr. Prime Minister:

I have a request to make to you for International Peace Year. You are aware that children are starving in some countries, that there are poor people and orphans, and that nuclear tests are being carried out by various nations. This is why I would ask you to put a stop to such terrifying things so the world may become a better place to live in. I am asking this not only for myself but for you and everybody else, especially for the love of God.

Please, our earth will soon be fit only for the garbage dump. Something has to be done. Lives are being lost because of that, so put your whole heart into it and please make a plea in favour of peace, agreement, dialogue and love.

You can do that, Mr. Prime Minister. You are not alone, there are a lot of people with you. Invite all world leaders to lend you a hand. Together you will build a better and more promising future for us. This is the nicest inheritance you can leave to us children, your children.

Thank you for your consideration.

* * *

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—CALL FOR CANCELLATION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, the Government of Canada has reached an all-time low and an all-time high. It has reached an all-time low in saying to the French that they can come in and rob our bank just so that it proves that it is in fact our bank. It has reached an all-time high because it has never stuck the knife higher in the back of Newfoundland than it did last week when it allowed a foreign country to take the mother lode of a resource which is so important not simply to our main industry but indeed to the life of the people themselves. It strikes a devastating blow at Newfoundland.

Everybody is agreed—the Premier, the fishermen, the Opposition, and the Minister of Transport (Mr. Crosbie)—that this deal is pernicious and that it should be cancelled. I call upon the Government to do cancel it.

* * *

WILDLIFE

SPECIAL TAX INITIATIVE URGED TO ENHANCE RESOURCES

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, you, Sir, understand and are concerned about the importance of wildlife to Canadians. I have here a plain brown envelope with a note inside to all Ministers which reads:

Dear Minister,

Wildlife related activity in Canada employs about 200,000 Canadians and generates billions of dollars of business activity. It is a renewable resource that needs more money and better management.

Sincerely yours,
Barry

Dozens of wildlife clubs from all over Canada, provincial and national associations have written to me endorsing a special tax initiative to enhance this renewable resource.

[*Translation*]

The directors of the board of the Quebec Wildlife FeDeration met in Montreal last January 10 and "unanimously agreed to support your project".

[*English*]

The Government must now accept this idea in principle, react positively to a back-bench initiative, and redeem itself in the eyes of millions of conservation minded Canadians.

When it does, we look forward to co-ordinating national input into the mechanics of its implementation in order to sustain our valuable wildlife resources forever.

* * *

• (1405)

HEALTH

AIDS DISEASE—NEED FOR EDUCATION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, AIDS is fast becoming the most serious health problem that Canada and other countries have faced this century. Canadians, through their federal and provincial Governments, need a real commitment to AIDS research and full public education, including classroom education on AIDS. It will only be through both research and preventive education that we will overcome this peril. Ignorance will never be a prevention or a cure.

The federal Government should take note of the increased commitment by other Governments, notably Great Britain's, to safe sex education and AIDS research. I am relieved that the Premier of British Columbia has at last decided to support classroom education on this and other sex and health issues, although I will not be cheering too loudly until I see if B.C.'s new sex education program is to be comprehensive and, like Ontario's, obligatory.

* * *

[*Translation*]

ENERGY

GOVERNMENT'S PERFORMANCE

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, the Hon. Marcel Masse, the Minister of Energy, Mines and Resources, and his provincial counterparts, have demonstrated once more to Canadians that it pays to sit down together and find solutions to the serious energy problems Canada has been facing since the oil market collapsed.

Mr. Speaker, the previous Liberal Prime Minister had insulted his own Minister of Energy, Mines and Resources at the time by secretly signing a national energy agreement without even informing him, thereby contributing to the economic slump in both Western and Eastern Canada.

Mr. Speaker, this Conservative Government respects the provinces' jurisdictions in the area of natural resources, as

demonstrated by the many agreements we have signed in this area since our fortunate coming to power.

Mr. Speaker, this Conservative Government prefers consensus and compromise to unilateral and sterile decisions for which the Liberal Government of the time was famous. I am convinced that with the open-mindedness of our Minister of Energy, Mines and Resources, and the support of the provinces, we will elaborate fair remedies to counteract the effects of the decrease and instability in oil prices.

If I may, Mr. Speaker, I will conclude by emphasizing the excellent performance of our Minister during the *Question Period* program broadcasted yesterday on the CTV network.

* * *

[*English*]

LABOUR CONDITIONS

EFFECT OF CUTS IN GOVERNMENT EXPENDITURES

Mr. George Henderson (Egmont): Mr. Speaker, in the election campaign, 1984, the Conservatives were promising jobs, jobs, jobs, but all we got after the election was a loss of jobs, and broken promises. In my own riding, the Energy, Mines and Resources office has moved to Charlottetown with a loss of 12 jobs. We have seen job losses in Prince Edward Island in the Department of Fisheries. Our customs offices have had cuts in staff. Our wharves are falling down because of lack of funding for small craft harbours.

The long awaited construction of the new combined Mess for Canadian Forces Base Summerside had been delayed several times and has now been placed on the back burner. Our postal service has been cut. Our railways are being abandoned. Our construction industry is suffering as a result of these cuts and broken promises. The only thing the Government is promising the people of Atlantic Canada now is user fees and higher taxes. What a difference two years makes.

Atlantic Canadians will remember this Government when the next election rolls around. They will remember the Tory Members they elected in 1984 to represent their interests in Ottawa who transferred into little sheep. The people will have the last "baa" and will turf out these little sheep.

* * *

FISHERIES

OVERFISHING BY FRENCH VESSELS—SUPPORT FOR GOVERNMENT ACTION

Mr. Gerald Comeau (South West Nova): Mr. Speaker, in 1972 the Liberal Government signed a treaty which gave permanent rights to French nationals to fish in southern Newfoundland waters. In 1984 the Liberals agreed, in writing, to French overfishing in the same waters.

A number of proposals have been suggested to solve this mess. The Liberal Leader in Newfoundland has suggested that we annex St. Pierre and Miquelon. The NDP leader in Newfoundland, when asked for his suggestion, said: "I don't know, maybe its time to bark at the French". The NDP Leader in Ottawa said we should take military action.

Our Government has suggested the only reasonable course of action to date, not a declaration of war, but to resolve the dispute by arbitration, something the Liberals were not capable of doing.

French quotas in Canadian waters are half what they were last year. What we must do now is come to terms with the French overfishing in disputed waters. We welcome any and all suggestions, short of a declaration of war.

* * *

• (1410)

CANADA POST CORPORATION

DENIAL OF SECOND-CLASS MAILING PRIVILEGES TO RELIGIOUS PUBLICATIONS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, when I was at church yesterday morning, and on a number of other occasions over the weekend, a great many people expressed to me their dismay at the fact that under this Government, magazines like *Penthouse* and *Playboy* continue to receive higher subsidies than religious magazines like *The United Church Observer*, *The Canadian Lutheran* and the *Presbyterian Record*. Now that this has come to the attention of the public, Conservative back-benchers and the Government, I would hope that we would see some action on this front very soon.

This is not the kind of thing that will have to be before the House for weeks on end before some action can be taken. It is the kind of problem that could be solved through quick action on the part of the Government. I am absolutely positive that there must be a great many back-benchers who find this every bit as appalling as we do on this side of the House and I would hope that very soon this discrimination against religious magazines and in favour of soft-porn magazines will be eradicated.

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ENVIRONMENTAL AFFAIRS

POSSIBLE REDUCTION BY ONTARIO HYDRO USING LOW-SULPHUR WESTERN COAL

Mr. Alan Redway (York East): Mr. Speaker, is Ontario Premier David Peterson really serious about eliminating acid rain? If so, why has he again postponed his discussions with the Deputy Prime Minister (Mr. Mazankowski) on the subject

of reducing Ontario Hydro's acid-gas emissions by the use of low-sulphur western coal?

If we cannot force the United States to take action, we can at least put our own house in order. A report released last August indicated that acid-gas emissions in Ontario could be cut in half if Ontario Hydro used low-sulphur western coal. The same report went on to say that this would create some 13,000 new jobs in western Canada over the next 15 years. If Premier Peterson is truly concerned about reducing acid rain and if he is serious when he talks about reducing regional differences in Canada, he will have to put his money where his mouth is.

* * *

TRADE

CANADA-SOUTH AFRICA—CALL FOR COMPLETE SEVERANCE

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I was thrilled as were all other Canadians on hearing some of the statements made by the Prime Minister (Mr. Mulroney) this weekend with respect to cutting off trade relations with South Africa. I hope he does follow the recommendations of the all-Party committee. When I took an opportunity to examine the facts a little more deeply, however, I saw a Prime Minister who seemed to be talking out of both sides of his mouth.

The fact is that for 1986 trade from Canada to South Africa and Namibia has increased by over 63 per cent. At the same time as the Prime Minister and his colleagues have been talking tough about and to South Africa, companies and Crown corporations in Canada have been increasing trade to South Africa by over 60 per cent. It is shameful and unacceptable. I urge the Prime Minister not only to speak out of only one side of his mouth but also to ensure that the complete cutoff of trade includes comprehensive sanctions involving Crown corporations, government agencies, and the private sector.

* * *

EXTERNAL AID

GUATEMALA—SUPPORT FOR CANADIAN AID

Mr. John Oostrom (Willowdale): Mr. Speaker, on February 9 the European Economic Community Foreign Ministers will be meeting in Guatemala to discuss and find solutions to social and economic problems in the region. Guatemala is now ending its second year under a democratic Government. As the largest country in both area and population in Central America, it has the potential to become a stabilizing force there.

A Joint Committee of Parliament on External Relations describes Guatemala as a country that is good for co-operative programs with Canada. Amnesty International, the Contadora Group, and the United Nations have all perceived the improvements in the human rights situation in Guatemala.

When the Presidents of all Central American Governments recently met, Guatemala sponsored the idea of a Central American Government, and the concepts of peace and neutralism were discussed. Canada must restore assistance to Guatemala in order to promote national reconciliation and the participation of citizens in the political process.

* * *

CANADA POST CORPORATION

DENIAL OF SECOND-CLASS MAILING PRIVILEGES TO CANADIAN PUBLICATIONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, over the weekend I had the opportunity to discuss with representatives of the B.C. Cattlemen's Association problems they have been having with their publication entitled *Beef in British Columbia*. During those conversations I was reminded of the fact that they have applied and re-applied for second-class mailing status for their publication which is concerned exclusively with cattle ranching in British Columbia. They reminded me that other organizations such as *The United Church Observer* have been making similar applications, yet soft-porn girlie magazines from the United States like *Penthouse*, *Hustler*, *Gallery*, *Playboy* and others get this preferred status and mailing rate.

I call upon the Minister responsible for the Post Office to intervene immediately to ensure that not only do these publications get better rates than *Playboy* and *Hustler* but that some preference be given to Canadian publications, and particularly Canadian church publications and those like *Beef in British Columbia*.

* * *

• (1415)

BANKS AND BANKING

CANADIAN COMMERCIAL BANK FAILURE—TREATMENT OF FORMER EMPLOYEES

Miss Aideen Nicholson (Trinity): Mr. Speaker, the failure and subsequent liquidation of the Canadian Commercial Bank has been very costly and damaging, particularly for the bank's former employees. I am of course speaking of junior and middle-rank employees, not the high-flying top management, some of whom are now involved in unconventional operations in the Caribbean.

The CCB staff to whom I refer received less than one-quarter of the more than $2 million in their pension plan. While this may have satisfied the letter of the law it seems

shabby treatment of people who have lost their jobs without notice and in demoralizing circumstances. Moreover, the bank staff have not received a penny of the severance benefits to which they are entitled under the Canada Labour Code. In fact, Labour Canada is preparing to lodge a claim on their behalf.

Surely after the VIP treatment accorded to the nameless uninsured bank depositors the Government can stir itself to deal more fairly and expeditiously with the bank's former junior staff who were also victims.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—GOVERNMENT DECISION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Deputy Prime Minister. When asked whether the cod deal with France was made by Cabinet the Deputy Prime Minister said in this House last Thursday: "I thought I already answered that question. It was a government decision." However, this morning we had the Minister of Transport, the cabinet representative of Newfoundland, in a television interview saying this: "This happened without adequate notice or consultation with the Government of Newfoundland and the industry and, for that matter, myself. If I had been more involved in this matter I think the course might have been quite different".

My question is this. Was the Minister of Transport, as the representative for Newfoundland, involved in that cabinet decision or not? Which is the correct version of the facts?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I would suggest that the Right Hon. Leader of the Opposition pay close heed to the specific words he read into the record. He said: "This happened" on account of, et cetera. The Hon. Minister of Transport can speak for himself but I believe the reference was to the process, not to the specifics of the agreements which were concluded the week before last and which were based on a government decision.

Mr. Turner (Vancouver—Quadra): Mr. Speaker, that is curious because the Minister of Transport said he was not involved. The Deputy Prime Minister said it was a cabinet decision.

CONTENT OF AGREEMENT—REFERENCE MADE BY NEWFOUNDLAND PREMIER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, it may be beyond the jurisdiction of the Minister of Fisheries to clarify that particular aspect which is why I put the question to the Deputy Prime Minister, so let us turn to the Minister of Fisheries. Last week he said: "The agreement does not exceed conditions which may have been the subject of extensive negotiations with the Government of Newfoundland". Premier Peckford of Newfoundland responded to that statement on television by calling the Minister of Fisheries a word which you would not permit me to use in this House, Mr. Speaker. In effect he questioned the accuracy of the Minister and his version of events. I ask the Minister, in this case, who is telling the truth?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I do not believe my honesty or integrity need be questioned, by implication or otherwise, by the Right Hon. Leader of the Opposition. I made a statement last week to the effect that the conditions on which the agreement was concluded in Paris a week before last had been discussed, although not necessarily agreed to by the Province of Newfoundland, with the industry and advisers and representatives of the appropriate provincial Governments. I stand by that statement.

Mr. Turner (Vancouver—Quadra): Mr Speaker, I am yielding to the authority of the Premier of Newfoundland who is calling the Minister's integrity in question.

• (1420)

NORTHERN COD QUOTA

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the same interview the Premier goes on to say that the only time consultation with Newfoundland occurred was when Tom Rideout, Newfoundland's Minister of Fisheries, was called and asked what Newfoundland's position would be if northern cod was put on the table. According to the Premier: "Tom almost laughed off his chair". Why did the Minister put northern cod on the table with France when the Government of Newfoundland opposed that move 100 per cent? When will he get his act together with his colleagues and with the Premier of Newfoundland, because it is a shambles? Someone is not giving us a correct version of the facts.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as was explained adequately in the House last week, a telephone call should have been placed to the Premier of Newfoundland at a particularly important moment prior to the delegation travelling to Paris. Let me add that with respect to all of the terms and conditions and the amounts, which do not exceed those allocations provided in the 1987 groundfish plan, I wish the Hon. Leader of the Opposition would get it straight and help project the truth to the people of Canada. All of those amounts have been thoroughly discussed not only by the Government of Canada but with industry advisers and the officials representing the Province of Newfoundland and the other Atlantic provinces.

Mr. Speaker: Before I recognize the Hon. Member for Sudbury, both in the lead question and in the responses by the Minister there has been reference to the truth. The Chair has taken that to mean accuracy. I hope that any questions that follow will be carefully designed to go after facts and accuracy

and not impugn in any way the Minister being questioned or, in the Minister's response, the Member asking the question.

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THE ADMINISTRATION

OERLIKON CONTRACT—STATEMENTS MADE ON TELEVISED PROGRAM

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Deputy Prime Minister. Until today, Senator designate Jean Bazin has stated in writing that he had no direct involvement in the Oerlikon file until August 1, 1986. The Prime Minister, in response to a question put on January 20 and reported at page 2449 of *Hansard*, said:

—Mr. Bazin, as I say, is a lawyer from Montreal who represents clients. I am not aware of that client list but I can tell him that he is not a lobbyist—

Will the Deputy Prime Minister confirm the truth of the statements made in the program *This Week In Parliament* that the former Associate Minister of Defence had been lobbied as early as March, 1986, at a PC convention by both Mr. Bazin and Mr. Nantel, representing Oerlikon, asking that Oerlikon be awarded that contract, and that that same lobbying effort was renewed at the opening ceremonies of Expo 86 in May, 1986. If that is not lobbying, what is?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure of the precise words that the Hon. Minister of Consumer and Corporate Affairs used to describe it, but my understanding is that the issue did come up during the course of a visit at these two events and that there certainly was not anything in a formal way that was discussed.

REQUEST THAT SENATOR DESIGNATE BAZIN DELAY SWEARING-IN CEREMONY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, will the Deputy Prime Minister not agree that that is a form of lobbying? That is the lobby definition made by a recent finding of a House of Commons committee with respect to lobbying in Canada. Will he request the Senator designate to delay his swearing in as a Senator until such time as the RCMP deals with that broader issue for which we have been asking, which is the degree of influence peddling that benefits only a small group of friends of the Prime Minister in this country?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not a lawyer but I know that lawyers make representations on behalf of their clients on many, many occasions. If the Hon. Member is not aware of that, perhaps he might discuss it with his Leader.

NUCLEAR ARMAMENTS

TESTING OF ADVANCED CRUISE MISSILE

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Minister of National Defence. It has come to my attention through the use of access to information by Project Ploughshares, that there is an internal Defence Department memorandum about proposed tests of the advanced Cruise missile in Canada. As the Minister knows, testing the advanced Cruise Missile, which is the Cruise using what is called "stealth" technology, would give a major impetus to Canada's participation in the escalation of the nuclear arms race. Has the Pentagon asked Canada to test the advanced Cruise missile and, if so, when and what has been Canada's response?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, there is no request before Canada at the present time to test the Advanced Cruise Missile.

MINISTER'S POSITION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, we have learned under the access to information that on April 21, 1986, there was a briefing note—Briefing Note 50—to the Minister of National Defence. It was called "Project Proposal for Captive Carry Tests of the AGM-129 Advanced Cruise Missile". Is the Minister saying he does not know anything about this request to test the missile with stealth technology? Or is he trying to continue the Liberal practice of keeping this House of Commons in the dark on these matters?

• (1425)

Hon. Perrin Beatty (Minister of National Defence): No, Mr. Speaker, my statement stands for itself. As I indicated to the Hon. Member, there is no current request of the Canadian Government to test the Advanced Cruise.

Ms. Jewett: The Minister is saying he does not know what is going on in his own Department. That is what he is saying; he does not know.

WASHINGTON POST NEWSPAPER REPORT

Ms. Pauline Jewett (New Westminster—Coquitlam): Has the Minister been informed—does he even read *The Washington Post*—

Some Hon. Members: Oh, oh!

Ms. Jewett: If the Minister were to read—

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member will put a question.

Ms. Jewett: If the Minister were to read *The Washington Post*, or *Aviation Week*, he will discover that the Advanced Cruise Missile with stealth technology is being developed, that

Caspar Weinberger hopes to see it deployed this year, and that Canada has been asked to test it under the Cruise missile agreement. When will the Minister come clean with the Canadian House of Commons and tell us this in fact is the case?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, there is no request before Canada at the present time to test the Advanced Cruise. If one is received, we will consider it in due course. Perhaps when the Hon. Member is finished with her copies of *The Washington Post*, she can send them over.

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FISHERIES

CANADA-FRANCE AGREEMENT—REQUEST FOR CANCELLATION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is directed to the Minister of Fisheries and Oceans who has made much of an apology to Newfoundland over not being consulted. The Premier of Newfoundland has thrown that apology back in the face of the Government by saying: "I don't care if you didn't consult me about giving away the shop, you still gave away the shop". I want to ask the Minister, on behalf of the Premier and all inshore fishermen who are severely disadvantaged by this action, will the Minister now, on behalf of the Government, reconsider and cancel this pernicious deal with the French?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, what is so puzzling and what ought to be terribly frustrating for the people of Newfoundland is that a Member of Parliament from Newfoundland would get up and suggest that we should somehow terminate an agreement which is the best news in terms of resolving—

Some Hon. Members: Oh, oh!

Mr. Siddon: —offering a potential path to the resolution of a long-standing problem which is costing the fishermen of Newfoundland and Labrador millions of dollars a year, that is, the unresolved boundary dispute in 3PS, and at the same time, the negotiation of interim fishing arrangements to eliminate, once and for all, the overfishing by France in that disputed zone.

Mr. Rompkey: It is not just Members of Parliament. The Premier of Newfoundland has said it has to be cancelled because, if it is not, it is a disaster for the fishing industry. And he is speaking on behalf of all inshore fishermen and all of the people in that province.

DISAPPROVAL OF NEWFOUNDLANDERS

Hon. William Rompkey (Grand Falls—White Bay—Labrador): The Minister said on television last week—I heard him—that if this agreement does not meet with the approval of the Newfoundland people, it can be changed. Will the Minister now do the honourable thing and cancel this agreement with the French?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the answer to that question is, no, because there is no give-away. I wish Hon. Members in the Opposition would stop perpetuating this notion that anything has been given away except a willingness by Canada and France to sit down over the next 11 months of this year and decide what concessions, if any, might be the price to be paid for the referral to compulsory third party arbitration of the long unresolved boundary dispute in the vicinity of St. Pierre and Miquelon. That is the only concession which has been made which is of significant concern. We believe that the consequence will prove to be of significant benefit to Newfoundland and to all of Atlantic Canada.

• (1430)

FRENCH NAVAL VESSELS—REPORTS OF THREATENED ENTRY TO CANADIAN WATERS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. On Friday, Premier Buchanan of Nova Scotia said he had heard reports that the French were preparing to send naval vessels with their trawlers into Canadian waters. Can the Minister confirm these reports? How does he intend to deal with this threat, or is he prepared to act like a wimp again?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I can confirm that I have heard no such reports. If that is a tactic that France would want to exercise in such a sensitive matter as this, I would find it surprising and regrettable.

OVERFISHING BY FRENCH VESSELS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is directed to the Minister of Fisheries. In light of the fact that this agreement does not come to grips with the basic problem of French overfishing in Canadian waters, and in spite of the agreement he has, can the Minister tell the House how he intends to deal with French overfishing in Canadian waters? What specific steps will he take to ensure that this practice does not continue?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, from France's perspective the problem is that those are not Canadian waters.

Mr. Rodriguez: They are wrong!

Mr. Siddon: The French claim those waters for themselves. That very reason dictates the necessary reference to compulsory third party arbitration. There is a dispute which flows from the 1972 treaty between Canada and France. Until those boundaries are resolved once and for all I think it is premature

for the Hon. Member to suggest that there is some magic potion to cure this very serious problem.

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APARTHEID

SOUTH AFRICA—PRIME MINISTER'S STATEMENTS—ADVERTISEMENT PROMOTING SOUTH AFRICAN TOUR

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is for the Deputy Prime Minister. The Prime Minister has promised more sanctions against South Africa and has stated: "every step this Government has taken on South Africa has been pursued to a carefully thought out plan that takes into account all elements". I have here in my hand a copy of a prominent daily Canadian newspaper which carries a one-half page ad promoting a tour to South Africa which appears to be in breach of existing government sanctions. How can these declarations about new sanctions be taken seriously in light of what we see happening this very day in a prominent Canadian newspaper?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the actions of the Government and, indeed, the actions of the Prime Minister are very clear on this very important issue. The Prime Minister is due to return later this day. He will be making a statement in the House of Commons on his trip. I hope that perhaps the matter that the Hon. Member raises will be touched upon at that time.

[*Translation*]

CONTENT OF PRIME MINISTER'S FORTHCOMING STATEMENT IN HOUSE

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I am very happy to learn that the Prime Minister will be making a statement in the House. Perhaps the Deputy Prime Minister could encourage him to tell us, first, how he intends to strengthen existing sanctions, second, which additional sanctions he intends to impose on South Africa, and third, whether diplomatic relations with that country will be broken. Can the Deputy Prime Minister encourage the Prime Minister to include this information in his statement to the House?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure what the position of the Liberal Party is with respect to the issue of ending diplomatic relations with South Africa. It might be interesting to know how many versions the Liberals have on that particular issue, as they have so many on other issues.

The Prime Minister has shown leadership not only to Canadians but to the world in terms of Canada's position with respect to South Africa. I am sure the Hon. Member will not be disappointed when he hears from the Prime Minister later this week.

REQUEST FOR IMPOSITION OF MANDATORY SANCTIONS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Deputy Prime Minister and it is on the same subject. Does it not seem clear to the Government that in view of these advertisements in *The Globe and Mail* inviting Canadian tourists to be brain-washed about the advantages of apartheid that it is about time for the Government to impose not voluntary sanctions but mandatory sanctions, sanctions that are clearly and absolutely enforceable?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I thought I answered that question. I thought I invited the Hon. Member to be in the House when the Prime Minister makes his statement. He will be making a statement later on this week. He will be in a better position to respond to those questions than I am, with respect. I hope that he will be patient.

I know the Hon. Member's feeling. He has certainly expressed it very eloquently in the House on many occasions. But, clearly, the Prime Minister of Canada has shown leadership on this issue, and he will continue to show leadership. I hope that he will have the support of the Hon. Member.

PRIME MINISTER'S POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my supplementary question is a simple one. We have heard a great deal of eloquence from the Prime Minister. It has been almost two years now since the Prime Minister promised that there would be mandatory economic and diplomatic sanctions. Are you telling this House that tomorrow when the Prime Minister returns he will live up—

Mr. Speaker: Hon. Members have used great restraint in not using the word "you". I know that it was only a slip on the Hon. Member's part. I would ask him to put his question again.

Mr. McCurdy: Mr. Speaker, I repeat the question with the substitution of "he" for "you".

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Right Hon. Prime Minister has not only demonstrated eloquence in the House, throughout the country and the world, he has also backed it up with action. I think the position of the Canadian Government and the actions of the Prime Minister speak clearly for themselves.

ENVIRONMENTAL AFFAIRS

POSSIBLE USE OF LOW-SULPHUR WESTERN COAL BY ONTARIO HYDRO

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Deputy Prime Minister. Can the Deputy Prime Minister advise the House whether he has been able to arrange a meeting with Premier Peterson of Ontario to discuss with him the use of low-sulphur western coal to reduce acid rain emissions by Ontario Hydro? Will he also advise the House if our Government is prepared to subsidize the transportation of western coal to Ontario?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as of two o'clock this afternoon I had not been able to arrange a meeting with the Premier of Ontario. I am surprised that he has taken such a nonchalant approach to such a very important issue. I am surprised since it is a very important national issue in terms of jobs, economic activity and, above all, the containment of acid rain. I thought he would have been right up front and centre.

With regard to transportation and the prospect of subsidization, perhaps the Liberal Party in Ontario and in Ottawa could get their acts together and pass Bill C-18 which would go a long way in reducing transportation costs for all Canadians.

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CANADIAN WHEAT BOARD

SIZE OF DEFICIT—EFFECT OF UNITED STATES LEGISLATION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is for the Deputy Prime Minister. He will know how shocked western Canadians were to learn of the $200 million deficit experienced by the Canadian Wheat Board, and how dismayed they are at the cavalier attitude taken by the Minister of State for the Canadian Wheat Board who says that it is simply a unique event. He does not recognize how the U.S. Farm Bill is thrusting prices down. When will the Government take sincerely the free fall that we are now experiencing in grain prices due to the U.S. Farm Bill? When will we create a high priority requirement to meet with the Reagan administration to stop the impact of the Farm Bill? Will we be asking Vice-President Bush to come back to Canada for another earful, this time of good Canadian feed barley?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am surprised to hear the Hon. Member referring to the actions of the Government as being cavalier when we proposed a $1 billion farm aid package for the grain and oil seed producers of Canada. It is the biggest aid package that has ever been proposed in direct response to the difficulties in the international market-place.

The $200 million deficit in the Canadian Wheat Board is a further $200 million that can be added to aid the Canadian grain and oil seed producers.

On the international front, the Hon. Member should be aware that the Prime Minister, the Minister of Agriculture and the Secretary of State for External Affairs dealt with this issue during the GATT process. The Hon. Member is always complimenting the role of GATT in these sorts of matters, which is the mechanism by which it is most appropriately dealt with. I would have thought that we would have had his support in that regard.

• (1440)

REQUEST FOR CANADA-UNITED STATES DISCUSSIONS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister.

The fact remains that the free fall in grain prices is largely as a result of the United States Farm Bill which ratchets prices down an average of 15 or 20 per cent a year. When will the Government have some sense of urgency to bring that to a halt, and put it on the agenda with the United States before our western grain economy is destroyed? We are talking about the destruction of the western grain economy. It does not behoove the Deputy Prime Minister to treat it in this way when the livelihoods of so many farmers are at stake. Will that matter be raised with President Reagan or the Vice-President to bring to their attention the need for a long-term solution, which means the total abolition of the United States Farm Bill measure?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, unfortunately the Hon. Member is behind the times. This matter has been raised, it will continue to be raised not only with the United States but with the EEC, and throughout the GATT process.

In addition to that, in the meantime we are trying to cushion the impact of these disastrous prices on the hands of the farmers. There is a price war going on between the United States and the EEC. There are two parties involved. We are addressing this issue on all fronts.

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AEROSPACE INDUSTRY

FUTURE OF INDUSTRY—GOVERNMENT POSITION

Mr. Bill Blaikie (Winnipeg—Birds Hill): My question is directed to the Deputy Prime Minister. It concerns the continuing concern in Manitoba over discrepancies in statements made by the Hon. Minister of National Health and Welfare, and the Hon. Minister of Energy, Mines and Resources over the future of the aerospace industry in Canada.

The Minister of National Health and Welfare has said that the Government was committed to equitable regional distribution. The Minister of Energy, Mines and Resources has said that Montreal will be the centre for the fifth generation of the transport industry. He further said that the Government has deliberately opted for Montreal in aeronautics.

The Deputy Prime Minister is apparently in charge of a committee concerned with western regional development. Could he tell us who is speaking for the Government in this regard, the Minister of National Health and Welfare, or the Minister of Energy, Mines and Resources?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, this Government is interested in economic growth and the broadening of the economic base in all regions of the country. The manner in which the aerospace contracts were let have taken that into consideration. With regard to the manufacturing sector of the aerospace industry, Montreal is the centre of excellence, having regard to the fact that Canadair, which is now owned by Bombardier, has demonstrated a degree of excellence. With the awarding of the CF-18 contract to Canadair, it will further advance Canadair wherein it will become a leading edge competitor in the manufacturing sector and provide it with world-wide opportunities. Certainly that is good for Montreal. The spin-off benefits will reverberate throughout the country. With regard to the CF-5, Winnipeg becomes a centre of excellence for repair and maintenance. There are other centres of excellence that can be distributed across the region.

GOVERNMENT PLANS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, it is clear from the Deputy Prime Minister's answer that the Government has written Winnipeg off as a future centre for the aerospace industry in this country.

Some Hon. Members: Shame, shame!

Mr. Blaikie: I wish to ask the Deputy Prime Minister when can we see the plan that the Minister of Energy, Mines and Resources referred to when he was talking about the Government deliberately opting for Montreal and fifth generation technology? Will that plan be made public? At the same time, will the Deputy Prime Minister kindly make public what plans the Government does have, if it has any, for the development of western Canada, particularly Winnipeg?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, CF-18 technology is the latest technology on the boards at the present time. Canada will have the opportunity to use that technology in the manufacturing of airplanes. That should be good for Canada, not only in terms of jobs, but in terms of maintaining its leadership in the manufacturing sector of the aerospace industry.

FINANCE

TAX REFORM—TIMING OF INTRODUCTION

Miss Aideen Nicholson (Trinity): My question is directed to the Minister of Finance. It concerns his reneging on his promise to introduce tax reform with the Budget later this month. Since low and middle-income Canadians are now bearing 90 per cent of the $6 billion tax burden imposed by the Minister's last two Budgets, will the Minister say if and when they can expect tax reform and tax fairness?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that the Hon. Member, rather than criticizing me for a very short delay in the introduction of tax reform, should be saying that is the right way to do it. Canadians do not want speedy tax reform, if it will not be right. We want to get it right. The implementation will not be delayed by the very short delay in the introduction of a White Paper, but I cannot be precise about the exact date of implementation.

EFFECT OF REFORM ON TAX LEVELS

Miss Aideen Nicholson (Trinity): My supplementary question is directed to the same Minister. In December, 1986, high-income Canadians were relieved of their temporary surtax on income. But the 3 per cent personal surtax which applied to everyone regardless of income level is still in force with no end in sight. Will the Minister assure the House that his promise to reduce tax rates will mean real reductions, not just the cancellation of this surtax?

Hon. Michael Wilson (Minister of Finance): Yes, Mr. Speaker.

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CANADIAN JOBS STRATEGY

LAPSED FUNDING INQUIRY

Mr. Nelson A. Riis (Kamloops—Shuswap): My question is directed to the Minister of Employment and Immigration. The Minister will know that in the fiscal year 1985-86 there was $374 million in the Canadian Jobs Strategy that was not spent. Has the Minister determined what that figure will be this year in terms of lapsed money for the Canadian Jobs Strategy? If so, does the Minister have plans to redirect those funds into areas or regions of Canada where they are most in need?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I wish to take note of the question. I am not in a position to answer today. I will provide an answer during the week.

Mr. Axworthy: That's called a well prepared Minister.

POSSIBLE REDIRECTION OF LAPSED FUNDS

Mr. Nelson A. Riis (Kamloops—Shuswap): My supplementary question is directed to the same Minister. When the Minister does report back, would he clearly indicate the process that he has in mind to redirect the lapsed funds for the Canadian Jobs Strategy in this fiscal year to those regions of Canada where the moneys can still be invested in a positive and proper way?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, what I can now say is that the funds allocated under the Canadian Jobs Strategy have been used in such a way that over 600,000 jobs have been created in Canada. I believe that these funds have been used in accordance with our national economic policies. It would be a mistake to believe that jobs in Canada are created exclusively under the Jobs Strategy.

Once more, I am convinced that the Hon. Member appreciates the results we have obtained under the Canadian Jobs Strategy.

* * *

[*English*]

CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. Canadians across our country are gravely concerned about the changes that are possibly happening in rural Canada with the Post Office. At a meeting of Rural Dignity in Agassiz, British Columbia, which was attended by some 600 people, it was reported that in the last two weeks new notices of closures had gone out in eastern Canada.

Will the Minister assure rural Canada that Canada Post has in fact been stopped, and will start to consult with rural Canada as to changes it is proposing for the post offices?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I think I answered that question last week. You will recall that the House created a committee to examine Canada Post's corporate plan, and the committee made several recommendations.

In fact, recommendations 2, 3 and 4 were about closing rural post offices. Last week I gave the House the assurance that there would be no plan for closing rural post offices until the Corporation had provided the necessary information, as recommended by the committee.

• (1450)

[*English*]

OPERATION OF RURAL OFFICES ON FRANCHISE BASIS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, Canada Post is offering a free postcard for letter writing week from February 9 to February 14, and the slogan is: "Write a little love". Perhaps that is why the Minister in charge of Canada Post announced that there will be no closing of rural post offices. He is hoping to get a lot of those postcards of love. How does the Minister explain that Canada Post claims that over 3,000 post offices in rural Canada will close and the service will be passed over to local businessmen to operate on a franchise basis? If that is the case, for this Minister there will be no letters of love. It is one big shove.

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, for the benefit of the Hon. Member I will again read committee recommendation No. 3. It says that before closing any post offices, the Canada Post Corporation should develop more specific guidelines to reflect regional differences and specific needs.

Our answer to that, Mr. Speaker, was that we agreed with this recommendation and with the point raised by the committee. We intend to ensure that Canada Post will act on the committee's recommendations, and last week I gave the House the assurance that we would personally see to it that this would be done.

[*English*]

WISHES OF RURAL CITIZENS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Minister is saying that if rural Canadians have the program explained to them, they will agree with the closure of the post offices. Does the Minister expect that rural Canadians will agree with the closure of their post offices and having them replaced by part-time businessmen who will operate them on a franchise basis instead of having full-time postmasters and postmistresses? What if they do not agree to having the post offices closed? Will the Government shove it down their throats anyway?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, perhaps the Hon. Member should look at the details of the corporate plan. Last week, I reassured the House with respect to Canada Post's new policy, and today I can give the Hon. Member the assurance that there will be no closures or service changes at the Canada Post Corporation and its rural post offices until the recommendations proposed by the committee are acted upon. Mr. Speaker, the recommendation referred to a period of consultation with the Canadian people on the post offices that might be affected. The Hon. Member referred to closures, but we, Mr. Speaker, call this a service change.

[*English*]

RURAL DIGNITY ASSOCIATION—REQUEST FOR MEETING WITH MINISTER

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, I have a supplementary question for the Minister. At the same meeting Rural Dignity reported that it has been endeavouring to have an appointment with the Minister. Could the Minister tell us whether he will meet with Rural Dignity?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I am of course aware of the existence of this Rural Dignity committee, and I have agreed to meet with its members. According to my agenda, this should be tomorrow or within the next few days.

[*English*]

REQUEST THAT MINISTER UNDERTAKE NOT TO CLOSE RURAL OFFICES

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I should like to know from the Minister responsible for the Post Office whether the reason he is framing his statements about the Post Office in terms of closures, that there will be no closures without consultation, is simply to give a licence to his back-benchers to say to their constituents that there is nothing to worry about. If that is not his intention, why does he not stand in the House and say without qualification that between now and the next election there will be no closures of post offices in rural areas?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, again, I simply said the recommendations, and I repeat it again, the recommendations made by the committee in December, and in which the Hon. Member had a hand, were to ask Canada Post not to go ahead with rural post office shutdowns without some action being taken by Canada Post. It must be remembered, Mr. Speaker, that what is involved here is service changes. This may mean merging post offices, it may mean providing additional services. And it is definitely our intention that the Canadian people be consulted as well as Members of this House before action is taken. This is all clear and simple, Mr. Speaker.

REQUEST THAT MINISTER INFORM HOUSE WHERE AND WHEN POST OFFICES WILL BE CLOSED

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, if the Minister is not prepared to state that there will be no post office shutdowns, why does he not share with this House Canada Post's plans for privatization, post office mergers and post office shutdowns? Give us definite information: where will post offices be shut down, and when?

[*English*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I repeat again, like I said last week, there will be no change in the service before Canada Post proceeds with proper consultation with the population and with Members of the House. That is what I said. That is what will be done for rural post offices.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

SITUATION OF FRANCOPHONES—INQUIRY WHETHER SOLICITOR GENERAL HAS ACTION PLAN

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is directed to the Solicitor General. I have in my hand a report signed by Assistant Commissionner J.E.L. Julien, commanding officer of "C"Division of the RCMP. The report sent to Commissionner Simmonds describes the unacceptable and indeed regrettable conditions forced by the RCMP upon its French-speaking officers. The Government has been warned on several occasions in this House as well as in committee that it was urgent to remedy the situation. The President of the Treasury Board has admitted it himself when three months ago he asked the Solicitor General to provide him with a plan of action. I should like to ask the Minister where that plan of action is and what he intends to do?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I have assured Members of the House on a number of occasions that the RCMP is to comply with the official languages policy of the Government, the same as any other Department, and that it is obligated to comply with any order of the Treasury Board in this regard. As the Hon. Member well knows, the Commissioner will be appearing before the committee tomorrow. I am sure he can address the appropriate questions to him at that time.

REDUCTION IN FRANCOPHONE MANPOWER

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have already done that. I know the Minister to be a reasonable man. He will admit that the point is that the Government must give direction to the RCMP because it is not doing what the languages law requires. The report of assistant Commissioner Julien states that "a feeling of rejection by the Anglophone majority" is felt by Francophones and that "participation by Francophones on the force now is marginal and unfair". Will the Minister unequivocally disavow himself from the Simmonds' policy of reduction in RCMP Francophone manpower from 20 per cent to 12 per cent? Will he disavow that policy today in the House?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, a rose by any other name would smell as sweet. That is the same question he asked the first time and therefore I will give him the same answer. The RCMP will have to comply with the official languages policy of the Government and the use of Francophones within the force. Second, it will have to

comply with any order made by the Treasury Board in that regard. I cannot be more clear than that.

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PHARMACEUTICAL INDUSTRY

REQUEST FOR WITHDRAWAL OF PATENT AMENDING LEGISLATION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of Consumer and Corporate Affairs. I am sure he will know that a poll published on Saturday indicated that a very substantial majority of Canadians from every region, and supporters of every Party including the Conservative Party, are opposed to the prescription drug legislation. Given the fact that the Government has already been made unpopular as a result of decisions such as the one on lumber and the agreement with France on fish, is it not time that the Government faced up to reality and withdrew a Bill which is so unpopular?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the House has already decided on that issue and supports the Bill in principle, and rightfully so. It will lead to improvement in the health care to Canadians. It will lead to thousands of research jobs. It will enable Canada to participate in the exciting biotechnologies. Frankly I cannot understand how responsible Members of Parliament could in fact say that Canada should opt out of this technology and let the rest of the world do that research. That is just irresponsible and something I would never concur with.

GOVERNMENT POLICY

Mr. David Orlikow (Winnipeg North): Mr. Speaker, despite everything the Minister and his supporters have said, does he not realize that according to the poll Canadians believe that they will have to pay higher prices for prescription drugs, that the companies will make much higher profits, and that there will be very little new research done? Given those facts is the Government going ahead with the Bill because it has made a commitment to President Reagan and the United States and it is part of trying to get a free trade agreement? Isn't that the real reason that the Government is going ahead?

• (1500)

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, one of the reasons there might be concern is that the Hon. Member and his Leader have been talking about a Coopers & Lybrand study of $650 million. Coopers & Lybrand wrote to me to say that they had nothing to do with that study and they disavow any claim to it. I can understand why. It is simply a false, phoney figure which the New Democrats, for reasons of their own—and the reasons have nothing to do with informing the public—keep publicizing. If the Hon. Member believes in polls, let him wait a few days for another poll which will show that we are on the right track, exactly where we should be, according to the people of Canada.

* * *

[*Translation*]

THE ROYAL CANADIAN MOUNTED POLICE

NUMBER OF FRANCOPHONES—REQUEST THAT MINISTER MAKE INQUIRY

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I would like to come back to the Solicitor General concerning the way french-speaking members of the Royal Canadian Mounted Police are treated. The minister keeps repeating that the RCMP must abide by government guidelines regarding Francophone participation. However, we know through certain documents that some high ranking RCMP officials are attempting to reduce Francophone participation from 20 to 12 or 15 per cent. Can the Minister tell us whether or not he has enquired to find out who is promoting such a pigheaded policy within the RCMP?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can certainly advise the hon. gentleman that I have discussed this matter with the commissioner, that a new plan is in preparation and will be presented shortly to the Treasury Board for its perusal and hopefully its approval.

[*Translation*]

Mr. Speaker: That will be the last question. The Hon. Member may ask his question.

REQUEST FOR RESIGNATION OF COMMISSIONER SIMMONDS

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I understand that the Minister intends to raise the issue with Commissioner Simmonds. I am hardly comforted. This situation is going on while he is in charge. While raising the issue with Commissioner Simmonds, could the Minsiter also ask for his resignation?

[*English*]

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I am quite satisfied that Commissioner Simmonds has been doing an excellent job for the RCMP and has led the RCMP well during the past 10 years. I can only repeat that a new plan is being prepared and will be presented shortly to Treasury Board, hopefully for Treasury Board's perusal and approval.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

The Acting Speaker (Mr. Paproski): When the House rose at 1 p.m., the Hon. Member for Prince Albert (Mr. Hovdebo) had been given the floor.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am pleased to have the opportunity to speak for a few minutes on the National Transportation Act. Bill C-18 possibly underlines the need the Government has to establish some kind of credibility. It was an opportunity which the Government could have used, but instead of that the Bill just enhances lack of credibility. Almost every part of the Bill has to be taken separately.

The Government keeps talking about its concern for transportation safety but the Bill itself has no requirement for safety. In fact, there will be a greater possibility of accidents because less time will be spent on safety. When you are trying to make money on a very small margin, you are not going to spend the money on safety.

The Government keeps talking about sovereignty. This Bill will deliver our goods from all across Canada to multinational trucking companies and railways. The Government has also been talking about a philosophy based on competition and that that is the key to the direction it intends to go, but this Bill also lacks credibility in that area. Bill C-18 will decrease the amount of competition available to our transportation system.

I could go on, Mr. Speaker, but in 10 minutes it is probably not possible to list, let alone explain, all of the areas where the credibility of the Government in this subject should be questioned.

For 100 years transportation has been used as an instrument of policy and economic development. Bill C-18 ignores the economic need for some kind of equal transportation costs for all parts of the country. If you have differences in cost for remote areas than for central Canada you are bound to affect the economic development of those remote parts of the country. This Bill discriminates against people, businessmen and producers on the basis of where they happen to live, a 180 degree change in Government policy.

When Sir John A. Macdonald established the transportation policy for Canada he recognized that transportation could be a major factor in how the country developed. Most of us in this Parliament today would not accept as the basis of his decision-making the fact that he thought the western and the eastern parts of the country should supply the raw materials and that the central part, Quebec and Ontario, should do the manufacturing. That is long past. We have had somewhat of a movement on that. My predecessor from Prince Albert, John Diefenbaker, recognized, when he was Prime Minister that transportation could be a major factor in how a country developed. In his vision of the north he used transportation as the basis for development right across the northern fringe of the Prairies, in northern Ontario and Quebec. He based that decision on the fact that transportation is a key element to economic development.

Bill C-18 does exactly the opposite. It shows a 180 degree turn from the idea that transportation should be used or could be used to give all parts of the country the same possible advantage. Consequently, we have a situation now where instead of the Government and the country looking at the more remote areas and saying that is where we need some kind of development, we have a Government which looks at the central part of Canada. It is saying, "If we put in place this economic change, this deregulation of transportation, we will make sure that forever and ever, Canada will continue to develop in the so-called Golden Triangle". Those places from which you and I come, Mr. Speaker, will be at a disadvantage. We will not be able to develop or manufacture goods because we will pay so much more for transportation that we will not be able to compete.

• (1510)

Back in the 1800s, the Government established the Crow's Nest Pass agreement. That agreement was put in place so that products from western Canada could move to the East at a lower rate. It also allowed the transportation of settlers' goods from eastern Canada to the West and assisted in the development of western Canada. In the 1920s, Parliament established statutory grain rates. This put into legislation the kind of structure which allowed the West to continue to develop by allowing the West to deliver its product.

The Western Grain Transportation Act which was passed just a couple of years ago, although many of us disagreed with the approach because we recognized it as a first step in the direction we are moving today, recognized that people in the remote areas should not be penalized because of where they live. Instead of that, and I suppose even because of that, we have taken one more step in the direction begun by the Western Grain Transportation Act, of allowing the undermining of an economic policy which assisted in the development of the regions.

I am not necessarily talking of places as far away as Yellowknife. I am talking about communities like Prince Albert and those in northern Manitoba, the Prairies and British Columbia. These communities will be affected by the transportation structure which the Government is putting in place through Bill C-18.

This Bill ignores the reality of Canada. It fails to take into account Canada's geography and its climate. It fails to take into account the needs of a population that has spread across

Canada. If we keep on taking this particular track, we will eventually isolate the remote areas of Canada and we will not have the kind of country that you and I, Mr. Speaker, and most Members of the House feel is the country we have been promoting for so long.

I would like to remind Conservative Members that if we are to work as a nation, if we are to have the kind of nation that we think we should have, a united and forceful nation, we must have a transportation policy which unites the country and allows all areas of Canada to operate without discrimination. This Bill does not allow for that.

• (1520)

[*Translation*]

Mr. Carlo Rossi (Bourassa): Mr. Speaker, I welcome this opportunity to take part in the debate on Bill C-18 and to detail further our party's position on this fundamental question.

Although outwardly the Bill impresses by its bulk, we are more impressed by what it does not than by what it does contain.

Mr. Speaker, this Bill is incomplete. We have already said it is utterly lacking in credible safety guarantees. We have also referred to the lack of restrictions on foreign control of our transportation industry, in the case of the trucking sector. This is a real problem and a pressing one, but unfortunately, the Minister of Transport (Mr. Crosbie) has chosen to ignore the problem.

Mr. Speaker, we have also pointed to the lack of guarantees for job security. Thousands of Canadian workers are afraid to lose their jobs, and once again, the Minister and the Government have turned a deaf ear. For these reasons alone, this flagrant lack of judgment and sensitivity, the Bill would be a bad Bill and should be rewritten, but there is worse than that, Mr. Speaker. When the Minister of Transport tabled this Bill with its far-reaching reform of our regulatory framework, he failed to consider the humanitarian aspect and include special provisions for the rights of the handicapped.

Mr. Speaker, the Hon. Member for Mount Royal (Mrs. Finestone) raised the issue in the House last Friday. Do you know what the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) had to say? That the National Transportation Act will be subject to human rights legislation. Mr. Speaker, that is wishful thinking. This so-called comprehensive reform of the regulatory framework would have been a unique opportunity for any Government with real concern for the rights of the handicapped to enshrine in our transportation legislation provisions governing access, comfort, safety and fare schedules for the handicapped on all transport modes.

Mr. Speaker, above all, the Bill contains no imperative standards for access and safety as applied to the handicapped.

Another major drawback of the Bill is that it contains no reserve clause tying enforcement of the Act to regional development objectives.

Mr. Speaker, the Conservative Government has refused to recognize the importance of regional economic development. We feel this position is totally unacceptable and shows a lack of sensitivity to the fact that Canada's population is scattered over a country with the second largest territory in the world.

Mr. Speaker, in its present form, the proposed legislation contains no safeguards against regional reductions in service, abandonment of certain routes and railway lines and other eventualities. Considering the highly competitive market we shall have after deregulation, Mr. Speaker, we feel it is imperative that certain safeguards against loss of services be included.

Despite all the good words and suggestions of a national reconciliation and a new era in federal-provincial relationships, the Conservative Government has once again shown what it really is after. An important resolution is indeed missing from the statement of purpose of the bill, a resolution passed unanimously at the annual Prime Minister's Meeting held in Saint-John's, Newfoundland last August.

Under that resolution, Mr. Speaker, any transportation policy was to have regional development as its main guiding principle. Moreover, last December 3rd, the Atlantic Cabinet declared unanimously that the Federal Government should amend Bill C-18 to state that any objective dealing with regional economic development should take precedence over the commercial cost effectiveness objectives of a transportation service should there be a conflict between those objectives.

In conclusion, Mr. Speaker, I wish to say that the bill as introduced is incomplete, and that it may have a very negative impact not only on the transportation industry, but also on several other economic sectors. In short, Mr. Speaker, it is an inconsistent piece of legislation quite in keeping with the image of this Conservative Government.

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I am pleased to take part in this debate and express some of my views after all I heard on this matter in the past few days. Naturally, Mr. Speaker, you will understand that when a society, for some reason or other, stops developing, when a society does not keep up with the day-to-day developments of a situation, one is tempted to say that it is a conservative society. When a party, for some reason or other, cannot keep pace with evolution, when a party does not evolve with circumstances and developments, one could say that it is a Conservative Party. And indeed one of the basic problems that I have noticed in this debate was a very deep misunderstanding of the position of the Liberal Party on this matter by the Government Party. When some Government Members suggested that it was surprising that the Liberal Party did not oppose deregulation, and when some Government Members stressed the fact that the Liberal Party had rather consistently opposed deregulation in the past, I do not think, Mr. Speaker, that they

were right . . . If you look at how things evolved and situations developed, you understand that there is an element of logic in the process, and whenever a situation has evolved and given good reasons to make adjustments, I feel the Liberal Party has always been able to adjust and take any corrective action and decision required to help every sector in Canada secure an excellent position.

Mr. Speaker, what the Liberal Party would not accept, however, is a reckless deregulation without due consultation process. One of the basic problems I find, after all the discussions I had and the speeches I heard, is this lack of consultation, this very selective process of consultation which leads to bills like the ones presented by the Minister of Transport (Mr. Crosbie).

Last week, I heard my colleague, the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), say that a number of provinces were not even consulted on the document *Freedom to Move*. The Standing Committee, as he mentioned, did not have the time to consult Prince Edward Island, New Brunswick, Quebec, Ontario, Alberta and Saskatchewan. I would imagine, Mr. Speaker, that in these provinces there are groups and individuals involved in transportation who should have been consulted or heard, but unfortunately the Government did not do it and, today, we are confronted with a Bill we cannot agree with, as a number of groups have voiced strong concerns about it.

Despite all the objections raised by Liberal Members and others, even Conservative Members, in particular the Chairman of the Committee, about the very short time given to the Standing Committee to study *Freedom to Move*, the Conservative Party used its majority and went along with the Minister of Transport request for a speedy report. We deplore this decision made by the majority and, in keeping with its responsibilities as Official Opposition in this Parliament, the Liberal Party had to produce a minority report.

One of the basic aspects of the discussions or meetings we have had with interest groups, business people or companies which are opposed to or entertain serious reservations about this Bill is, of course, the role played by transportation in the promotion of employment opportunities, and the fears of these companies with respect to the impact this Bill might have on employment in Canada.

It is likely, indeed very likely that deregulation will be followed by a sharp decline in employment in Canada, and the attendant loss of wages, because we can expect a proliferation of non-unionized job openings on the labour market. Mr. Speaker, it was in 1978 that the Americans began deregulating their air transport industry and, between 1978 and 1982, full-time jobs in American air transport companies decreased by 6 per cent. From 1980 to 1985, 40,000 workers lost their jobs in that sector. We heard as well—and this was underscored last week—that airlines had to shut down because they were no longer subject to regulation. Among others, People's Express went bankrupt and folded their wings. They used to carry a lot of passengers, but deregulation made it impossible for company management to meet their obligations, they just could not survive and decided to declare bankrupcy.

Mr. Speaker, many of us have also raised the question of safety in respect of deregulaition as such. We did refer to safety because the Canadian Aviation Safety Board has raised the matter and stated that deregulation could lead to many accidents and an increased number of accident investigations if the deregulation legislation were to be adopted as it is now.

We have here a statement made by Mr. Bernard Deschênes in an interview reported in *La Presse* in which he says the Canadian Aviation Safety Board expects to investigate more than a thousand incidents and accidents in 1986. Of course, Mr. Deschênes is not looking forward to that, but it could be expected that the total number of accidents would return to the 700 yearly average after declining to around 500 during the recession. Added to that would then be more than 350 investigations on incidents that could have had serious consequences, whether engine failure, running out of fuel, near collision cockpit trouble, decompression requiring emergency descent, etc.

What we have pointed out last week, Mr. Speaker, is that deregulation will automatically lead to price competition. With this automatic price competition, there will be companies which, in order to stay afloat and go on operating, will try to save on operating costs, and when looking at operating cost reductions, they will automatically reduce certain costs probably in the area of safety. This means we will be faced with the kinds of situations described by Mr. Deschênes, most probably there will be serious problems in the area of safety-inspections or preventive maintenance that used to be done industry-wide for all transportation services in Canada. Then we may experience serious accidents, disasters that will be due to a kind of deregulation that will have failed to include standards, mechanisms or requirements for those carriers to have maintenance or safety standards that are complied with or that require regular inspections.

Mr. Speaker, we are sorry to note that the Standing Committee on Transportation has been given no mandate to deal with safety within the deregulation process. Indeed, many witnesses were amazed to learn that the Committee wanted to make its views known on deregulation without any analysis of safety standards. The Auditor General. Mr. Kenneth Dye, said, regarding the fiscal year ended March 31, 1985, that Transport Canada was not able, in any of the regions, to inspect all the carriers under its jurisdiction at least once a year.

And according once again to the Canadian Air Line Pilots' Association, we have reached the point where safety-related concerns became so pressing last year that the U.S. Transport Secretary ordered a white glove safety inspection.

So, Mr. Speaker, I only hope that before passing this Bill government will make some serious amendments and refer it to a committee.

• (1530)

[*English*]

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, the reforms of the economic regulation of transportation which we are considering are called the Freedom to Move legislation. What does Freedom to Move mean? It means that air travellers will have a wider choice of flights at more convenient times and more competitive prices. It means that all kinds of businesses, including small family concerns, large corporations, and major resource producers in every part of Canada, will have some real alternatives to get their products to market. They will have alternative services from more innovative carriers, offering more pricing options.

What will this mean for individual Canadians? Real jobs will be created or maintained in every region of the country and every sector of the economy because better transportation service at a better, more competitive price will enable our resource producers, manufacturers and other businesses to be more competitive in markets at home and abroad.

During this debate, however, we have heard from members of the Opposition that these reforms are too much and come too fast for our transportation industries to cope. The naysayers on the other side predict devastating effects on our trucking industry. They claim that our railways will no longer be financially viable. In short, if we were to believe them, we would expect that our entire transportation system will be in chaos the day after these reforms are implemented. This will not be the case.

Let me explain why. Of course, there will be some adjustments required on the part of everyone. Neither I nor the Government has ever denied that. However, there will be no dramatic upheavals. Economic regulation has been gradually loosened, and many adjustments have already occurred.

Let us look at the air mode, for example. Regulation was brought in to encourage the establishment of a national carrier, Trans-Canada Airlines, when no private carrier could or would take the risk in the fledgling aviation market. By the end of the 1950s, the market had developed and a second airline, Canadian Pacific, was ready to begin long haul service across the country.

Through the 1960s and 1970s regulation was used to keep other airlines within defined regions of the country. After 1978, however, the market changed significantly as a result of the United States air deregulation. Canadian air travellers began asking for similar benefits, such as lower prices and greater choice of service. Many got those benefits, if they could, by crossing the border to fly on U.S. airlines.

In Canada, regulators began allowing regional carriers to extend their operations and all carriers to introduce innovative pricing practices such as seat sales and advanced booking discounts. Further relaxation of air regulation in recent years has led to new carriers entering the market regionally, such as Air Atlantic, and Wardair which has entered the business nationally. Existing carriers have been allowed to add new routes and introduce more efficient aircraft.

One might ask why we need the reforms in Bill C-18? It is because the existing law has been bent as far as it can. Our airlines can go no further in adjusting to the changing demands of the market without a change in the law. Complying with the bent-over-backward rules is still costly, cumbersome and time consuming. Tomorrow, a different interpretation of the law could send us backwards, not forward to meet new challenges and opportunities for economic growth.

The story in trucking is similar. The provincial boards which regulate extra provincial trucking have been loosening the reins for years, although in different ways and at different paces. U.S. deregulation of trucking occurred in 1980, and many Canadian truckers have since established operations in the United States. Naturally, American truckers would like similar access here.

Transborder competition has been heating up, and our truckers are more than holding their own. Our share has increased by about 10 per cent since 1980.

The new legislation for trucking which is scheduled to be implemented in 1980 according to federal-provincial agreement, contains a three-year transition period. Thus, the impact of the entry test, based on fitness only, will not occur until 1991 and beyond. Is over 10 years of adjustment for the trucking industry an abrupt change? Will it have a devastating effect? I think it will not, but one need not take my word for it.

• (1540)

The federal and provincial Ministers responsible for transportation commissioned a study of the effects of the reforms to which they have agreed and which are before the House. That study, released last November, concluded there would be no great disruption in the industry, no harmful concentration and no loss of service to small communities. It did predict keen price competition and it wisely counselled monitoring of developments, in any event.

The federal and provincial Ministers have accepted the recommendation to monitor closely developments under the new legislation and have commissioned a further study of the effects to be completed before the final phase of the reform becomes effective.

With respect to rail transportation, what we are doing is really the second stage of a process which began in the 1960s. The 1967 National Transportation Act, rate regulation, granted railways the right to set their own rates subject to the very limited rights of appeal. The Americans did not move in this area until 1980, but when they did move, they went further and allowed confidential contracts. Our present reforms are necessary to ensure that our carriers can compete on an equal basis with the American carriers. However, this will not be a sudden change. Canadian shippers have been negotiating with U.S. railways and are already accustomed to this new way of doing business. Similarly, Canadian railways,

through their American subsidiaries, are no strangers to these new rules.

The other part of the rail reforms restores stability where an imbalance was created because of the growth in the number of captive shippers since the 1967 Act was passed. This has been a growing problem since the mid-1970s. It is an issue which has been discussed and studied for a number of years. The Government is proposing a solution. Captive shippers have been at a disadvantage for far too long. Now is the time to correct this problem. As I have illustrated, the market-place demands that economic regulation catch up with reality, and our carriers are ready for these reforms.

Regulation of transportation has played an important role in the development of our nation and its economy. Our transportation industry and other industries have matured. The world is a far more competitive place than it was even a few years ago, let alone 20 years ago when transportation regulation was last revised. To meet the challenges of today and tomorrow, our producers must become more competitive and innovative, and transportation services will always be a crucial element in their competitiveness.

No wonder we have asked ourselves seriously what can be done to make our transportation industry more competitive. Extensive consultations on what should be done have been undertaken with shippers, carriers, travellers, Members of the House, provincial Governments and the general public. The answer which has emerged from these consultations is to regulate less and smarter and to let the market forces determine to the greatest possible extent what services are available at what prices, not everywhere, however, and not in all cases. Some areas still need some protection from deregulation.

Therefore, the package of reforms includes some provisions to protect the public interest in certain regions, especially in the North. I appreciate the opportunity to speak on this Bill.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, it is a pleasure to participate in this debate. I am sorry, however, that Bill C-18, as put forward by the Government, and as praised in those laudatory speeches prepared by the Government Research Bureau or the Minister's office for the Hon. Members taking part in debate, is before us. I think there are a lot of questions government Members should answer before they return to their constituents and tell them what a wonderful idea Bill C-18 is. These are questions which form a core of government policy, where, I think, the Conservative policies are extremely questionable.

What the whole question of deregulation or reregulation, whatever it is the Government says it is doing with Bill C-18, amounts to is the Americanization of transportation regulation in Canada.

I go back to the days of Sir John A. Macdonald who, I think, would be turning in his grave at what his supposed heirs in the Conservative Party are doing after what he wrought, what he thought was important to create. He tried to bring this country together from sea verily unto sea by means of the construction of the Canadian Pacific Railway. Although it was a private enterprise venture, the Canadian Pacific Railway, that band of steel which brought our country together—which was part of the agreement under which British Columbia came into Confederation in the first place—was only created because of public initiative and funding. The land grants made by the Government of Canada at that time, the money which was advanced to the Canadian Pacific so it could complete construction and more or less meet the deadlines agreed to at the time of Confederation, were a sign of the partnership between public initiative and private enterprise which in fact marked a great deal of the construction of this country.

The Americanization of transport regulation means that the Government suggests that competition above all should be what is directing the operations of our transportation industry. I want to suggest to you, Mr. Speaker, that the problem with that theory is that the population density in the lower 48 states of America is about 25 or 30 times greater than the density of Canada. If one goes east of the Mississippi where the bulk of the population lives, or to the State of California, the population density is even higher. Under those circumstances, it may be possible for the Americans to have a competitive kind of system and for it to work for them. The question is, under the circumstances which are different here in Canada, will it work for Canada?

I think most Canadians are proud of what we have achieved in the area of transportation and communication. We are acknowledged throughout the world as being world leaders. We have two especially effective and efficient railways. One of the areas we lead in terms of a world class industry is the area of communications. Canada has one of the finest airlines in the world. CP Air, which is now owned by Pacific Western Airlines, was not bad, either. We have been good at these things. In fact, Canada has developed one of the most efficient and cost-effective transportation systems in the world. We can ask ourselves the question, having gone that far, if it works then why try to fix it, particularly why try to apply the kind of fix the Government, for ideological reasons, seems to want to apply?

I want to remind Hon. Members opposite that the idea that we can take everything holus-bolus from a neo-Conservative clique which surrounds President Reagan and his friends and input it into Canada is a bunch of nonsense. This is a different country. Our traditions and our geography are different. This country would not exist if we had not defied geography in order to bring the country together, linked East to West, when all the natural channels of water transportation, trade and possibly even community interest in the earlier days, would have run North South.

We have had to use public intervention to get a railway in place. We have had to use public intervention for a national airline. Perhaps my colleagues can remind me of which Party was in power when Air Canada was established.

Mr. Rodriguez: The Conservatives.

Mr. Cassidy: It was the Conservative Party that was in power. Was it the Liberals or the Conservatives, I cannot remember which, that were in power when the Canadian National Railways was created? The Government in power, or its predecessors, was responsible for many of the Crown corporations. It was responsible for the Canadian Pacific and for Air Canada, so it has agreed in the past that public participation makes an awful lot of sense if we are going to have a country at all. Now the Government is turning its back on it.

What will occur? The first thing is that safety is very much at risk with the kind of deregulation which is talked about by the Government. If we deregulate entirely and have no effective means of oversight, then experience shows again and again that we put people's lives at risk, employees' lives at risk and, if Hon. Members opposite want to quarrel with that, I suggest they tell me how it was that the Arrow Airlines crash occurred in Gander, which resulted in the death of 200 or more American forces personnel returning to the United States?

• (1550)

There are great risks with respect to jobs. Hon. Members should know that tens of thousands of jobs in the transportation industry are at risk. They should know as well that the benefits in terms of possible improvements, efficiencies or lower costs will not necessarily flow from that. What may happen is that we may lose jobs. Wages may be crushed downward. We may wind up with a system which is less safe and no more efficient than the one we have right now.

We have been told that we will have cheaper fares and better services. The fact is that that statement is generally applied to one specific sector, that being the air transportation sector. What has happened is that in anticipation of Bill C-18 the airline industry in Canada has been in a wave of reorganization which parallels what has occured in the United States. In the U.S. the budget airlines such as People Express brought down air fares on a certain number of routes over a certain period of time. Those airlines are now being absorbed, taken over or forced into bankruptcy. They could not survive. As anyone who has travelled recently in the United States knows, air travel in that country is now tougher, it takes longer, the equipment is not as good and the fares are high.

I have in front of me a study which was prepared a year or two ago by the ENO Foundation, a business research group in the United States. It looked at air fares in the United States after deregulation. The fact is that in the spring of 1984, after deregulation, the fare per mile varied widely. It ranged from 13 cents a mile for a New York to Norfolk fare, to 53 cents a mile for a St. Louis to Cincinnati fare, even though these two markets are virtually the same distance apart. The escalation in fares has been extraordinarily different. To return to the two examples I just cited, the fare from New York to Norfolk fell by 19 per cent before 1978, while the fare from St. Louis to Cincinnati rose by 231 per cent. The increase in fares between different city pairs in the United States averaged 50 per cent between 1978—before deregulation—and 1984, but it rose in one-third of the cases by more than 120 per cent in six years, an average fare escalation of over 20 per cent per year.

What has happened in Canada? Essentially, we now have two airline groups. We have the Air Canada group and the Pacific Western group, which is made up essentially of CP Air and Nordair. In other words, an oligopoly exists. An oligopoly means two or three competitors—no more. Under those situations competition is not achieved, competition which would result in prices being driven down to the lowest or marginally lowest cost of providing services. In such a situation the two participants shy away from cutting fares too low. Wardair might be able to force fares down occasionally in certain markets. But, essentially, the situation we have now is that the Canadian Transport Commission does not ensure that there is a reasonable set of air fares in place. It does not allow a certain amount of competition in terms of special deals. Nor does it ensure that the regular fares bear some relation to distance travelled. For example, if one travels 200 miles in British Columbia, the fare should be more or less similar for the same distance travelled in Ontario, Quebec and the Maritimes. Instead of that being the case, we now have a situation in which all types of disparities can exist, on the one hand. On the other hand, the situation is that the airlines will conduct their regulation on an internal basis. For what purpose? Mainly for the profit—to maximize their revenues.

The Government has also indicated that it intends, or is very seriously considering, the privatization of Air Canada. This means that Air Canada's commitment, and I think it has maintained it, to be an instrument of public policy will disappear, or virtually disappear. Thus we have two private sector entities dividing the market between them. Frankly, I fear that what we will see in Canada is similar to what has occurred in the United States. There, the initial benefits, if there were any, were very quickly followed by disbenefits, in effect to a situation in which there were no longer any benefits at all.

I see that you are indicating that my time is almost up, Mr. Speaker. I want to say that Bill C-18 will not bring about the type of benefits which government Members have mentioned. It will bring us real costs in terms of lowered safety standards, in terms of lost jobs and in terms of less potential for holding the country together. In accompaniment with free trade it will bring about the danger of further Americanization of our country. I do not want to be nasty to the Americans. I just want to say that we as Canadians have run our country differently. We have values which are different. We want to maintain strength in our regions. We will not be able to do that with free trade, nor with the type of transportation deregulation that is being advocated by the Government in Bill C-18.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for Davenport (Mr. Caccia)—Food—Irradiation with cobalt-60. (b) Scientists' reservations—Safety of practice; the Hon. Member for York-East (Mr. Redway)—Environmental Affairs—Introduction of legislation announced in Speech from the Throne; the Hon. Member for Swift Current—Maple Creek (Mr. Wilson)—Agriculture—Fuel tax rebate—Denial to farmers using vehicles on highways. (b) Request for reconsideration of rebate.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, my brief contribution to the debate on Bill C-18 will focus on one aspect only, that is, how this legislation will affect—and in many people's minds affect adversely—regional economic development.

It was concern for regional development which first led me quite a number of years ago to consider standing for a constituency and coming to represent an underdeveloped region of the country here in the federal Parliament of Canada in the House of Commons. During that period of time there have been a large number of endeavours to come to grips with the serious problems of regional development in northern Ontario. They have met varying degrees of success. Some attempts have been almost negligible in terms of their effect on the North, and some have had a reasonable amount of measurable positive benefit. However, always standing in the way of effective regional development in northern Ontario has been the transportation problem. It would be much more serious than it is today if we did not have at least some degree of regulation. Very often, it was the regulatory agency which prevented corporations such as Canadian National, for example, from abandoning the region almost entirely. Despite regulation CN has still managed to do rather well in its obvious neglect of this vast resource region that has contributed so much to our federal union.

What is very puzzling about Bill C-18 is that it recognizes in passing that transportation is important to regional development. In Clause 3 of the Bill there is a passing reference to transportation being recognized as a key to regional economic development. However, that is about as far as it goes. Well-informed citizens in the constituency which I represent who see the correlation between development in transportation and development in the region believe that this legislation will act in a contrary way. In other words, instead of assisting and ensuring that development will go forth with transportation as a tool, it will work in a negative way.

• (1600)

I would argue that in Bill C-18 we need much more than a passing reference to the fact that transportation is a key to regional development. We need a policy that is translated into legislation which will ensure that transportation can become a key to regional development.

Since the Government took office, I have become sadly aware that regional development has been de-emphasized. Federal programs for regional development have either disappeared, or the amount of funding to support those programs has declined. What has taken the place of the programs with some muscle has been a proliferation of committees to consider what can be done. In fact, in recent months committees have become the biggest growth industry in northern Ontario. All types of committees are looking at what can be done to get around the fact that our region is in a state of rapid decline.

Although deregulation may have a large benefit for the country in increasing commercial viability and in increasing competition, it cannot be argued by anyone that there will not be certain beneficiaries from deregulation. Never would I stand in my place and argue that we want a totally regulated and controlled society. I am arguing that a certain number of safeguards have to be put in place for regions that are now underserviced, and regions that are blocked from further development because the transportations facilities are not there. This type of emphasis on national competition and commercial viability will push these regions further into the background. They will find themselves much further away from achieving any equity with the rest of the country.

I have listened to a number of speeches from the Opposition, and I am sure that some Hon. Members in the House will say that here is the Opposition once again either whining or creating concerns that are not legitimate. When we express our concerns about how this legislation will affect regional development, we have some strong supporters. Not only opposition Members, but Premiers of many provinces have looked at the legislation along with their advisers and have come to precisely the same conclusion. These concerns have been translated into a number of resolutions put forward by the Premiers gathered together in conference. For example, as recently as November, 1985, when the Premiers met in Halifax, they looked at legislation brought forward by the

Government of Canada to deregulate the industry, and they passed this resolution:

> Whereas the importance of regional economic development has been agreed upon by all governments, we, the provincial premiers, call on the government of Canada to incorporate in the proposed new National Transportation Act, in addition to an objective of commercial viability, the following:
>
> 1) Transportation is recognized as a key to regional economic development—

That is in the Act, the recognition. They further state:

> 2) Commercial viability of transportation links must be balanced with regional economic development objectives in order that the potential economic strengths of each region may be realized.

It is that particular concern that has cast doubt on the effectiveness of Bill C-18 in the regions.

For example, I turn to the neighbour of northern Ontario, the Province of Manitoba, which has much in common with northern Ontario in terms of its economy, and its level of development.

In a speech, the Premier, Mr. Pawley, said "that the federal Government's proposals to deregulate the industry rely too much on competition". He further stated:

> If changes are not made, they (the federal Government) will reduce the opportunity for economic growth and will accelerate the growing opportunity gap between the have and have-not provinces, since the have provinces will be the benefactors of a deregulated environment.

On many occasions in this House we have heard that there is a growing gap, because we are living in a period of restraint and Governments are looking for ways in which to reduce deficits. On many occasions it has been brought to the attention of Hon. Members that there is a gap between those who have and those who have not, and that that gap is growing. This is becoming a characteristic of our society.

Therefore, I do not think that Hon. Members will wish to support a Bill that will enlarge the gap between regions that are underserviced, regions that are underdeveloped, and those regions that have already achieved a very high level of economic prosperity.

Surely the role of the House is to foster national unity. National unity means more than simply calling ourselves Canadians. It means sharing in all the benefits of this great country of ours.

Hon. Bob Layton (Lachine): Mr. Speaker, I wish to address the concerns expressed in this debate regarding concentration of ownership and foreign ownership, especially in the air mode. The charge has been made that the legislation before us will lead, not to greater competition and its many benefits, but to less competition and negative effects on price and service. It has also been alleged that this legislation will result in a massive sell-out to foreigners of our airlines and trucking firms. Such fears of dire consequences are not well founded. A number of carefully planned safeguards will ensure that Canadian consumers and air travellers receive the benefits of competition.

The economic regulatory controls on airlines have already been relaxed as far as possible under the existing law. This has given us more competitive air fares, several new carriers, and better service. Among the new carriers at the regional level are Air Nova, Bras D'Or, and Air Atlantic. Other carriers such as City Express, Time Air, and Air B.C., have expanded their operations considerably.

The new existing regional carriers are providing more frequent service, at more convenient times to small communities across the country. Their service may not always be jet service, which has, in some instances, been replaced, but then jets are not cost-efficient and often no faster on short distance flights.

I would also remind the House that Canadian-made Dash-8s are being used for many of these new services. This means more jobs for Canadians in the aircraft industry.

The alliances being formed between some local carriers and national ones will produce better service for passengers. Flight schedules, baggage transfer, and other operations will be co-ordinated to minimize delays and inconvenience to the travelling public. Price competition continues throughout the system. Seat sales and discount prices based on advanced booking requirements are being offered, not just between major centres but on flights to and from many small communities. My colleagues have cited numerous examples. In other words, there is no evidence that alliances between national and regional carriers are harming competition in any way.

• (1610)

At the national level, as we all know, Pacific Western Airlines has arranged a deal to acquire Canadian Pacific Airlines. I will not comment specifically on this because the proposed acquisition is still under review by the Canadian Transport Commission to determine whether it is in the public interest. Critics of the new transportation policy in Bill C-18 seem strangely reluctant to acknowledge this safeguard in both the existing law and the new Bill.

Let us also acknowledge that Wardair is entering the long haul scheduled service market. In announcing his plans to spend over $900 million on new aircraft, Max Ward has demonstrated his determination to compete head to head with established national carriers. I applaud this demonstration of entrepreneurial spirit. This is precisely what the Government's approach to regulatory reform is meant to achieve.

We should also remember our history. Not too many years ago—and you and I shared this history, Mr. Speaker—there was only one national carrier, Trans-Canada Airlines, which is known as Air Canada today, and a variety of regional carriers held to that role by the regulators. Even today Air Canada still has close to 50 per cent of passenger traffic.

Given the nature of our domestic air market, it is possible that the efficiencies necessary to give travellers the best service at the best price can be achieved only with a relatively small number of healthy competitive national carriers. Whatever the

case, I believe that Canadians will be better served in future if, as the policy in Bill C-18 indicates, market forces are the primary determinants in the efficiency and adequacy of service.

In any case there are a variety of safeguards to competition. First, the power now exercised by the Canadian Transport Commission to review mergers and acquisitions in light of the public interest will be continued in the National Transportation Agency. Second, the recently enacted Competition Act provides for review of any transaction which would substantially reduce competition. Third, under the proposed legislation new carriers can enter the market and existing carriers can add new routes much more easily. Finally, as they did in the early 1980s, many Canadians can cross the border to fly on U.S. airlines, perish the thought. In effect, additional competition exists across the border. For all these reasons I am confident that we can have the benefits of regulatory reform and healthy, efficient, and competitive air carriers at both the national and regional levels.

Turning to the trucking industry, I find from an independent, objective viewpoint that the fears being expressed about concentration of ownership are exaggerated. The Canadian Council of Motor Transport Administrators, on behalf of the federal and provincial Ministers responsible for transport, commissioned a study on the effects of the regulatory reforms being proposed. That study was received by the Ministers last October and was released in November.

The conclusion of the independent transportation experts who conducted the study was that some restructuring and consolidation of firms would continue as it had for a number of years, but that concentration would not reach undesirable levels among national carriers. The study also concluded that regional carriers would not be eliminated and that service to small communities would not suffer.

In respect of foreign ownership, I should like to point out that an airline will have to be at least 75 per cent Canadian owned in order to obtain an operating licence for domestic service. This requirement, for those Hon. Members who may wish to verify it, is contained in the definition of "Canadian" in Clause 67 of Bill C-18.

Mergers and acquisitions of Canadian transportation firms by foreigners are also subject to a number of review mechanisms, although those involving small firms are exempt. The Government is not prepared to subject each and every acquisition of a small firm to the bureaucratic burden, delay, and cost of a substantial review when the national interest cannot reasonably be at risk.

The safeguards which exist now and will remain in place include the following. First, under the Investment Canada Act, an acquisition by a foreigner of a Canadian company, including a transportation company, can be blocked if it is deemed not to be of benefit to Canada. Second, a foreign acquisition is subject to review under the National Transportation Act to determine whether it is in the public interest.

This provision of the existing Act is being broadened under Bill C-18. It now applies only to mergers and acquisitions between two transportation companies. In future, it would apply to the acquisition of a transportation firm by anyone, whether or not they are already in the transportation business. Foreign companies and domestic ones are subject to review without distinction.

Third, the recently enacted Competition Act provides for a review of mergers and acquisitions. They may be disallowed if they are found likely to reduce competition to a substantial degree. I understand that the Competition Tribunal has already turned down one proposed merger, although it was not in the transportation field.

With all the safeguards I have described, Canadians can rest assured that neither foreign ownership nor corporate concentration will be permitted to harm the public interest or to jeopardize competition in transportation services.

Under the proposed reforms of transportation regulation, the operation of market forces will bring the benefits of competition to all Canadians—producers and manufacturers, air travellers and consumers—in the form of better transportation services tailored to their needs and at more competitive prices.

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it gives me pleasure to take part in the debate on Bill C-18 this afternoon.

[*English*]

I listened very attentively to the remarks of the Hon. Member for Lachine (Mr. Layton) who spoke about the issue of foreign takeovers of transportation companies and about reviewing some of these takeovers. I remind him that under the new Investment Canada Act, foreign takeovers of $5 million or less will not be reviewed by anyone. In the transportation industry Canada has a vital interest to ensure that proper reviews of foreign takeovers in our transportation industry are carried out and are blocked when necessary.

I rise to speak in the debate this afternoon principally to talk about the issue of rail deregulation or deregulation of the transportation industry and what it could do to the constituency I represent.

Of course my riding, which is the most beautiful one in the country—

Mr. Turner (Ottawa—Carleton): As is mine.

Mr. Boudria: —is situated east of the City of Ottawa. I notice the Hon. Member for Ottawa—Carleton (Mr. Turner) is heckling at the present time. No doubt he will be interested in the issue which I intend to bring to your attention, Mr. Speaker, because his constituency and mine, as well as Stormont—Dundas and other ridings, are affected by the Ottawa to Montreal CN Rail line.

A few weeks ago I had the pleasure of meeting with CN Rail officials, along with my provincial counterpart in the riding of Stormont, Dundas and Glengarry, Conservative MPP Noble Villeneuve, and with municipal officials, local industry representatives, and so on to find out what were the plans of CN Rail for the Ottawa to Montreal line. Perhaps you will wonder, Mr. Speaker, why we chose this particular time to meet with them and what prompted the local community in my riding to want to meet with officials of CN Rail.

On September 25, 1986, a piece of internal correspondence at CN Rail, signed by R. P. Langlois, Regional Manager of Marketing for the St. Lawrence Region, indicated the following to a number of other officials:

> In the context of the rationalization of our rail infrastructure, some lines have been identified as being potential candidates for abandonment in the coming years. A preliminary plan has been prepared and attached you will find the sections affected.

Further he indicated:

> Any effort to attract new traffic on these sections is to be abandoned immediately. For the traffic already on these lines, we must consider either, and preferably, converting this traffic on to the intermodal system, or else, adjusting rates to minimize our present losses.

• (1620)

What we have is an official of CN Rail telling everybody else in the company: "Guys, we have to alienate business from this particular line. We have to discourage new business". Obviously the reason is that if and when CN applies to shut down the line to the Canadian Transport Commission—or whatever its replacement is according to this Bill—CN will have full justification. CN will not have any customers. Why will they not have customers, Mr. Speaker? Because CN intentionally will have done it.

In the event, Mr. Speaker, you are wondering about the if and why about which I was talking a minute ago, I have the attached list to this letter which identifies the Alexandria subdivision. In railway language that means the piece of rail between Ottawa and Coteau junction just west of Montreal. The Alexandria subdivision is listed here from mile marker 15.0 to 72.7, which is 57.7 miles to be shut down. The year identified is 1990. If CN Rail proceeds with what it wants to do, there will be no train, there will not even be a track between Ottawa and Montreal in the year 1990.

Mr. Turner (Ottawa—Carleton): I agree.

Mr. Boudria: This is according to CN's own internal documents which, incidentally, I have shared with the Hon. Member for Ottawa—Carleton because his region is affected as mine is. I know he shares that concern with me.

I have further correspondence from CN Rail which clearly demonstrates that it is the intention of CN to shut down that piece of rail line. What is most offensive to me as a Member of Parliament is to receive a letter from R.E. Lawless, President and Chief Operating Officer of CN Rail, in which he said, on December 4, 1986, describing the plans of his corporation:

> At this time I can advise you, and indeed assure you, that should such a study reveal the need for a change in status, I will see that you are made aware of the situation.

In other words he is saying, "If we have a study and if we decide to shut down the rail line, we will let you know". This was after I had indicated to him that I had a copy of these documents in my hands. You would have thought that at least he would have had the foresight of knowing that to contradict previous documents from his own corporation in such a manner would lead him into some trouble, Mr. Speaker. But for those people at CN Rail that was not apparent.

When we had the meeting to which I was referring a little while ago in Alexandria with officials of CN Rail, the officials described to us that they had to operate under the new climate of deregulation that was coming up. Therefore, they were preparing themselves for it. That is why they had to contemplate what they were going to do next. This was being said at the same time that they were refusing to admit that their internal correspondence was their internal correspondence. They did not acknowledge this, but they told us about the new climate of deregulation which would necessitate all kinds of reviews and studies and this and that and that they would have to shut down, at some point, some parts of the rail line. Officials were doing this while refusing to admit that they had already started the process outlined in the memo I have described and in other internal correspondence of that corporation.

Should this plan proceed, both the deregulation as we know it now and the plans of CN Rail to shut down part of its rail line to accommodate this new deregulated system that we will have, here is what will happen: I have a plant in my riding in Alexandria, Ontario, by the name of Alexandria Moulding. It makes all kinds of fine wooden moulding similar to some of the ones here in this House and elsewhere. Alexandria Moulding employs over 200 people. The plant was in the middle of a $15 million expansion program. Everything is stopped right now until the company can get some clarification as to whether or not there will be a rail line servicing the industry. That is only one industry in my riding. The agricultural community in the constituency that I represent—

[*Translation*]

Mr. Speaker, the farmers of my constituency have suffered from the failure this Government to help them and to lobby on the American Farm Bill, because of which Canadian farmers, faced with ridiculously low prices because of the negligence of this Government in its relations with the Unisted States, will lose access to the rail services which they have been using to transport the corn from our region to the Maritimes. What will happen to our industries? What will happen to the farming community in my constituency? Mr. Speaker, those issues worry me. Moreover, at our meeting, the CN representatives admitted that those measures were aimed at accommodating the new climate created by the deregulation brought about by the Conservative Government.

[*English*]

The other thing that worries me is this whole business of the intermodal system. It means rail traffic is put on the highway. The same plan I have here from CN Rail talks about the fact that west of the City of Ottawa CN will shut down what is known as the Beachburg subdivision in the riding of my colleague, the Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins). That means that all the trucks going north to service the pulp and paper industry will be going down the highway. The highway is also subsidized, like the rail line. It is paid for by our tax dollars. Highways will be ruined. Provincial taxes are paying to maintain those roads. And what about the increase in accidents and everything else resulting from shifting rail traffic to the highways?

The Government had better think again about what it is doing. What I see it doing to the constituency that I represent is not right, it is not fair, and I know I am not the only one who does not like it. I see the Member for Ottawa—Carleton across the way, and probably the Hon. Member for Stormont—Dundas (Mr. Warner) has views of his own on the issue. We want the Ottawa to Montreal rail line maintained so that we can have it to service the industries and the passengers of the area that I represent.

[*Translation*]

Mr. Speaker, I would like to say in closing that I believe that the Government should review its deregulation policies. It should ensure that the railroads maintain their tracks so that we can continue to have in Canada fair service for both the industrial and the farming communities, especially in the underprivileged areas, some of which can be found as close as 100 kilometers from the National Capital in my own constituency.

[*English*]

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, I had no intention earlier today to rise to speak on Bill C-18. What bothers me is that the Bill and the policies behind it have been studied to death. They have been before the Standing Committee on Transport on two occasions. The committee has travelled across the entire country.

Mr. Boudria: No.

Mr. Blenkarn: It did a trip through the North. It has made recommendations and gone over the whole philosophy behind Freedom to Move.

Mr. Boudria: The committee went to three Canadian provinces.

Mr. Blenkarn: The policy was discussed in the last Parliament. It has been discussed since this Parliament commenced, and now we wind up with more debate and a resolution suggesting that it go back to the committee again. This is absolutely ridiculous. It is an indication that the opposition mentality of the two Parties that form a corner of the House is one opposed to change. They are stuck in the mud. They say: "Please don't deregulate anything. Please don't change anything. My goodness gracious, let us leave Canada where it was in 1950 or 1940. If we had a railway then, let us keep the same railway. Let us not change anything". I am surprised they allowed longer railway cars and bigger transport trucks. With their mentality, I am surprised that they would even fly on a jet airplane.

• (1630)

The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) said that there can be foreign intervention in a company worth under $5 million. My goodness gracious, that would not even be a down payment on a decent sized airplane. What kind of nonsense is that?

Mr. Boudria: What about the trucking business?

Mr. Blenkarn: Yes, a few trucks can be purchased for that amount, I suppose. Here he is all worried about the trucking business, yet he is saying that this business of PCV licences and preventing a man from buying a truck and carrying freight from one place to another on his own without some provision from some big bureaucrat and some board of transport must stay in place. Opposition Members say: "Let's keep monopolies and make sure that the little guy has not got a chance but only the guys who can afford to buy PCV licences".

Before I came to this place, I can recall appearing before the Highway Transport Board fighting for little guys who had all sorts of letters from people who wanted to use their services. These little guys were trying to prove public necessity and convenience. All the big boys were there with 10, 12 or 14 lawyers at a time. If they did not bankrupt the little guys with legal fees, they destroyed them with one argument after another, proving that it would be against the public interest and convenience to grant these applications. This must stop. The situation has been the same with respect to highway transport, air transport and every form of movement in Canada.

Members of the Liberal Party and the New Democratic Party want to preserve the *status quo*. They do not believe in change, development or anything new. They believe that letting the new guy on the block get into business is wrong. That is the kind of philosophy that Canadians have surely refused.

We are told that intermodal transportation is bad. We are told that using the highways is somehow wrong and that the highways are subsidized by the public. Yes, they are subsidized. They are subsidized by the public paying enormous taxes on gasoline and diesel fuel.

In the Province of Ontario, it was at one time the fuel taxes that built the roads. It is now the fuel taxes that pay for everything else as well. Not only are fuel taxes more than suffficient to cover all of the road maintenance required but they even supply money for hospitals and goodness knows what

else including legislators and legislative assistants. Yet the Opposition has the nerve to suggest that the highways are not self-supporting. You and I, Sir, know that right across Canada, the highways are self-supporting because of the taxes charged against those who drive on them. We ought to realize that if the highways are a better method by which goods can be moved from one place to another, they should be used.

The philosophy of this Bill is a philosophy that tells a shipper to do it the way he wants to do it. It tells him that if he can ship it by road cheaper, he should ship it by road; if he can ship it by rail cheaper, he should ship it by rail; and if he can ship it by air cheaper, he should ship it by air. If that guy will not do it for him, he should get someone else to do it. What is wrong with that? What is wrong with giving people freedom? Is there something wrong with freedom that would cause members of the New Democratic Party to say: "No, no, don't give us freedom", or that would cause that great Liberal Party to say: "Freedom is not for us, freedom is for civil servants only"?

Members of the Liberal Party and the New Democratic Party are demanding the *status quo*. They want us to make sure we preserve branch lines that do not work. They are saying: "Make sure that if it went by one trucking company 20 years ago, the same trucking company maintains the monopoly; make sure that if it went by one airline once, that same airline will forever maintain the monopoly". It is a policy of *status quo* and monopolies. It is a policy of protecting vested interests.

What are those vested interests? We know that the vested interest of the Liberal Party is big business. Only big business contributes to the Liberal Party. Let us talk about the vested interest of the New Democratic Party. As we all know, the New Democratic Party is supported by donations and contributions, forced or otherwise, from the unions that look after the rights of workers working for established companies. The unions do not want any competition. If a new guy on the block comes along and says that he can do it cheaper, that might mean that some of the union members will have to work for the new guy who has not yet been certified. That might mean that the unions might receive fewer contributions. Is that not too bad?

Canadians should be frozen in ice because of the attitude of the New Democratic Party. Where is the "new", where is the "democratic"? Where is the freedom? How is the little guy being protected?

Sir, you and I both know that the New Democratic Party has not had a new idea since 1935. In this particular case, it is doing what it can to prevent the development of this country and to make it more expensive for people to ship coal, potash or lumber. Every time goods are made more expensive, the person buying those goods must pay more for them, or perhaps not even buy them at all. That means that people are put out of work and workers cannot get raises. That means that Canada is not as wealthy as it should be. Members of the Liberal Party and the New Democratic Party, through this filibuster, are rising to ensure that Canada is not as prosperous as it could be.

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I would like to make a few brief comments on this Bill and I would also like to take issue with some of the drivel, amusing though it was, of the Hon. Member for Mississauga South (Mr. Blenkarn). We should have him here more often to provide a little comic relief. At least he breaks away from the routine speeches prepared by the Tory caucus research branch. On financial matters, the Hon. Member for Mississauga South has occasionally shown some spirit of independence. We certainly did not see that this afternoon while he was speaking on transportation matters.

The Hon. Member first ignored something which he should know since he has been around this place long enough, and that is, that regulatory reform as opposed to deregulation—and there is a difference—in the transportation industry was begun by my colleague, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), when he was the Minister of Transport.

• (1640)

The Hon. Member talks about new ideas with the notion of making our national transportation system more efficient. The Hon. Member for Winnipeg—Fort Garry had already embarked on that course of action and undertaken a reform package when he was rudely interrupted in 1984. However, with what we have seen to date from the Government, undoubtedly we will in due course have the opportunity, the challenge and the responsibility of finishing the job we began in 1984 of bringing a more rational and up-to-date transportation policy to this country. Therefore, when the Hon. Member across the way accuses us on this side of the House of not being prepared to move from the *status quo*, he is patently abusing his own memory as well as those of us who were here at the time, including you, Mr. Speaker.

We began this exercise but we did it in a sensible, measured way. We began by recognizing that there are a lot of good things in our national transportation system. We began by recognizing that massive deregulation of the kind contemplated in this Bill is not necessarily in the interests of the transportation sector, its users, employees, the regions or the domestic economy.

I have noted that when the Government presents its argument it speaks of course to the benefits of deregulation such as efficiency, profitability and so on. However, one thing we have learned over many years, which the Government has not yet learned, is that every single government program of any kind has costs and benefits. There is an asset side to the balance sheet and a liability side. It is the duty of the Government not simply to promote the benefits of a particular kind of program but to analyse carefully the costs to those adversely affected by a particular program and address that issue in its legislation. Yet the Government has repeatedly failed to do

that since it assumed power in 1984, and here we have another obvious example.

A regulatory reform package, or deregulatory reform package, is like any other program. There are sectors and individuals and regions who may benefit and those who may suffer. All the speakers I have heard from the government side have talked about the benefits of the Bill, and only the speakers on this side of the House have said, "Sure, but there are costs and issues which are not being addressed". I am disappointed when my friend, the Hon. Member for Mississauga South, for whom I have great respect on some matters, stands up and spouts a lot of drivel about freedom and freedom to move and so on. He knows better than anyone else that a tax program, or any other program for that matter, has costs and benefits. He is the first one in committee to sort them out, but not here. Here he is toeing the Party line.

There are some old sayings that our friends on the other side of the House should pay attention to, some old adages like look before you leap. Another one with which we are all familiar is: do not throw out the baby with the bath water. It seems to me that this Act we have in front of us, this voluminous effort at deregulation, underlines the wisdom of those wise sayings which have been developed over many centuries.

In some respects I suppose one might say that this Bill speaks quite eloquently to the very fundamental difference between a Conservative and a Liberal Government. As I said at the outset, we favoured regulatory reform, and I speak with some knowledge because I had responsibility for regulatory reform. However, we were not speaking of deregulation; we were speaking of better regulation. Sometimes that means a decrease in regulation, sometimes it can even mean an increase in regulation, especially when it deals with the safety and health of the public. However, the Hon. Member seems to suggest that a regulation is some kind of evil. I say to him that if he thinks that, he should never be in Government because it is the Government's duty and obligation to bring forward sensible regulation where the costs and benefits to the various sectors of society have been properly analysed. That is the Liberal approach, but not the Conservative approach. All we hear is freedom and deregulation. That would be like throwing out all the quotas on how many fish you can take out of the lakes. I am sure the Hon. Member would not support that kind of legislation, but that is the way he talks. Everybody should be free, the common property should be there for everyone. If all the fish are gone and all the deer destroyed, so what. That is freedom. Those sectors have to be regulated, and they are, and that is what his job and the job of his Government is.

It is terribly important in this sector that we not get carried away with this ideological thrust and forget that pragmatic common sense must underline this legislation as it does all other legislation. It again reminds me a little bit of the ideological thrust toward privatization. Sure, we had a privatization approach as well. It was a difficult period to privatize companies, but there was no ideology saying, "do not privatize".

Mr. Kilgour: You just did not do anything.

Mr. Johnston: That happens to be wrong and I can prove it to the Hon. Member but, that being said, we did not privatize for ideological reasons, or intended to privatize, I should say, in most cases—

Mr. Blenkarn: What did you ever privatize?

Mr. Johnston: Yet here we have this thrust to privatize at any cost. Some Crown corporations work well and some do not. However, the issue of deregulation is not one of ideology, it is a pragmatic, common sense approach.

I will just make a few other points because you seem to be indicating my time will soon expire, Mr. Speaker. What we have in this Bill is an ideological leaping before you look, leaping, I suggest, into a swamp of alligators for many sectors of the economy, and that gives me great concern. Let me just give you a few examples. There is no question that this will create an integrated free trade zone and save trucking costs both north and south of the border. One thing I cannot understand—and it has nothing to do with the merits or demerits of negotiating a free trade agreement—is why we, along with FIRA, the NEP and everything else, would simply give this away and not make it part of the free trade negotiations if they are going to be carried on. It is a mystery to me. Of course, the whole conduct of the free trade negotiations is shrouded in mystery, and hopefully some day we may learn that they are not as incompetent as they appear to be. However, this seems to me to be just bungling along, once more giving away unnecessarily a chip which could be used to much greater advantage.

If we are going to try to integrate the transportation structures of Canada and the U.S. what about the level playing field? The Minister of Finance (Mr. Wilson) has now deferred his tax reform Bill. How on earth can you talk about putting these kinds of measures in effect without knowing what the tax regime is going to be north and south of the border?

You are looking somewhat impatient, Mr. Speaker. I thought I had 30 seconds to go. In any event, I want to make one specific point. As we know, the United States carriers have a major depreciation advantage on heavy equipment. They can write the equipment off over three years, whereas we are looking at seven or eight years. Will that change?

• (1650)

What will be the income of the business transfer tax on Canadian carriers as opposed to that of the Americans? I suggest the Government is moving with undue haste, without having prepared the ground work or knowing where it is going. That is why I find the notion of deregulation particularly offensive. The Government wants to move full speed ahead, damn the torpedoes. There are many torpedoes out there and they will start hitting our fleet soon.

Mr. Simon de Jong (Regina East): Mr. Speaker, I was intrigued by the comments of the Hon. Member for Mississauga South (Mr. Blenkarn). I suggest they typify the Government's philosophy and objectives. One would have thought that the conservative revolution in North America has reached its end and is beginning to decline. However, when one considers this legislation and the comments made by the Hon. Member for Mississauga South and other Conservative Members, one finds that that ideology is certainly strong in their hearts.

Canadian public opinion and public opinion elsewhere in the world has moved beyond these philosophies, and it is not surprising to see the Government so low in the polls as it continues to hold on to these philosophies which, as Canadians are beginning to realize, are outdated.

It is obvious from listening to the Hon. Member for Mississauga South that he is a typical free enterpriser from the old school, before there were laws controlling pollution, child labour or industry in any way at all. He, like other Conservative Members, is advocating an uninhibited free enterprise environment where anything goes. They believe in ignoring public interest and allowing our transportation system to operate in any way that makes a profit or helps to achieve a profit. The Hon. Member says "correct".

Of course, when considering the Hon. Member's ideology, one must also consider that he comes from the Toronto area where he will not face problems in a deregulated regime. The airlines will not be after his business and he will always have the benefit of seat sales and so on.

However, the Hon. Member for Assiniboia (Mr. Gustafson) knows that people from Weyburn, Saskatchewan and other areas in his riding will have greater difficulty in getting the benefit of seat sales because Regina is not as important. While we had difficulties in getting seat sales in Regina in the past, we were able to get some concessions from the major airlines because we live in a deregulated environment in which airlines are supposed to treat Canadians equally, whether they live in a small city like Regina or a larger city like Toronto.

The Hon. Member for Mississauga South does not like that and would rather see people in Toronto, Montreal and other major centres receive all the benefits, while people from smaller cities like Saskatoon and Regina receive no benefits whatsoever. I am surprised that the Member for Assiniboia would even agree with this legislation. He is certainly not acting in the best interests of his constituents and the people surrounding Regina and other smaller cities in Saskatchewan.

It does not make sense that the Government would put forward legislation that would deregulate transportation in this country and allow a dog-eat-dog environment to prevail. Canada has been united despite its vast geography and immense difference in terrain. Our population is scattered, with small communities throughout the country and larger concentrations of population in larger centres. There has been a commitment in Canada, whether there has been a Conservative or a Liberal Government in Ottawa, to provide equality in the treatment of Canadians from coast to coast. Whether Canadians live in smaller or larger communities, they will have the same benefits. However, that will certainly be changed as a result of this Bill.

This Bill also raises the question of variable rates, which is another reflection of the Conservative Government philosophy. The railways want variable rates because it would give them the opportunity to offer lower rates to certain communities and charge higher rates in other regions. Of course, that would encourage trucking because it is cheaper to the railways if farmers truck their grains from the mills to central points which the railways service. Grain farmers in the West will know the consequences of variable rates. Hundreds of miles of rural rail lines will be abandoned, which will mean the end of many smaller towns. It will mean the concentration of resources and facilities in a handful of communities throughout the western prairie region.

Those of us who believe that our country must consist of widespread viable smaller communities have consistently opposed the notion of variable rates. This legislation would allow variable rates in trucking, rail, and air transportation. That is why we cannot agree with it. Our Party agrees that many of the regulations that exist today are outmoded and should be changed through an ongoing process, but the basic philosophy of cross-subsidization should remain in place. Those routes that are profitable, whether in rail, trucking or air transportation, should subsidize and support those routes that are not so profitable. That is how all Canadians can benefit from a modern, efficient transportation system to which all can have access. We do not believe there should be first and second class citizens in this country. Therefore, my colleagues and I are opposed to this legislation.

I am also concerned about safety. I believe I have one minute remaining, Mr. Speaker.

The Acting Speaker (Mr. Paproski): I believe the Hon. Member's time has expired.

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, in the last few days and weeks we have talked about this Bill at length. We well realize that there is a question of representation.

The Acting Speaker (Mr. Paproski): I regret to inform the Hon. Member that it is five o'clock. It being five o'clock, the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

CAPITAL PUNISHMENT

SUGGESTED STUDY BY STANDING COMMITTEE

Mr. Bill Domm (Peterborough) moved:

That the Standing Committee on Justice and Solicitor General be empowered to study and report on the arguments for and against capital punishment giving consideration to allowing the question of capital punishment to come to a free vote in the House.

He said: Mr. Speaker, to get right to the point, I should say that this is not one of my Bills to reinstate capital punishment for planned and deliberate premeditated acts of murder. It is a motion, which I call upon Parliament to endorse, which would allow a special standing committee of this House, namely, the Standing Committee on Justice and Solicitor General, to review the pros and cons of capital punishment and then to bring that report forward to Parliament so that every Member of Parliament, regardless of political faith, would have an opportunity to hear the most up to date information available on both sides of this very controversial issue.

There is no question in my mind that we who support a return to capital punishment have a responsibility to those who do not. These people have been asking for an opportunity to come before a committee of Parliament in order to express their views. Organizations such as the United Council of Churches, the Catholic organizations, the John Howard Society, all those persons who in conscience feel that capital punishment is wrong, would like an opportunity to explain to the elected representatives why they feel that way. If this House denies the right of this motion to be passed, it will deny the right of those abolitionists to be heard.

Some Hon. Members: Oh, oh!

Mr. Domm: I know it is not a conscience issue with the New Democratic Party. It does not have a conscience about capital punishment. Those Hon. Members vote as a Party against capital punishment because they have no freedom of choice. I am talking to the Liberals and the Conservatives now who treat this matter as a free vote, not to the socialists. I am not speaking to the New Democratic Party which knows what is best for Canada regardless of what the Canadian people want. It votes for abolition.

Mr. Riis: What about the Prime Minister (Mr. Mulroney) of Canada?

Mr. Domm: The Prime Minister of Canada—

Mr. Blackburn (Brant): What about your Cabinet?

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

Mr. Domm: I know this is a touchy issue.

The Acting Speaker (Mr. Paproski): Yes, and I know it is a touchy issue, but I hope Hon. Members, knowing this is Private Members' Business, will all please let us have a really fine Monday afternoon.

Mr. Domm: I have 10 minutes alloted to me to make my case. There is nothing the New Democratic Party would like better than to make it impossible for me to have my 10 minutes. Those Hon. Members have said in the Committee on Justice and Solicitor General that they will do anything they can to filibuster this issue so it cannot be heard. They are denying those who want abolition the right to appear before a parliamentary committee.

Some Hon. Members: Oh, oh!

Mr. Domm: They are denying these people the right to appear before the Committee on Justice and Solicitor General. Their own Member, who sat on that committee, said it is not a matter of whether the issue is heard or not; it is that he does not wish it to be heard. He does not want to do anything. He wants to shove it under the desk. That is not a democratic system of government.

What we are dealing with today is the question of having the opportunity, if this motion passes, to hear both sides of the issue, both the noisy so called abolitionists over there, and the rest of us. But the New Democratic Party is denying the Canadian people the opportunity to put forward their views before a parliamentary committee because it fully intends to do everything within its power, not only to filibuster a return to capital punishment, because it is the Party's position, but to filibuster the rights of the abolitionists to be heard before a committee of Parliament in order that a decision be made about the pros and cons of the issue.

I have taken up five minutes, and the New Democratic Party has taken up two of those five minutes with their raucous noise. In the remaining five minutes, I would like to document statistics. Neither the Liberals nor the New Democrats have any idea about what is going on with statistics today. I am going to use the most recent report of *The Canadian Centre for Justice Statistics* here in Ottawa, which was published on January 1. The Liberals denied to the Canadian people all through their terms in office the right to know what is happening in first degree homicides in Canada. I refer to the report put out by Statistics Canada last week which compares Canada with the United States. I would like to draw your attention to the highlights of this report.

Some Hon. Members: Go ahead.

Mr. Nystrom: Read it.

Mr. Domm: If those Hon. Members will be quiet for a moment. If we take the trend, the graph, of first degree homicide in Canada since we abolished capital punishment, we will find that the homicide rate has gone up every year on first degree planned and deliberate murder, and gone down on second degree. In the United States, as compared to Canada, it

is just the opposite. Through the Justice Department in the United States, reports have been printed of the Federal Bureau of Investigation and the U.S. Department of Justice in Washington, D.C., which take the same period during which abolitionists maintain that violent crime and murder were on the increase. The truth of the matter is that every year since 1980 in those states which have capital punishment there has been an annual on-graph decrease in homicide rates. From 1980 through until 1984, according to the Justice Department in the United States, as published by the Canadian report I referred to earlier, the United States has had a decrease in homocide rates on an annual basis all through the 1980s, while Canada has had an increase.

First degree homicides in Canada, which have been published now for the first time in 15 years, have gone up every solitary year since capital punishment was abolished in Canada. In the United States, it has gone down every year since capital punishment was reinstated in 1977, after 10 years of court challenges of that law. To add reinforcement to the other side of the story, we can now prove, without any doubt at all, that the figures used by the abolitionists have been dead wrong.

Mr. Blackburn (Brant): How would you bring Marshall back?

The Acting Speaker (Mr. Paproski): Order, please. This is Private Members' Business. It is Hon. Members' own business, and I cannot hear the Hon. Member speak.

Mr. Orlikow: He is not worth hearing.

The Acting Speaker (Mr. Paproski): I would hope you would all give him an opportunity to finish his remarks.

Mr. Domm: I guess that because I am starting to show some evidence of what has happened in the past, and the statistics which have been funnelled out by those Hon. Members over the last seven years are in error, they do not even wish to hear it. They have been quoting StatsCan for 10 years since we abolished capital punishment and they have fudged and misled the Canadian people.

Ms. Copps: You have.

Mr. Gauthier: You have.

Mr. Domm: We now have the facts from StatsCan. StatsCan claims that when first degree and second degree homicides are broken down, there is a remarkable increase. This will give, without any element of doubt, some satisfaction to those who argue it could possibly be a deterrent. It does not deter every homicide, but there is a possibility that it deters some. If we go back to the 10 years prior to 1977—from 1966 to 1977 when the United States executed no one because of court challenges—we find during that period that homicides in the United States, not in isolation but on graph, went up 38 per cent. Those figures are from the American Justice Department. If we consider the period of time in which capital punishment was brought back in 1977 through 1985 when there were executions in the United States, we find that, on graph, there was a 23 per cent decrease nationally in homicides. The figures cannot be denied. They are there. They are not debatable. They are fact. But they are whole facts rather than the parts of facts that we have been getting for 10 years.

• (1710)

In conclusion, not only is there new evidence which needs to be heard, but Members opposite can no longer continue to filibuster the right to be heard, the right that these organizations which want to be heard have.

Members opposite are not speaking for the abolitionists when they say that they do not want to be heard. The Catholic Council of Churches has just raised $50,000 in order that it can be heard, because Parliament slammed the door. Members opposite have that on their conscience. As our homicide rate goes up, as the rate of first degree crimes go up and as innocent people, bystanders, shop owners, bank tellers and policemen, are murdered on the streets, Members opposite will have this to carry on their consciences. They cannot look across here and blame us because we can show that it has a deterrent effect.

Mr. John Nunziata (York South—Weston): Mr. Speaker, this afternoon we are not talking about first degree and second degree murder. We are talking about first degree hypocrisy on behalf of the Government. In my view, the reason the Hon. Member for Peterborough (Mr. Domm) has brought this motion before the House is that he does not believe the Prime Minister (Mr. Mulroney). The Prime Minister made a commitment during the last election campaign—and Members opposite know where I stand—on the issue of capital punishment. However, the Prime Minister, with whom I happen to agree on the issue of capital punishment, made a promise during the last election campaign that there would be a free vote in the House of Commons on the issue.

Here we are about two and a half years after that particular promise was made and we have yet to vote on the subject of capital punishment. I can understand the frustrations felt by the Hon. Member for Peterborough. If he had faith and trust in his boss, the Prime Minister of Canada, he would not be here this afternoon asking the House of Commons to pass a motion to have the Standing Committee on Justice and Solicitor General consider the issue of capital punishment. If he believed the Prime Minister, then he would have patience. He would wait for the Prime Minister to fulfil his promise to have a vote here in the House of Commons.

We on this side of the House understand the frustrations of the Hon. Member, his frustration with the Prime Minister for not keeping his promises. I say to the Hon. Member: "Welcome aboard. We know how you feel because the Prime Minister has made many promises which he has not kept over the last two and a half years". As I look across the great divide here in the House I know that many, many members of the

Conservative Party are beginning to lose trust and faith in their own Prime Minister.

Mr. Lewis: Name one.

Mr. Nunziata: We know that Canadians from coast to coast have lost trust and faith in the Prime Minister of Canada. Is it any wonder that he now leads the third Party in the House of Commons?

Enough about the Prime Minister and his promises. If we wait until the Prime Minister keeps his promises, I will be completely bald and you, Mr. Speaker, will be completely gray.

The motion of the Hon. Member for Peterborough reads as follows:

That the Standing Committee on Justice and Solicitor General be empowered to study and report on the arguments for and against capital punishment giving consideration to allowing the question of capital punishment to come to a free vote in the House.

The Hon. Member is an experienced Member of this place. He has been here for a number of years. Far be it for me to educate the Hon. Member with regard to the rules of the House. However, we do not have to empower the committee to study capital punishment. The committee can do so on its own. We do not need the House of Commons to say to members of the Standing Committee on Justice and Solicitor General: "We hereby instruct each and every one of you to study capital punishment". He knows that the committee can undertake such a study on its own.

We must commend the Hon. Member for his commitment to his cause—

Mr. Blackburn (Brant): His obsession!

Mr. Nunziata: I suppose at times one could accuse the Hon. Member of being a fanatic about his cause. He is certainly irrational about his cause, as his 10-minute dissertation this afternoon illustrated.

The Hon. Member appeared before the committee. As a member of the Committee on Justice and Solicitor General I listened carefully to what the Hon. Member had to say. Yes, all members of the committee listened to the Hon. Member. The committee is presently in the process of considering whether or not to initiate a discussion, a debate or a study on the issue of capital punishment. The Hon. Member does not have patience, because the committee has yet to decide on this issue.

In his motion he states that the committee should give consideration to allowing the question of capital punishment to come to a free vote in the House. Once again I tell the Hon. Member that I am not here to educate him. But let me remind him that the Prime Minister has already made that promise. So why should the House of Commons be put in the position of having to tell the committee to keep the Prime Minister's promise? It does not make any sense at all.

We are not here this afternoon to study the pros and cons of capital punishment. The Hon. Member knows that. He knows that we are here to discuss his motion. Yet he proceeded to talk about the merits of capital punishment. This is not the time to talk about the merits of capital punishment, whether or not it is a deterrent and whether the homicide rate has increased or decreased since 1976. If the Prime Minister keeps his promise, there will be an opportunity to discuss this matter fully in a reasonable and responsible fashion so that parties on both sides of the subject matter can have an opportunity to air their views.

In my respectful submission, and in conclusion, I say that we know that there are Members of Parliament who have their own causes which they pursue. I say to the Hon. Member that he does an injustice to his own cause by using it to grandstand, to get on a soap-box to talk about capital punishment. What we need is a reasoned debate on the subject. We do not need the Hon. Member for Peterborough to stand high on his horse ranting and raving like a lunatic on the question of capital punishment.

Some Hon. Members: Order, order.

Mr. Nunziata: In closing, I urge Hon. Members who have some understanding of the processes of the House and who have some concern about this issue to vote the motion down, thus giving the Prime Minister the opportunity to fulfil his promise. I for one will be voting against the reinstatement of capital punishment in Canada. However, I will make my complete submissions when the opportunity presents itself in the House, presumably over the course of this Parliament.

• (1720)

In the meantime, I suggest to the Hon. Member opposite, and all the rest of the Members of his hanging committee, to be patient and to put some trust and faith in their own Prime Minister. I know that it is hard, given his propensity to stretch the truth, given his propensity not to honour each and every commandment, but a time will come for us to vote on the issue in the House.

I would like to thank you, Mr. Speaker, for agreeing with me on this particular subject.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, 11 years ago this House went through one of the most divisive and emotional debates on the subject of capital punishment. What we have seen today from the Hon. Member for Peterborough (Mr. Domm) is an attempt to place front and centre on the parliamentary agenda that question which was clearly decided 11 years ago.

I understand the frustration, the anger, and the despair of the Hon. Member in that his own colleagues, in particular the Prime Minister (Mr. Mulroney), have not perhaps moved as quickly on this important question as the Hon. Member for Peterborough would have liked. Surely what we must ask ourselves as a House is, has there been evidence since 1976,

since the House took the step of abolishing capital punishment, to suggest that in any way the decision that was made at that time was wrong? I suggest that the answer to that question is very clearly no, that in 1976 the House made the only possible decision on that fundamental question.

The House is not alone in being asked to consider the issue of capital punishment. In 1983, the United Kingdom Parliament was asked to reconsider the decision that was made on the question of capital punishment. The United Kingdom Parliament, dominated by Conservative Members of Parliament, headed by a Prime Minister who strongly supported capital punishment, overwhelmingly voted down the suggestion that capital punishment be reinstated in the United Kingdom.

I wish to quote from Jim McGrath on this issue. He now is serving with distinction as the Lieutenant-Governor of Newfoundland. Last year he said this:

> —does Canada, with its new and enlightened Constitution, want to turn back the clock on progress and be one of the very few democracies to restore capital punishment? Why stop at capital punishment, why not restore corporal punishment? We have to ask ourselves what this would do to Canadian society and to Canadian jurisprudence. Do we as a nation join South Africa, the U.S.S.R., China, and the State of Alabama in imposing the death penalty on its citizens?

That is the question that Jim McGrath asked in 1986. That is the question that we, as Members of Parliament, must address today.

The Hon. Member for Peterborough made some remarks about deterrents, and talked about statistics. We do not have the time to look at the statistics. There are a couple of remarks that I wish to make about deterrents.

It is interesting to note that the President of the Canadian Association of Chiefs of Police, Chief Robert Lunney of the Edmonton Police Department, has said this, and I quote: "It is futile to base an argument on reinstatement of capital punishment on the grounds of deterrence". It is also interesting to note that the largest number of deaths of police officers in Canada occurred in 1962, the last year that human beings were executed in Canada.

I mentioned the U.S.S.R. and the fact that the Soviet Union still has the death penalty. It is interesting to quote from an individual who is respected worldwide on this question, and that is Andrei Sakharov, who said:

> I regard the death penalty as a savage and immoral institution that undermines the moral and legal foundations of a society. I reject the notion that the death penalty has any essential deterrent effect on potential offenders. I am convinced that the contrary is true—that savagery begets only savagery.

That, Mr. Speaker, was said by Andrei Sakharov.

Some Hon. Members: Hear, hear!

Mr. Robinson: Let us listen to some of the victims of crime and their families. One of the most powerful statements that was made in 1976 during the debate on capital punishment was by Pauline Maitland, the widow of a police officer who was slain in Toronto, when she said:

> I learned—that the man who killed my husband, P.C. Leslie Maitland, last February 1st, has now been sentenced to death. I would like you to know that the views of myself and my husband's family on capital punishment remain unchanged. We are totally against it. It would not bring Leslie back and it is too easy a way out for all of us. Society condemns murder, but is willing to accept the murder of this man in the name of justice. Please do what you can to prevent this second crime before it is too late. The killing of this man would be completely foreign to all the moral standards of both my late husband and myself.

As my colleague for Regina West (Mr. Benjamin) says, then there is Donald Marshall, who served 11 years in prison for a murder that he did not commit. I ask each and every Member of this House, would you be prepared to stand and explain to the family of a man or a woman who was murdered by mistake that we are sorry, an error was made, but we cannot reverse that error?

Mistakes have been made. I have a copy here of a newspaper article with the headline, "Innocent Man to Go Free". This man was cleared of killings after nine years. If we were to reinstate capital punishment in this country, innocent men would not go free, because they would have been sent to their deaths.

The Hon. Member for Peterborough has said that we are not giving the abolitionists a forum. They have raised $50,000 because they wish to speak on capital punishment. I wish to say to the Hon. Member for Peterborough that it is not they who have chosen to speak on capital punishment. It is not the Church Councils that have put capital punishment on the political agenda. It is he and his fellow killers, and they are only responding to a lust for blood and revenge. They have not chosen to spend their money on this important issue; far be it from them to put this on the political agenda. No, Mr. Speaker. Those groups in Canada, including the Anglican Church of Canada, the Baptist Convention of Ontario and Quebec, the Lutheran Church in Canada, the Mennonite Central Committee, and the Pope himself who has spoken out strongly against capital punishment, believe that rather than talking about revenge and lust for blood, we should be talking about preventing violent crime and not contributing to more deaths in Canada.

Some Hon. Members: Hear, hear!

Mr. Robinson: The arguments against capital punishment are clear and compelling. We must look at the prevention of violent crime. We must look at the whole question of gun control in our society. We must look at far more effective programs for dealing with young offenders, for pro-active rather than reactive police work, and better trained, better deployed, and better equipped police forces. We must look at profound changes to our prison system. We must work in our communities with organizations such as churches, schools, the labour movement, and others to prevent violent crime.

All of us in the Chamber share the concern for the protection of society. In closing, I wish to quote an editorial from *The Globe and Mail* on this subject, which I think very

eloquently sets out the concern which I and my colleagues have on this issue. It reads:

> It is easy, to the cynical temptingly easy, at time of anxiety and uncertainty over jobs, over the dwindling value of the savings of a lifetime, over Canada's capacity to hold together, to whip up an emotional firestorm that exploits the dark side of the human psyche. This instinct to try to exorcise doubt and fear through the clenched fist, to seek shelter from the unknown in the embrace of a punitive authoritarianism, is as powerful as the urge that sends the lemmings stampeding to self-destruction. And we exploit it at our peril.

• (1730)

The Acting Speaker (Mr. Paproski): Before recognizing the Parliamentary Secretary, I see the Hon. Member for York South—Weston (Mr. Nunziata) in the Chamber. I would just like to remind him not to involve the Chair in the debate, whether it is Private Members' Business or whatever.

I noticed that in his last sentence, as I was paying attention to the other side, he brought the Chair into the debate. I hope he will not involve himself in that process any more.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am pleased to have an opportunity to enter into the debate on the motion. My remarks will not be directed strictly to the substance of the motion but rather to the process, because I submit that in any debate about capital punishment the process by which the debate proceeds is vital to a full and fair resolution of the issue.

I respect the views of those who propose and those who oppose this motion and this measure. I also respect their right to speak and represent not only their views but the views of their constituents.

In this matter we must address the following questions. When should the debate take place? Who should participate in the debate? Where should the debate take place—in the House of Commons, in a parliamentary committee such as the Standing Committee on Justice and Solicitor General, or a special committee? Also, should that committee travel?

I suggest that we should look at what the House should debate—a specific motion such as the one the Hon. Member for Peterborough (Mr. Domm) brought forward, or a motion which, if successful, would set forth a plan of action to draft a specific Bill? As Members of Parliament we have a responsibility to address process just as seriously as we address substance in this particular matter.

During the last election campaign the Prime Minister (Mr. Mulroney) promised that a Progressive Conservative Government would allow a free vote on the question of capital punishment. That free vote will be held. However, the first question is when. On September 4, 1984, Canada was beset by economic and social problems. Our Government took action on many fronts. We concentrated first upon Canada's economic problems. Interest rates are down. A Canadian can go out and obtain a mortgage at the lowest rate in years as a result of our action. Unemployment is down. It is not where we want it, but it is down. Investor and consumer confidence are up, to name a few economic indicators. There are still regional disparities, but our solutions are working and we are recovering from the recession.

On the social front, we took tough action on the problems of impaired driving, prostitution, and pornography. I suggest that that was the business the Standing Committee on Justice and Solicitor General should have considered first. The Divorce Act has been revised to bring about realistic and thoughtful solutions to the problems of the eighties. Indian women have regained their rights. We have made significant progress on social issues.

Much has been made about the Government's promises. No Government can possibly be expected to complete action on all its promises and commitments on the first day of its mandate. We have not kept them all but our record is remarkable and responsible.

It would have been irresponsible to launch a full scale debate on the issue of capital punishment before we addressed the major economic and social problems of the day. Progress has been such that we are now in a position to proceed in an orderly fashion to consider the issue of capital punishment. I reiterate that a subject as important as capital punishment deserves a full and fair debate in a democratic society.

My colleague has brought forward his motion. He has other Bills on the Order Paper. No matter where one stands with him on the issue, he is fairly behind a full discussion of the matter. No matter where one stands, whether one is with him or against him, he has never denied the right of anybody to debate the subject.

The question remains: How do we do it? If the question is simply that the House resolves that capital punishment should be reinstituted in Canada and the question fails to pass on a free vote, the matter is resolved. There is no question that the matter is resolved. However, if the question is resolved in the affirmative, what is the next step? I have always said that the debate must be framed so that if the House votes to reinstitute capital punishment we have an orderly process to determine how the specific question is to be answered.

The Government has been considering an appropriate process for some time. The issue for process is not taken lightly by those who favour it on both sides of the House and by those who oppose it on both sides of the House. In the very near future I am sure we will see a proposal for an orderly debate on this important issue.

Every Member of the House, no matter what is his or her position on the issue, owes it to society to debate the issue on as high a level as possible. I suggest that this debate will be the ultimate test of every Member of the House. There will be some Members who will be in the fortunate position where their personal views and the views of their constituents will coincide. There will be others in a position of conflict, and their views will be at odds with those of their constituents. That is a tough position. We all know that as elected representatives.

I take no pleasure at finding my colleagues on all sides of the House in that difficult position, but that is what we are sent here to do. I suggest to Hon. Members of the House that we owe it to each other to be both passionate and dispassionate in this debate; passionate as the Members who have spoken before me have been in their personal views, and dispassionate as we consider the views of others.

This debate will be a great test. It will touch every Canadian—the innocent and the guilty, the judge and the jury, and the Crown and the defence. We will be judged as much by the way in which we reach the decision as on the decision itself. Let us all push ourselves to the limit to be worthy of the right to make that decision and to do it in as calm and as thoughtful a manner as possible.

Some Hon. Members: Hear, hear!

Hon. Bob Kaplan (York Centre): Mr. Speaker, I listened to the Hon. Member for Simcoe North (Mr. Lewis) with considerable interest. I want to talk about his remarks. His concluding hope was that the type of inquiry implied by the resolution before us would be a dispassionate one, if that is what he is hoping for. I must tell him from my own experience of having debated the subject for a considerable number of times over the years it has been considered and reconsidered by the House that it is a pretty naive hope.

What I visualize and what I would expect this kind of hearing to be, travelling across the country, would be a gathering in each community of people who support capital punishment strongly. Many of them would have victims in their families or might themselves be victims of serious crimes. They would come forward and make their case. The other side, I regret to say, would be for a considerable part no less compassionate and motivated by their own life experiences. I do not mean to regret that; that is just part of human nature. It is part of the human condition to consider a life or death question in very passionate terms.

• (1740)

If the Hon. Member is hoping for a debate free from emotion and free from passion, I have to tell him that he is barking up the wrong tree with this kind of a study. I oppose this resolution. I believe most members of my own Party oppose it. We do not think that this is the time in which the issue of capital punishment should be debated to the extent of animating the passions and feelings of the entire country with a travelling road show of the sort to which this would inevitably give rise.

When the resolution was brought forward on behalf of the Hon. Member in the Standing Committee on Justice and Solicitor General, I was there to vote against it, but opposition Members were not successful in bringing the resolution to a conclusion in the time allocated for its discussion in the committee. That has to make me really wonder what it is the Government has up its sleeve, or if it even knows what it has up its sleeve.

The Hon. Member for Simcoe North set out a list of questions that the capital punishment debate should cover, questions that we should deal with when it is to take place, such as who is to put it into place, whether committees are to be involved in it, what the resolution is to be, what the amendment to the Criminal Code eventually, if it goes that far, is to be. I have to tell the Hon. Member that those are questions the Government should be answering not asking. The Government should not be coming to the House asking us to answer those questions. The Government has made many promises to the Canadian people which have not been kept and, in many cases, phoney excuses have been put forward to justify the breaking of them. For example, "The deficit is higher than we thought; and we cannot keep this promise". I think of the tragic betrayal of the Armenian people of Canada. The Government made one promise during the election campaign and then the Secretary of State for External Affairs (Mr. Clark) had the gall to stand before the Armenian community and say that the Tories did not realize when they made the promise, what was involved in keeping it—another promise the Government made and did not keep. Other promises have been backed away from because vested interests have been too tough for the Government to take on. The Tories made a promise that lobbyists would be required to register, that legislation would be brought in. They made a promise that there would be conflict of interest guidelines enforced on Ministers. They made a promise that there would be tighter security of staff working in Ministers' offices. That promise was broken with some excuse or another. What is the excuse for leaving this matter to the back-benchers? None of them have stood up and said, "We are here on behalf of the promise made by the Government that there would be a debate".

Each Member who is committed to capital punishment or any of them who are committed to capital punishment are trying in their own minds to work out some scenario in which they can get the support from the House of Commons and can say that this will be the implementation of the promise of the Prime Minister of Canada (Mr. Mulroney). Where is the Prime Minister? What is his promise? What is it that the Prime Minister had in mind when he made the promise that there would be a debate on capital punishment and there would be a free vote on capital punishment? No one on the government side is in a position to stand up and say that the Prime Minister wants this study to occur or that the Prime Minister has in mind that if the motion carries it will be dealt with in such and such a way.

What I think is that a desperate Government has come to the conclusion that capital punishment is a grabber, which it is, regrettably, as far as public opinion is concerned, and that if the capital punishment issue can be stirred up and can animate and engage the interests of the country, there will be a lot less concern with the subject that Members on this side of the House have been raising in the Question Period and that our constituents, when we go back home, and Canadians, when we travel across the country, have been telling us are the issues about which they really care.

Mr. Gustafson: Talk about the economy.

Mr. Kaplan: I think we should be talking about the way the economy is performing, all right, about whether the Government can be trusted, about whether the country approves of the way the Government awards contracts, about 100 other matters that are more central to the concerns of Canadians, instead of those issues being the issues in the next election campaign. I can see a plot to beguile the Canadian people with the question of capital punishment. I think it is totally unworthy of a Government in a democratic society to seek to divert attention from its own performance and its own record to stir up public opinion on a passionate issue which, after all is said and done, when it is implemented, if it is implemented, will make very little difference to the crime rate in Canada.

Many people on this side of the House want to speak, Mr. Speaker.

[*Translation*]

Personally, I should like to continue and use up entirely my ten minutes, but it is quite possible, if I allow other Hon. Members to rise, that we may have the chance on our side to continue. To conclude, Mr. Speaker, I wish to express my sincere regrets that the Government, again through one of its promises, uses a very emotive issue to try and distract Canadians from the very serious problems for which the Government is responsible.

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, this is the kind of debate I do not think any of us relish. It is one that I have been through a couple of times before in this place. I want to say at the outset that I respect my colleague, the Hon. Member for Peterborough (Mr. Domm) and those who share his views. I fully respect his right to try to bring before Parliament an issue on which he feels very strongly. I must say to my hon. friend that I think he has, to be as nice as I can about it, misused the desires and the wishes of the church groups and other organizations in Canada who oppose capital punishment. I am not aware of any of them demanding hearings at a special committee or the regular committee in order to discuss the viewpoints and the pros and cons of capital punishment. One thing I am aware of is that if they have raised $50,000, probably a lot more than that, they have raised it to fight just in case some Hon. Members want to return us to the 19th century.

I resent that kind of misuse of the motives, the capacities and the practices of all the church groups, the law societies, other organizations and so forth in using their names as some kind of a vehicle to justify the establishment of a special committee or use a regular committee of the House to discuss the pros and cons of capital punishment. I am not that desperate, Mr. Speaker, for any arguments I try to make on various measures in this place, and I sure as heck would not call upon those who disagree with me as evidence to support my case.

It has been said for decades to all Members of this House from all political Parties and on both sides of any issue that crops up that gathered a lot of public attention—and it has been said to us by many people in our respective constituencies—that you have to vote according to the wishes of your constituents. If all of us were to do that, we would be on one side of an issue one year and on the other side of an issue the next. If we were to do that, all of us would be all over the lot all the time on every issue, humming and hawing. To paraphrase Sir Edmund Burke, we owe our constituents our diligence, our best attention to their opinions and our maximum consideration of their views, but we are not their delegates. We are their representatives and we do not owe them our consciences.

• (1750)

While every Hon. Member has a perfect right to raise a matter such as this individually by way of a motion or a Private Member's Bill, it seems to me that if there is a commitment to change our laws by reinstating capital punishment, surely that is something that is a Government's responsibility. It is not up to a private Member. If the Government wants an expression of Parliament's views, it can put forward a resolution respecting the Criminal Code which would come to a vote that would be free for every Member of the House including members of the Government, i.e., the Cabinet. That would happen if the Government means business. If it is only going through the motions and is saying that there will be some kind of a free vote on the matter some way or another between now and the next election, methinks there is a lack of sincerity somewhere.

I can remember a famous Canadian who was once in this House with whom I agreed not too often but whom I always admired, and that was Mr. Diefenbaker. He always opposed the death penalty. I can recall him regaling us many times with stories of his out in the lobby or up in his office on his birthday. He told us that starting back in the early 1920s, he defended many people who were charged with murder about whom he has said: "I will go to my deathbed still convinced of their innocence".

I, like Mr. Diefenbaker and hundreds of thousands of others, would rather see a thousand guilty men remain in jail than take the chance of seeing one innocent person hang. As good as the courts are, even they make mistakes. With all our human frailties, I would rather see a person convicted of first-degree murder spend the next 25 years in jail than take the chance, no matter how remote it may be, of an innocent person hanging. My colleague, the Hon. Member for Burnaby (Mr. Robinson), has mentioned Donald Marshall as an example. Had capital punishment still existed, Mr. Marshall would be dead now and pardoned later. Surely no civilized society can countenance that kind of a risk.

Mr. Diefenbaker told a story about his great-grandfather who saw a boy hanged in Upper Canada for picking pockets in 1837. The boy was 17 years of age and everyone gathered for

the public execution. Mr. Diefenbaker's great-grandfather said that those Scottish people in North York turned up in large numbers and there was a great celebration. During the ceremonies at the execution, four people had their pockets picked. This simply indicates that the argument that the fear of capital punishment will greatly reduce the number of offences is not completely tenable or indeed tenable at all.

I would like to close my remarks by reminding Hon. Members of something we should all remember. Crime rates invariably go up in direct proportion to rates of unemployment and poverty. When, in a country like this, there are one million more people below the poverty line in the last five years, one can find the origins of crime. People are left with no choice and they act out of desperation. How many Canadians without previous records have been convicted of murder, first or second-degree, after holding up a service station or a convenience store—although that is a little risky nowadays—and out of fright, terror and desperation ending up shooting people?

I am not allocating political blame, but am trying to be as non-partisan as possible. When we do something about the ills of society, the things that lead people to crime, when we put people to work so they may live in some kind of dignity and comfort, when people have reasonably equal opportunities in this dog-eat-dog world of ours, I submit that crime rates will go down and the feelings of those who want to reinstate the death penalty will change remarkably.

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, in the few minutes remaining, it will be very difficult to put forward the basic principles that emerge in a debate like this. One principle is the question of the deterrence of capital punishment, and the other is the ethics of a state regulating the behaviour of society at any given time.

I will hardly be able to deal with the first point in the limited time available. I would simply say that so far, all studies produced for those who believe that capital punishment is a deterrent have failed to give that assurance by demonstrating that capital punishment is the answer that will ensure that crime is reduced and society is safer as a result of the imposition of such a measure.

In the United States, capital punishment has been introduced in some states. All studies done there point to the fact that society suffers from the same or perhaps even a greater rate of crime and murders, regardless of whether or not a particular state has introduced the measure of capital punishment.

The question that brings me into this debate is whether or not it is ethical for any state which has been given the responsibility by society to govern to introduce capital punishment and in that manner to reply to a murder in the cold-blooded way of taking another life. The question is whether or not such behaviour on the part of a state is ethical. I would be happy if time permitted me to go into this in greater length, but I would submit that it is definitely not ethical for a state to adopt that method of dealing with murder in a civilized society. I would call it six o'clock, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Order, please. The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), the order is dropped from the Order Paper.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

FOOD—IRRADIATION WITH COBALT-60. (B) SCIENTISTS' RESERVATIONS—SAFETY OF PRACTICE

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the issue of food irradiation is one that preoccupies many Canadians from coast to coast. It is best represented by way of an example of a letter I received just two weeks ago from a person in North Vancouver. I will read a couple of paragraphs from the letter just to give the House an indication of the sentiments that accompany this issue. The letter says:

> After learning of arguments pro and con, it is my position that irradiation of food presents potential health hazards that cannot be ignored.
>
> I am requesting that all proposals and changes to regulations that would allow food irradiation be stopped; that all importation or sale of irradiated food be stopped and that all existing regulations that allow irradiation, importation or sale of irradiated food, be immediately rescinded.

• (1800)

This letter sets the tone for my brief intervention and I am very grateful to see the Parliamentary Secretary here tonight.

You will recall that on November 27, 1986, at page 1595 of *Hansard* the Minister of National Health and Welfare (Mr. Epp) said on this question:

> Mr. Speaker, the process of irradiating certain foods, such as in the treatment of potatoes, onions, wheat, and flour, has been used in the United States for some period of time. It is being used in Canada as well.

As a result of research I conducted since then it turns out that the irradiation of food has been legal in the U.S. for some time but not widely used. Mr. Sheppard, Chief of the Manufactured Food Division of Canada's Department of Consumer and Corporate Affairs, when he testified in committee on December 3, 1986, in response to the question as to whether or not irradiated food products from the U.S. are imported into Canada, said:

> Spices are irradiated and it is quite possible, although I am not aware of it, that certain American products with irradiated spices are available on the Canadian market.

There are, I am told, some small experimental stations but no commercial food irradiation operations in the U.S. At present there are no regulations governing the importation of irradiated food and, perhaps more important, no practical

method to prove that food has been irradiated and with what dose. As to the existence of any irradiated food in Canada, Mr. Paul O'Neill, President of the Atomic Energy of Canada Radio-Chemical Company, testifying in committee on December 11, 1986, said:

In fact, in Canada there really is no plant that is irradiating food products on a commercial basis. One or two may have done some test work, but there is no commercial irradiation of food in Canada at this time.

I am informed that in 1982, the U.S. Food and Drug Administration conducted a review of 441 studies done with regard to the potential toxicity of eating irradiated foods. Only "five studies appeared to support safety". Yet the Minister said on November 27, 1986, in reply to my question:

—it is a safe process within the limits which have been prescribed. All international studies have indicated that.

Some people believe the real impetus behind the irradiation concept is the fact that industrial society now has a fantastic accumulation of radioactive waste from nuclear plants for which no suitable disposal system has yet been found. The radioactive isotope used in food irradiation can be produced in the Candu nuclear reactor. Therefore, not surprisingly, Atomic Energy of Canada is a strong supporter of food irradiation.

• (1805)

I am told that when food is irradiated, unstable secondary products called free radicals are formed within the cells. These free radicals have been found to be a major potential factor in the formation of cancer, heart disease and other degenerative diseases. Destroyed cells putrefy and create toxic products. Muted cells multiply out of control and create malignancies and tumours.

I am told that according to a 1986 publication by the Health and Energy Institute of Washington, D.C., there is evidence suggesting that genetic and reproductive irregularities may be associated with the consumption of irradiated food, that aflatoxins, potent cancer-causing chemicals created by fungi occurring naturally in foods, were produced more abundantly than normal on irradiated foods in several studies; that vitamins A, C, E and especially B, may be destroyed by the process; that amino-acids and fats in foods may also be altered; and that irradiation does not protect food from contamination that may occur after the treatment unless, of course, it is tightly sealed at the time of irradiation. Also, meats must be irradiated in a vacuum since irradiation in the presence of oxygen causes rancidity in fat-containing foods. It states finally, that chemicals called "radiolytic products" are produced in foods by the radiation process. These include formaldehyde, peroxide, and others.

Other interesting aspects relating to food irradiation include the fact that bacteria which cause botulism are highly resistant to irradiation and can proliferate without competition in foods irradiated to get rid of other bacteria. Foods must be exposed to 5,000 to 5 million rads of radiation. Approximately 500 rads over a short period of time is a lethal dose for most humans, raising the question of worker safety in food irradiation plants.

The Acting Speaker (Mr. Paproski): On that note I would like to call upon the Parliamentary Secretary.

Mr. Roger Clinch (Parliamentary Secretary to Minister for External Relations): Mr. Speaker, as evidenced by the interest expressed by the Hon. Member, food irradiation is also a topic of considerable interest to many Canadians. This House, through the Standing Committee on Consumer and Corporate Affairs, has heard a number of witnesses and has additional meetings scheduled.

Let me reiterate the response made in the House on November 27 by the Minister of National Health and Welfare (Mr. Epp). Our concern for safety is overriding and continuing. In this regard, food irradiation has been extensively studied by various agencies world-wide. Within the dose levels that would be used in practice, the process is safe.

The irradiation of some foods has been permitted under the Food and Drug Act for some time. Treatment of potatoes and onions to prevent sprouting, of wheat, flour and whole wheat flour for insect disinfestation, and of spices for microbial control are allowed by the regulation. However, I have been advised that no irradiated food is currently being sold in Canada.

By way of background, the former Government put forward an information letter in 1983, proposing new regulations applicable to the process. The Health Protection Branch of the Department of National Health and Welfare has been reviewing comments received in response to this information letter. A second information letter will be issued in the next calendar year. This second information letter will respond to the comments and concerns that have been expressed by the Hon. Member and other interested parties and will enunciate the Department of National Health and Welfare's final position in this process.

In keeping with the Government's policy of ensuring public input on major regulatory initiatives, there will be a period in which further public comment will be solicited.

There have been many questions raised about the United States Food and Drug Administration's position on food irradiation versus that of Canada. While the United States Food and Drug Administration has recently approved the irradiation of any food item up to an absorbed dose of 1 kiloGray, only those foods listed in Division 16 of the Canadian Food and Drug Regulations may be irradiated and offered for sale in Canada.

• (1810)

In addition to those foods previously mentioned, wheat, whole wheat, flour and spices are also permitted to be irradiated. Any proposals to irradiate additional food items will have to be evaluated by the Health Protection Branch of the Department of National Health and Welfare, irrespective of the applied dose, and only those foods deemed to be acceptable will be added to the approved list. Thus irradiated foods are, and will continue to be, strictly controlled in Canada.

ENVIRONMENTAL AFFAIRS—INTRODUCTION OF LEGISLATION ANNOUNCED IN SPEECH FROM THE THRONE

Mr. Alan Redway (York East): I do not know how you feel, Mr. Speaker, but every time I turn on the water tap in my home, I wonder how long I will have the opportunity to drink that water. I wonder just how long that water will be fit for my consumption, for the use of my family and of other Canadians. As I turn on the tap in my home and I see the water flowing into the basin or sink, I cannot help but think of the hideous problem of the chemical dumps along the south side of the Niagara River in the State of New York. I cannot help but think of those four in particular which were formerly owned by Hooker Chemical and now owned by Occident Chemical, the Love Canal, the 102nd Street Dump, the S-Area Dump and the Hyde Park Dump, all of which are seeping slowly through the rocks along the river banks into the Niagara River and filling it with deadly Dioxin as well as other chemicals.

In one area in particular, as you know, Mr. Speaker, there is a sewer which flows from one of these dumps directly into the Niagara River carrying deadly Dioxin. If that continues, it will not be very long before the drinking water in the Niagara River, Lake Ontario and the St. Lawrence River will be destroyed forever. That drinking water is utilized by some six million Canadians who stand to have their drinking water wiped out just like that.

The problem of pollution of the water is only one of the many problems we face in our environment with respect to pollution in general. However, as the Parliamentary Secretary knows, and all Canadians know, the problems of pollution in our environment are not just problems I feel personally, but problems all Canadians feel. In fact in a recent poll, environmental problems were identified as the number one concern of all Canadians.

Bearing that in mind, I know that other Canadians as well as myself and you, Mr. Speaker, were very pleased when in the Speech from the Throne there was a promise to give us some new environmental protection legislation. In fact, I was pleased that shortly after I asked my question of the Minister in the House, he unveiled a draft form of new environmental protection legislation. That set out a number of proposals or principles. First, it introduced the concept of life cycle management of toxic chemicals; second, it would require industry to test and evaluate all new chemicals for environmental or other human health hazards before being introduced into the Canadian market-place; third, existing chemicals would also be more strictly tested and controlled; fourth, the Minister of National Health and Welfare and the Minister of the Environment would be authorized to order companies to recall toxic chemicals at their own expense, and fifth, the Ministers would have the power to order industry to clean up environmental spills and to monitor compliance with those orders. In addition, there would also be the power to temporarily shut down any activity which is judged to be dangerous. In addition to all of that, there are new penalties which would impose a maximum fine of up to $1 million and a five-year maximum term of imprisonment as opposed to the present penalties.

• (1815)

The Environmental Contaminants Act provides for a maximum fine of $100,000 and two years imprisonment, while the Clean Air Act provides for a maximum fine of $200,000. In my view those are great improvements. I was delighted to see the draft legislation introduced into the House. However, I was disappointed by the fact that while the legislation deals with what goes on from now on, from the date of the passage of the legislation into the future, it does not deal with cleaning up problems created in the past. It does not deal with cleaning up the toxic chemical dumps to which I have referred. It does not deal with cleaning up the St. Lawrence River, the St. Clair River, Lake Ontario or the Niagara River.

There are a great many problems in our country at this time. We may not be able to force the United States to adopt some environmental protection or to clean up some of the spots in the U.S. which impact on us in Canada. There are also a great many hot spots, a great many environmental problems, in Canada to which we can address our attention and which we can clean up.

As the Parliamentary Secretary is aware, there are a great number of these spots around the Great Lakes. In fact, there are a number of hazardous waste chemical dumps in Canada. The Ontario Minister of the Environment, for instance, has identified the 10 most dangerous and serious of those as being at Sarnia, London, Acton, Tiny Township, Burlington, Streetsville, Oakville, Niagara Falls and Oshawa.

In addition, there are 32 municipalities in Ontario, including three sewage treatment plants in Metropolitan Toronto, which are discharging into the Great Lakes in excess of the levels set out in their operating permits.

There are 45 industries discharging levels in excess of their operating permits—

The Acting Speaker (Mr. Paproski): The Parliamentary Secretary—

Mr. Redway: I hope tonight, Mr. Speaker, the Parliamentary Secretary will give us the answer to the question of dealing with the clean-up of the past as well as the future.

Mr. Lorne Greenaway (Parliamentary Secretary to Minister of State (Forestry and Mines)): Mr. Speaker, first, I would like to compliment personally the Hon. Member who never misses an opportunity to raise the issue which he has brought up this afternoon. He makes his points very forcefully. This is an extremely important issue. It is one that is very important to me and it should be important to all Canadians.

He raises a good point when he says that the legislation fails to look into the past. I recommend that when the hearings are held and the committee work is being done on the Bill that

that should be something the Hon. Member could personally look into and see if he can have it remedied.

As Hon. Members are aware, on December 18, 1986, the Minister of the Environment (Mr. McMillan) tabled a proposed environmental protection Act for discussion purposes. This draft Bill will lead to eventual legislation that will be introduced to Parliament for first reading before the summer recess.

The Minister and the Government are committed to preserving human health and to ensuring the safety and protection of our environment. We recognize that those who make chemicals, those who regulate them and those who use them have a shared responsibility to safeguard our common life support systems from the dangers that chemicals pose.

The proposed environmental protection Act provides for cradle-to-grave management of chemicals from their development, through their manufacture, transport, use and storage, to their release into the environment in such forms as waste or emissions. It emphasizes prevention of harm to the environment and human health. It consolidates the environmental protection provision of the Clean Air Act and certain sections of the Canada Water Act. The proposed Act also includes the section of the Department of Environment Act which allows the Minister of the Environment to establish environmental protection guidelines for federal departments and agencies to use in exercising their mandates.

The consultation and comment period of the draft Bill will run from January 1 to the end of March, 1987. In January, Environment Canada held information sessions on the proposed environmental protection Act which were open to all interested parties. Departmental officials explained the intent and key elements of the draft Bill. In February and March, formal and open consultation meetings will be held to discuss with participants any problems involving the proposed Act and potential solutions, culminating in a national meeting in Ottawa on March 23 and 24. Anyone is welcome to submit comments in writing to the Minister of the Environment during the three month consultation period. All observations and comments will be considered during the drafting of the Bill before its first reading.

• (1820)

In conclusion, I can assure the Hon. Member that the Government has these matters well in hand, and it is moving forward on this issue.

AGRICULTURE—FUEL TAX REBATE—DENIAL TO FARMERS USING VEHICLES ON-HIGHWAYS. (B) REQUEST FOR RECONSIDERATION OF REBATE

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my concern is with elements of the federal fuel sales tax rebate program, and follows my questions to the Minister of Finance (Mr. Wilson) on January 26, 1987.

The federal fuel sales tax rebate program was announced in the Economic Statement of November, 1984. It became effective December 1, 1984. Its purpose was to provide temporary fuel sales tax relief to primary producers, including farmers. It would run from December 1, 1984, to January 1, 1987. That sunset was later extended to January 1, 1988.

The initial sales tax rebate was 3 cents per litre. It was increased to 5.5 cents per litre effective May 1, 1986. It was increased to 6.5 cents a litre on January 1, 1987.

The legislation states that eligible users must use the fuel off-highway for commercial purposes. Use of on-highway or off-highway as a criterion for any type of agricultural program simply flies in the face of the practical facts. Obviously, farmers have to use the highways for the purposes of hauling grain, fertilizers and chemicals, to move machinery, to secure parts and to go for repairs. Some pieces of equipment have multiple uses. Some trucks have attached to them spraying equipment and snowploughs. The point is that whether the farm business is done on-highway or off-highway, it has no relevance to a farming operation, and the drafters of the legislation should know that.

It is interesting to note that the federal excise gasoline tax refund program, which rebates 1.5 cents excise tax per litre on gasoline, is based on fuel used in the course of business, and it excludes fuel used for personal usage.

What should be important is whether the fuel was used in the business of farming. If it was, then it is a legitimate expense for income tax purposes, and I submit that it should be eligible for the fuel sales tax rebate, regardless of whether it is used on the highway or off.

The provisions in the Income Tax Act are one thing, and the criteria for the excise rebate are another. The fuel sales tax rebate provisions are a third item, and supposedly separate and distinct. Yet, in the mind of any responsible person in the business of farming, it is extremely difficult to make that distinction. Surely the answer is to change either the Act, which would be the responsibility of the Minister of Finance, or to change the enforcement procedure, which would be the responsibility of the Minister of National Revenue (Mr. MacKay).

Earlier, concern was expressed about the procedure to be followed by Revenue Canada in the verification of claims for rebate of the federal fuel sales tax. Finally, in July of 1986 the Minister of National Revenue issued guidelines which were supposed to simplify and reduce the paper burden for farmers.

Revenue Canada advised that for farmers who did not have detailed records for on-highway/off-highway use of fuel, the Department would accept rebate claims for 80 per cent of the fuel purchases only after the claimant had deducted fuel purchases for personal use. In other words, the farmer would first subtract his personal usage, and then be entitled to claim on 80 per cent of what was left, the deduction of 20 per cent intended to cover on-highway usage.

As one would expect, after eliminating their personal usage factor, many farmers are claiming the sales tax rebate on the

balance of their fuel, because they have used it in the business of farming, whether on-highway or off-highway. Predictably, Revenue Canada auditors are having a field day. They are inquiring of the farmer as to proof of business use of fuel, whether the farmer has daily mileage records, logs, completed schedules of fuel and gasoline purchases, and vehicle inventory. I have a letter from an excise auditor who wishes detailed descriptions of usage of gasoline or diesel consumed in each vehicle used in the fields, and detailed descriptions of gas or diesel consumed in each vehicle used off the fields.

• (1825)

That may make sense to a Revenue Canada auditor, but it makes no sense whatever on the farm. Unless the farmer can prove that the business fuel was used off-highway, his claim is reduced to 80 per cent. Also he is reassessed for any excess rebate paid, plus interest, plus a penalty, and the resultant hard feelings. The point is that this is being done in the name of a completely artificial and arbitrary standard of on-highway/off-highway which simply has no relevance to today's farming.

The fuel tax rebate program is a good one. I think the farm community is very happy with it. Given the problems facing agriculture, I think the rebate should carry on beyond January 1, 1988. In fact conditions dictate that. I urge the Minister to carry on with the program or to replace it with something similar in his upcoming Budget.

Finally, the farm community likes the fuel tax rebate. All it asks is that the Ministers involved consider either changing the legislation so as to eliminate this inane distinction of on-highway/off-highway as one of the criterion or, in the alternative, that the Minister of National Revenue instruct the field auditors of Revenue Canada to permit farmers to take the rebate on 80 per cent of their total fuel bill, not on what is left after their personal expenses have been taken.

I suggest that either of these changes will enable the Government to say truly that it has effectively offset federal taxes on farm fuels.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): If I may, Mr. Speaker, I should like to congratulate my colleague, the Hon. Member for Swift Current—Maple Creek (Mr. Wilson) who, on the one hand, has presented a very up-to-date view of the issue he has raised and who, on the other hand, has demonstrated ever since he came to the House a deep interest for all matters dealing with agriculture and his sincere interests in the farmers of his ridings and the rest of Canada.

Since 1984, Mr. Speaker, the Conservative Government has made major changes to federal consumer taxes, especially those affecting fuel used in farming. If I may, Mr. Speaker, I should like to present a brief summary, somewhat like my Hon. friend did.

In the fall of 1984, the Conservative Government set up a fuel tax rebate program as a response to the special problems primary producers were experiencing. This rebate amounted to 3 cents a litre. Since May 1986, the rebate for farmers is 3 1/2 cents a litre. In addition to that, there is a special 2 cents a litre rebate on excise tax which applied and which, effective January 1987, applies to 3 cents a litre.

Finally, on top of all that, there is a 1 1/2 cent a litre reimbursement of the excise tax which applies to all Canadians, including farmers.

My colleague from Swift Current—Maple Creek is asking that a distinction no longer be made between on-highway and off-highway fuel used for agricultural purposes. In my opinion, his request is justified when we look at it from his own viewpoint. But in a more practical approach, Mr. Speaker, think of the very complex system that would be required to ensure fairness and equity. One might draw a parallel between a farmer who uses his own vehicles and claims the tax rebate, and another one who uses a carrier. Well, would this carrier as well be eligible for the tax rebate? Just to be on the safe side, we would also have to define just what kind of farm commodities can be transported. Mr. Speaker, you can well imagine the forms and red tape—perhaps even a system not quite as fair as the one we have now—we would need to meet the requirements of my colleague.

Moreover, we know that Revenue Canada decided to grant farmers 80 per cent of the tax rebate without asking them to submit any evidence.

Therefore, Mr. Speaker, I feel the present situation is fair to farmers. Thank you.

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at eleven o'clock, pursuant to Standing Order 3(1).

The House adjourned at 6:30 p.m.

HOUSE OF COMMONS

Tuesday, February 3, 1987

The House met at 11 a.m.

[*English*]

HOUSE OF COMMONS

ANNIVERSARY OF 1916 FIRE—SIGNIFICANCE OF MACE

Mr. Speaker: Prior to calling Orders of the Day, may I make the traditional announcement to the House that, in recognition of the seventy-first anniversary of the fire which destroyed the Centre Block on this day in 1916, I would draw to the attention of Hon. Members the wooden replica of the mace on the Clerk's table. This mace was used for many years as a replacement for the original one destroyed by fire.

ROUTINE PROCEEDINGS

[*English*]

COMMUNICATIONS

TABLING OF ANNUAL REPORT

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 67(2), I have the honour to present, in both official languages, the annual report of the Department of Communications for the fiscal year.

* * *

ELECTIONS, PRIVILEGES AND PROCEDURES

PRESENTATION OF SECOND REPORT OF STANDING COMMITTEE

Mr. Albert Cooper (Peace River): Mr. Speaker, I have the honour to present the second report of the Standing Committee on Elections, Privileges and Procedures which deals with Routine Proceedings on Fridays and suggests some changes to the time the House will sit.

* * *

[*Translation*]

PETITIONS

MINING EXPLORATION SECTOR—EXISTING SHARE REGIME

Mr. Guy St. Julien (Abitibi): Mr. Speaker, pursuant to Standing Order 106, I wish to present a petition signed by 133 petitioners from Val-d'Or, Amos, Preissac, Malartic, Barraute, Senneterre, Dubuisson, Val-Senneville, Duparquet and Sullivan, in the riding of Abitibi, and by myself.

Whereas the Government of Canada made flow-through shares in the mining sector eligible for the purposes of income tax; whereas 133-1/3 per cent of the value of the shares could be deducted; and whereas the people of Canada, as a result of this tax provision, were helping to develop mining exploration, reduce unemployment and develop our northern and remote regions, your petitioners humbly pray and call upon Parliament to maintain the existing provision for flow-through shares in the mining sector at 133-1/3, for the years 1987-88-89.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour to present a petition, signed by the required number of people, and which has met the requirements of Standing Order 106. Whereas the proposed changes to the Patent Act will affect directly all Canadians who are not protected by private and Government medicare programs, and whereas the federal Government's proposal will raise the costs, which are already high, of the provincial health care programs, and whereas the monopoly granted to innovative pharmaceutical companies will prevent competition from generic companies and will result in an increase in drug costs and will severely restrict the ability of average Canadians to buy necessary prescription drugs, and whereas the proposed changes to the Patent Act are another example of the Government's concessions in the free trade negotiations with the United States at the expense of ordinary Canadians, the undersigned, your petitioners, humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I also have several petitions from people in Ottawa, Hull and Newfoundland, in fact, from all over Canada. The undersigned residents of Canada now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners. Whereas the decision regarding the closure of the Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the RCMP and the Office of the Governor General without prior notice, and whereas the closure of this attractive and tranquil park affects thousands of visitors to the Capital from across the country

who hold Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud, and whereas an area of residents from the entire National Capital region, who have used and enjoyed the grounds of Rideau Hall, recognize the security concerns which prompted the closure decision, but could not accept a blanket closure of the 120 acre park to public access, the undersigned, your petitioners, humbly pray and call upon Parliament to open that decision for consultation with a group of citizen representatives of the large and growing opposition in order that a *modus vivendie* be created which would satisfy both the Government and the public.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I also have a series of petitions signed by the required number of residents and which meet the requirements of Standing Order 106. The petitioners humbly submit that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information and that the tariff has had little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, book-sellers, distributors and Canada's culture. The petitioners state that since rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, they humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and which compromises federal policy on cultural industries in respect of free trade negotiations.

• (1110)

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jim Fulton (Skeena): Mr. Speaker, I am pleased to table today a number of petitions which have been certified correct pursuant to Standing Order 106. The petitioners' concern regards the proposed changes to the Patent Act in relation to prescription drugs. They are also concerned that these changes will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. They also state that the proposed measure will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. The petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I have the honour to present petitions signed by several hundred residents of Burnaby and other communities in British Columbia who call upon the federal Government to recognize that its proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They note that the proposed measure will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. As well, they note that the proposals will result in higher costs to provincial government drug plans. The petitioners call upon the Government to reject these proposals which will increase prescription drug prices for Canadians.

LOCAL MEASURED TELEPHONE CHARGES

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I have the honour to present a petition signed by a large number of residents of Burnaby, including, in particular, over 100 residents of 9380 Cardston Court. The petition notes that the telephone is essential for communication and that rental costs must always be affordable. The petitioners note that the telephone pricing scheme known as local measured service, or charging for each local call, means that having a telephone will cost much more per month for most people. Therefore, the petitioners call upon the Government to direct the CRTC to deny to telephone companies such as B.C. Tel the right to charge for each call and to order the retention of the monthly rental for a telephone.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I have the honour to present a petition signed by residents of Toronto, North Vancouver and Burnaby who point out that at present low-level flight training of pilots of NATO countries at the Canadian Forces Base Goose Bay, Labrador, disrupts the way of life of many of the native people there. The petitioners note that hunting, fishing, tourism and mining can provide more stable, healthy and peaceful employment than the Canadian Forces Base at Goose Bay. The petitioners call upon the Government to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at the Canadian Forces Base at Goose Bay and cease negotiations with NATO for establishment of a larger base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, it is an honour to present petitions from residents of the Niagara Peninsula, Hamilton and Niagara Falls area as well as residents of communities in Quebec such as Pohénégamook and neighbouring communities who protest the Government's proposals to change the Patent Act relating to prescription drugs since these proposals will increase drug prices for Canadian consumers, severely restricting the ability of average Canadians to buy necessary prescription drugs. They protest that these changes will unfairly hurt Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. They will also result in higher costs to the provincial government drug plans. Therefore, they humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of British Columbians who are concerned that the federal Government's proposals to change the Patent Act related to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. They call upon the Parliament of Canada to reject these proposals which will increase prescription drug prices for Canadians.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Shall all questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed from Monday, February 2, 1987, consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756)

Mr. Jim Fulton (Skeena): Mr. Speaker, Bill C-18, an Act respecting national transportation, deals with a number of major concerns which certainly affect my constituency as well as the whole of the country. As is stated in the application clause of the Bill, it applies to transportation by railways, air, water, commodity pipeline and transport for hire or reward by extra-provincial buses and extra-provincial trucking.

Bill C-18 has been touted by the Government as its answer to regulatory problems facing the Canadian transportation industry. It flows from the Government's *Freedom to Move* document which, as pointed out by my friend, the Hon. Member for Regina West (Mr. Benjamin), is in fact something quite different. In fact, it should be entitled "Freedom to Manoeuvre" since this is really not deregulation at all but reregulation.

On January 29, 1986, just more than a year ago, my colleague from Regina West quoted in the House the following words about the document *Freedom to Move*:

"a trial balloon of Conservative ideology which solves fewer problems for the transportation industry than it will create. Clearly there are no pressing issues facing the transportation industry which call for actions by the Minister like those proposed in his policy paper". These proposals are for sweeping deregulation where there is no apparent need, and that clearly indicates that the paper is only a knee-jerk regurgitation of similar transportation initiatives undertaken in the U.S. by President Reagan and President Carter.

We have gone over the matter with great care. There have been hearings held and a minority report brought forward by my friend from Regina West. As he has pointed out, Bill C-18 and its pal legislation, Bill C-19, are anti-safety, anti-competition, anti-service, anti-sovereignty and certainly anti-regional industrial expansion. What the House should be doing, and what my Party wants, is considering good regulation since that is the real choice, not this myth about freedom to move.

What is being put forward by government Members in various ways across the country is the myth of lower fares when, in fact, higher industry profits and lower fares were simply a blip in the United States in terms of the type of deregulation which took place in that country. Since 1980, when the U.S. administration brought forward a similar type of deregulation, 40,000 airline workers have lost their jobs, 150,000 rail workers have lost their jobs and one-third of the U.S. truckers have lost their jobs. In total close to 300,000 union jobs have been lost in the United States. Those who have been left in those industries have been forced to take lower wages, work longer hours, and to give up many of the hard won concessions they had negotiated over the last decades when dealing with the industry.

• (1120)

Bill C-18 will directly affect 750,000 Canadian workers, and will indirectly affect every Canadian. There is in the legislation an end to arms-length dealings, which exists to a certain extent in the existing legislation, and the beginning of the politics of the gravy train, particularly for large shippers who will be able to make special deals in relation to this legislation.

I wish to deal for a moment with a meeting I had on Sunday in Prince Rupert with representatives of the CN workers who had expected that there would be more jobs. During the election the Conservatives promised massive infusions of capital into VIA Rail, and that that service would be brought back up to what it should be, with new passenger cars, new locomotives, new stations, and many types of new operations. In fact, the Conservatives have gone exactly in the other direction. In Prince Rupert we expected, and were told by CN public relations people, that there would be new jobs created as a result of the development of the coal port, and as a result of the grain facilities. In fact, something quite different has happened. Now there are only about 100 CN workers left in Prince Rupert. It is now known that 26 of those positions will disappear between November 1, 1986 and May 1, 1987 with more lay-offs, terminations, transfers, and contracting-out to come. The old grain elevator used to handle 600 cars a week. The new elevator handles 1,200 to 1,400 cars. Now there are more and more terminations and lay-offs of workers. Thousands of CN workers have already been lost in this lead-up to

deregulation, and thousands more will be cut by these Tory plans.

In Prince Rupert it is worth looking at what the CN is doing as it prepares for deregulation, expecting that the Conservative majority will put it into place. Cars that are in bad order are being put on to the tracks, endangering not only the rail line but automobiles that drive next to that rail line between Prince Rupert, Terrace and on to Prince George. Some VIA employees in Prince Rupert have been transferred, and the rest of the work has been contracted out. Until recently, 11 locomotives were serviced in Prince Rupert, and now there are none. In December a locomotive operating between Prince Rupert and Terrace was checked by car men and was found to have no brakes at all. This is the type of totally unsatisfactory and anti-safety decisions that have been taken by the Government and CN. CN is now paying Prince Rupert Grain to handle the cars that are bringing in grain. There now are inadequate crews to service Fairview and other port facilities, because they have been cut back to one shift a day. There is inadequate checking of cars in places such as the Watson Island pulp mill, because it has been cut to two workers on one shift a day.

In the lead-up to Bill C-18, on December 9 I received a letter from a Mr. Walker, the Senior Vice-President, Western Canada, of CN. I had asked him about lay-offs, contracting-out, and safety matters. On the second page of his letter he states:

> Added to the preceding is the unknown impact of the newly introduced National Transportation Act (N.T.A.). The new N.T.A. will certainly change the way we do business and will affect employment levels.

It is clear that CN knows what will come about as a result of this Draconian and ill-founded legislation brought forward by the Government.

In historic terms, Conservatives always spoke against the Liberals when they were bringing in legislation that the Tories would describe as Trojan Horse legislation where the regulations were not attached. Bill C-18 is a classic example. It is some 370 pages long, but there are no regulations attached. We do not know what the real intention of the Government will be because, as pointed out in the Bill, the regulation-making powers of the NTA are entirely under the control of the Cabinet. It may vary or rescind any decision, order, rule, or regulation of the agency. There goes the possibility of the public having any satisfying opportunity to go before the NTA and have a regulation put in place. If the Cabinet does not like it, on behalf of one of its corporate friends it can be rescinded without coming into the House. The question arises, who will get the special regulations, because they are not in the Bill?

I wish to touch for a moment on the designated areas. Many Canadians are now aware that the Tories—I suppose over dinner with a glass of red wine—took a pen and drew a line across Canada and happened to put it at 55° latitude across British Columbia. In that manner, areas north of that will still have some opportunity for regulation. But where do they put it? It was put a couple of miles north of Prince Rupert, a couple of miles north of Sandspit, a couple of miles north of Terrace, and a couple of miles to the north of Smithers. It has been drawn so as to cut loose those communities that are in need of good regulation in terms of east-west and north-south transit.

In almost all of northern British Columbia we are now in a situation where Pacific Western Airlines has an absolute unrestricted, unfettered monopoly because the whale was eaten by the minnow. Pacific Western Airlines took over CP Air. We already know that the CP-PW group are planning to move some of the 737s into central Canada. This Bill will create a situation where the myth of lower fares will never come to be. We will have less jet service, less direct non-stop service, higher fare schedules, the demise of many CN workers in the rail industry, and a direct negative effect on marine workers. This Bill is a disaster. The effects that have already come, as pointed out in the documentation from CN, makes it pretty clear that a Bill such as this should be formally withdrawn. The public convenience and necessity will not be served in any area of Canada, particularly in rural Canada, by this type of nonsense.

Mr. Paul Gagnon (Calgary North): Mr. Speaker, I wish to talk about two items in Bill C-18, the representation the Government has undertaken, and how it affects labour.

The suggestion has been made that the Government has been deaf to representations made following the release of the *Freedom to Move* policy paper. Nothing could be further from the truth. This legislation was developed in a co-operative effort with private sector carriers, shippers, users, and communities. More than 500 groups or individuals were consulted during development of this legislation, many on more than one occasion. The suggestions of those consulted resulted in adjustments and improvements to the original policy, and to the legislation.

In addition, the House, through the Standing Committee on Transport, had a very definite impact on the shape of this legislation. That Committee held two separate sets of hearings, one on the over-all policy, and one focusing on the northern and remote areas. The recommendations emanating from those hearings resulted in a number of improvements and adjustments to this legislation.

Perhaps the most notable provisions resulting from the Standing Committee are those governing the regulation of northern air services. Originally it was proposed that the same regulatory regime would govern all air services. However, representations and recommendations from northerners led to adjustments in this policy in order to provide a modified regulatory regime in the North.

This is not the only example of the effects of representations on Bill C-18. Also, the compensatory rate provisions for railways were added, based upon recommendations from the standing committee and following representations from Canadian Pacific and the Canadian Trucking Association. The terminal running rights provisions originated with Canadian

Pacific and were not part of the original *Freedom to Move* proposals. The details were worked out in consultation with shippers and carriers.

• (1130)

There have been few legislative reforms in Canadian history which have received such extensive consultation. The Government has listened and has adopted many of the suggestions made during the consultations. Whatever the Opposition may say, those are the facts.

I should like to talk about the effect of the legislation on labour. Concerns have been raised that the legislation will have an impact upon labour and employment, a negative one according to the critics. This is simply not true. The Bill will not cost us jobs. Rather, it will help create jobs across Canada.

The new National Transportation Act is a framework for regulatory reform in transportation. It will affect almost every part of the economy. It will stimulate growth and will provide jobs by helping make businesses across Canada more cost competitive. This is a good news Bill for jobs and employment. More than one million Canadians work in industries which rely heavily on rail transportation. These jobs will be more and more at risk if we do not introduce these reforms.

More competitive transportation means a more efficient system for mines, mills, factories, and manufacturers to ship their products to market. As these businesses become more competitive at home and in international markets, they create jobs in Canada. The key is efficient, competitive transportation.

We must be aware of the short and long-term benefits from reducing regulation which tends to stifly employment, restrict growth, impede our export efforts, and limit the choices of shippers, retailers, wholesalers, and consumers. Economic regulatory reform will bring important benefits, including lower unit costs, greater competition, a wider range of services, higher productivity, and new market opportunities. Greater efficiency in our industries will translate into more jobs for Canadians.

I recognize the concern raised about employment in transportation companies. In a more competitive environment, carriers, their employees, shippers, travellers, and Governments will all face adjustments. It will not be business as usual for anyone. The contribution of tens of thousands of workers to the development and operation of our transportation system has been enormous and will be crucial to future success.

In this regard the Government remains committed, as indicated in *Freedom to Move*, to monitoring the effects of change. Numerous adjustment programs already exist to ease any transitional difficulties encountered by workers. Beyond this, the Government has offered to consult with representatives of both employees and employers in order to determine the measures which may be required. This is a very fair offer, but I expect that there will be very little need for special assistance. The key point, however, is that the removal of unnecessary regulation can help create new jobs in transportation as the demands of travellers and shippers for transportation services increase in a healthy, growing economy.

While our program of regulatory reform differs in many ways from American deregulation, it is worth noting that in the U.S. total airline employment increased by 9 per cent by 1985, that is, 31,500 new jobs in the U.S. airline industry. Similarly, the number of people working in the U.S. trucking industry increased by 285,000 between deregulation in 1980 and 1985. In both countries, Canada and the United States, the railway industry has been losing employment for over 30 years as railways adjust to technological changes and increased competition primarily from trucking.

This is positive legislation. It will help Canadian businesses compete more effectively for markets at home and abroad. The concerns over labour are misplaced, however sincere. The legislation will help create jobs across Canada in all sectors of the economy. It is good news.

Hon. Bob Kaplan (York Centre): Mr. Speaker, I am interested in the Bill and I am very happy to have an opportunity to talk about it. I thought I would say a word or two about the spirit in which Members of this place must approach the subject of transportation.

When the present Confederation was established in 1867 it was not the first attempt made to create Canada, to create a country north of the United States; it was the third or the fourth attempt. When the effort was being made, I suppose those who were aware of the failures which had already occurred must have been wondering how long the Confederation established in 1867 would actually last, whether it would be a 10-year wonder or less, as had occurred with some of its predecessors.

One thing which made the present version of Confederation so exciting and attractive that it has endured until today is that it contained a vision of the frontier. It did not just talk about existing colonies and rights and so on in relation to each other. It spoke to the larger vision of a Canada which would run from coast to coast to coast, meaning up into the North. It contained a commitment to those who lived outside the original boundaries of the nation, that they would be brought in and that a way would be found. That way was a transportation solution to bring them into Confederation.

That invitation to those outside, in terms of their opportunities to enter Canada at some point in the future, and to those inside, in the sense of opportunities for them to expand their horizons, to expand their businesses, to work, and to live in the frontiers of the new world, was exciting enough that Canada would hold together and Canada would grow from strength to strength.

As you know, Mr. Speaker—you are an erudite Member of the House—the transportation issue was a key issue. It was never put as a market-place issue. No one ever said that we would see whether transportation could help us in solving the problem and in pulling our country together. The philosophy

was that Canada would come to grips with the challenge of transportation and would solve it. No one knew what kind of engineering or financial investment would be required to lay railway tracks from the Atlantic to the Pacific, but they committed themselves to doing it. Canadians were inspired by that. The residents of British North America in this area were inspired by that to build a great country.

There is no doubt that when people look at a problem outside of any market considerations—and transportation policy was looked at outside market considerations—many inefficiencies can be built into it. Over the years we have seen a lot of inefficiency. We have seen some efforts to try to limit the inefficiencies, to try to develop a system which would work like a market and would have some of the discipline of the market even though its fundamental orientation was developed without any consideration of the market at all.

• (1140)

But we are now facing an ideology that really is against the philosophy which built the transportation system of the country, the ideology of deregulation that in the same way, as in 1867, was chosen to ignore the market-place because the goal was to try to build a great country. Today the ideology is the opposite, the ultimate solution being the market-place, and that all of the problems perceived to exist in our transportation system will be eliminated and resolved by a little bit of market discipline.

When you ask average Canadians what deregulation means, some will talk about the bureaucracy. They say we are in favour of deregulation because there are too many bureaucrats in the system, too many decisions being made in too many power centres and the market solution, deregulation, will clean all that out. Some say that, but most people in my experience have two things in mind when they talk about deregulation and say they are in favour of it. First is lower prices. Canadians who favour deregulation are largely under the impression that if deregulation comes into force it will mean that air fares, train fares, bus fares and the cost of shipping freight will go down. They are in favour of deregulation, not because they object to the bureaucracies that are implied by regulation but because they believe having deregulation will mean lower prices.

Second, I believe most Canadians favour deregulation because they think it will give them more choice. They say if we have deregulation then carriers denied access to our home town or our factory to carry our goods or to carry our families will now be able to do so and will not be stuck with just the CNR or Air Canada. These two goals, lower prices and more choice, are what I think most Canadians understand deregulation to mean. When this package is delivererd, if it does not give Canadians lower prices and more choice, then I do not think the kind of support out there for deregulation will continue.

Where did the idea come from that deregulation means lower prices and more choice? As you yourself know, Mr. Speaker, they come from the United States where the experience of deregulation has given those results, not to all Americans, but to a lot of Americans. They found that prices went down and that they had more choice. But, that is not an inevitable result of deregulation. When you look at Canada you see that our country is made up of a huge land mass with small population centres spread throughout it and large population centres clustered along the United States border, and you begin to see the wisdom of the commitment of the Fathers of Confederation and of those who put Canada together in the first place. Transportation is not something you can leave to the market-place if you want to hold the country together and if you want to keep Canadians in contact with their frontier. The sense that all Canadians have that the frontier is available to them in all the different senses of that term is a very important reason that Canadians feel such a strong commitment to their country. Transportation is a big part of it. Deregulation can threaten it.

I want to now look, and I know we do not have much time, at several of the specific provisions of the Bill and explain my concern to you, Mr. Speaker. The Government was asked for commitments as it was putting this program forward, that there would be lower costs as a result and, in the fine print and in the lower key features of the Government's presentation, it has admitted that air fares are already at the level they would be with deregulation. It is not very likely that the introduction of deregulation will result in lower airfares. Why will there be increased service and more choice? Again, there is no commitment at all that there will be increased service and more choice.

The one area that has to concern all Canadians is the question of safety. We know that the Government is not proposing to deregulate safety, although the logic of deregulation should probably lead you to that, but it is another reason that we are so cautious about deregulation as a subject. In the area of safety, unlike the area of fares or route approval where deregulation is to come, we are maintaining regulation, but having deregulation will put pressure on safety. That has been the experience in the United States where deregulation has been under way for a few years already and where we have seen a number of accidents. Some of the factors of those accidents include pressures that result from the market-place working on carriers, and on the membership of unions who make the system work. These kinds of pressures from cost cutting and cost consciousness have had an impact on safety. We in this Party are concerned about that, and we do not think the Government has shown enough sensitivity to it.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I wanted to participate in this debate on Bill C-18 because I have been listening to the Government's arguments on why we should support it. I am sure that Members in this House and those who have watched the House on TV recognize that this whole concept of deregulation and the panacea that deregulation brings had its genesis with the Liberal Party when it was in Government from 1980 to 1984. In fact, the Liberals started

this worshipping at the altar of setting rates in a competitive market-place. The Tories are now in power. In Bill C-18 which has 200 odd pages—a highly complicated Bill—the Tories are taking the Liberal idea to its ridiculous conclusion. I asked myself the question, why is this Conservative Government madly dashing, in a country with 25 million people, with a geography not to be found anywhere else in the world, with our particular climate and with the pockets of population that we have, to emulate American deregulation taking place south of the border? Why are we trying to copy-cat the Americans in this whole question of deregulation?

Then, Mr. Speaker, I saw the CTV *Question Period* on October 19, 1986 when the Minister for International Trade (Miss Carney), better known as General Custer, had the following response to a question, and that is when I recognized what it was all about. She said that transportation matters were in the ambit of the discussions during free trade negotiations.

That is it, Mr. Speaker. In an effort to get a free trade agreement out of the United States, the Government is prepared once again to put our transportation system on the table. Once again, before we have gotten to a final agreement on free trade between Canada and the United States, the Government is offering up, on the altar of free trade, our transportation system.

• (1150)

We do not disagree that there are certainly changes to be made to the Canadian Transport Commission. Surely we do not disagree that certain changes ought to be made to the administration of the transportation system. We feel we ought to make the transportation system more sensitive to the economic needs of the regions. Certainly there is a need to look at the transportation system in order to ensure that it responds to the needs of Canadians who live in communities like mine, Sault Ste Marie and others across the country. Surely the whole concept behind revamping the system ought to be one of improving service to the people, not only in passenger service but in freight service as well. Yet we find we have difficulty with specific proposals within the Bill.

We have difficulty, for example, with a clause in the Bill that allows for transborder competiton. American carriers would be allowed to come to Canada, do business in Canada and bid on business in Canada. Yet Canadian carriers would not be able to go to the United States to do the same things. To even think that there would be a level playing field in transportation is absolutely ridiculous. The reality is that the largest trucking company in Canada ranks about number 60 compared to trucking companies in the United States. That in fact means that Canadian trucking companies and railways are at a distinct disadvantage.

Already the railway companies are beginning to gear up for the implementation of Bill C-18. For example, the community in my riding in which I live, Capreol, was built on the development of the CNR as a switching centre for northeastern Ontario. Today we have noticed that the CN has been cutting back on its workforce. In fact, it has been cutting back on its workforce in such a way that its commitment to safety is being called into question.

I just received a letter from a constituent who lives in that town. The letter reads:

Dear Mr. Rodriguez:

I am writing about the job cuts affecting the Car Department in Capreol on April 6, 1987.

As you will see in the attached form, on that date, Certified Car Inspectors will no longer be doing Roll-By train inspections in Capreol. This will be handled by Transportation employees.

He goes on to say the following:

Sir, I have spent four years learning my trade and have had to write an exam to receive my certificate (copy attached). Now, in one bold move, the Canadian National Railway will hand this work over to the running trades.

This is the same company, who, in March 1986, shortly after the Hinton wreck, sent out letters to each employee imploring us to work even more diligently in the area of safety. But, since March 1986, we are no longer allowed to do full inspections or Roll-Bys. I believe this severely hinders safety and shows us that CNR is not concerned at all about safety; the bottom line for them is *profit*!

I think the CNR is receiving that message from the Government. It is receiving the message that safety does not matter, nor does servicing communities and regional development. That will further erode the economic base and viability of communities in northern Ontario.

The same can be said of the airlines. Already Sault Ste Marie and London, Ontario, have lost their Air Canada links. In the Bill there is, for example, a provision for confidential rates. This means that larger producers will get the best rates from the railway companies. Those rates will be held in confidence and there will be no way for the small or medium-sized producers to get the same kind of rates.

The Conservative Government has said that one of the benefits of deregulation will be lower fares. History has shown that in a monopoly capital that is exactly how it works. In the short term, yes, there are lower fares. When there is no referee, everyone will get into the act. Anyone who can go down to the bank to borrow a few hundred thousand or a million bucks can buy a couple of airplanes and get into regional airlines. Then prices get lower in the dog-eat-dog competition. Then they all fall by the wayside and the big fish will eat the little fish. In the long run, prices will go up and up.

The Government must recognize that our railway and airline systems are tools for economic development and for distributing the population of Canada more evenly. The Government is sacrificing those carriers in the mythological proposal that we can compete south of the border and that competition will make us stronger.

I believe the amendment put forward by the Hon. Member for Regina West (Mr. Benjamin) is a very wise one. We should send the subject matter of the Bill to the Standing Committee on Transport for further study and we should scrap the Bill for the moment.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I am pleased to rise to participate in the debate on this very important Bill, a Bill which does not simply deal with the question of transportation but which, in its implications, goes far beyond merely transportation. The motion currently before the House has been proposed by my colleague, the Hon. Member for Regina West (Mr. Benjamin). It suggests that the Bill be withdrawn and that the subject matter thereof be referred to the Standing Committee on Transport. This motion is most important because it recognizes that there has been inadequate consultation by this Government with the parties, groups and individuals most affected by this important decision.

We have already seen other examples of the failure of the Government to consult with groups affected by decisions that touch their lives. Just recently, for example, we saw the debacle in Newfoundland in which the Government moved ahead to announce a new policy but forgot to consult with the people most affected. That kind of arrogance and insensitivity to the concerns of the people of Newfoundland has been mirrored in the approach the Government has taken in transportation. It is for that reason that at this time the Bill should be withdrawn and the Government should recognize that the people of Canada should be given an opportunity to discuss this issue before it goes any further.

[*Translation*]

Mr. Speaker, I would like to point out that this Bill is also connected with a program the Government is implementing in another area. I am referring to privatization. Yesterday, the Minister responsible for privatization declared that the Government was very actively considering the case of Air Canada. The Minister told us that she was taking a very close look at the privatization of Petro-Canada as well. Well, I suppose this is the Government's ideology at work in Canada's public sector. However, we in the NDP are not prepared to allow the Government to destroy Air Canada and Petro-Canada and the transportation industry in this country, an industry that is essential in a country like ours.

• (1200)

[*English*]

I mentioned that this is not just a transportation issue. It touches on a broad range of issues. For example, it clearly affects working men and women. Thousands of jobs are at risk as companies will be forced into throat-cutting competition. We need look no further than immediately south of the border to see the implications of this legislation. It will promote union busting and the destruction of jobs. We have just recently seen the elimination of Red Caps on VIA Rail. For many Canadians, particularly the disabled and senior citizens, the Red Caps provided important and essential service. Yet as part of its drive to cut costs VIA Rail has eliminated that vital service. As one who uses the trains on a regular basis, I find that decision not only heartless but absolutely indefensible from the point of view of service for those people who use the trains.

We are dealing with the issue of safety as well. When transport companies have to cut corners, obviously maintenance and safety are affected. I refer to employee health and safety as well as the safety of those who use the service. We know as well that the implications of this Bill will be particularly hard-hitting on women. Many of the jobs to be eliminated are presently filled by women.

It is a free trade issue as well. The eventual domination of our transportation industry by foreign companies is a very likely outcome of this process. I might note that the process was initiated by the former Liberal Government. The former Minister of Transport, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), was a chief architect of this proposal which would have such destructive implications for communities all across Canada. Small business will suffer from these proposals. Regional expansion will be affected. Certainly the bulk commodity shippers are concerned about captive shipper provisions which may drastically increase their costs.

Members of the NDP filed a minority report to the report *Freedom to Move*. My colleagues, the Hon. Members for Regina West (Mr. Benjamin) and Thunder Bay—Atikokan (Mr. Angus) raised a number of very important concerns. They noted that the Government should be planning to provide more safety inspectors in the transportation sector and not cutting back on an already inadequate number. As well, there must be an effective monitoring agency. I have touched on the question of employment. I would underline that we are talking about 750,000 Canadians employed directly or indirectly in the transportation sector. The Government has not done its homework. It has not adequately examined the implications of deregulation on jobs. There have been no impact studies whatsoever. At a time when unemployment in Canada is already far too high, that kind of negligence is completely unacceptable.

[*Translation*]

Mr. Speaker, this measure will give the U.S. railways and trucking companies easy access to Canada, while there is no reciprocal advantage for Canadian railways and trucking companies in the United States. This is a flagrant betrayal of our independence.

It is not the first time, Mr. Speaker. Once again, the Government is happily selling off part of our national sovereignty, as it has so obviously been doing in the free trade negotiations and the softwood lumber episode.

Mr. Speaker, I just spent two days in the Saguenay—Lac-Saint-Jean area, where I met people from Chicoutimi, Jonquière, Alma and several other towns in the region. They are afraid. If today, the Government is ready to cave in to U.S. pressure on softwood lumber, they wonder what tomorrow will bring. Will it be pulp and paper? What will it be, Mr. Speaker? This Government is prepared to give up our independence in all those sectors.

Mr. Speaker, if we leave the transportation sector open to free market forces, to free enterprise and competition, carriers

will automatically concentrate on the biggest and most lucrative markets, and who can blame them? In other words, peripheral regions and remote areas in Canada's North will have fewer services and fewer opportunities for economic expansion.

[*English*]

Because my time is limited at this particular juncture of the debate I am just going to touch briefly on a couple of other issues. There is a very real concern that the legislation could have an adverse impact on the disabled. I was a member of the Special Committee on Equality Rights which recommended that the Canadian Transport Commission enforce tough new regulations to ensure accessibility for the disabled to all federally-regulated modes of transportation. This legislation will move back from that important objective. As well, it could have a particularly adverse impact on my Province of British Columbia. The Government has already conceded that regulation is necessary in areas above the 55th parallel. What about the other isolated areas below the 55th parallel? Why does the Government equate Cranbrook with Toronto instead of other areas, for example, north of the 55th parallel? We recently saw Air Canada close its ticket counter in Victoria. We have to ask ourselves what would happen in a deregulated British Columbia.

[*Translation*]

Mr. Speaker, this Bill ignores the Canadian situation. It makes no allowances for our geography, for our scattered population centres or the rigours of our climate, and it ignores our sovereignty and independence. This Bill wants to hand us over to the invisible forces of the free market, while everybody knows perfectly well these forces will have a very serious and even disastrous impact on the transportation sector across Canada.

[*English*]

For that reason, we in the NDP will do everything we can to prevent the Government from moving ahead with such a destructive piece of legislation. It not only has an adverse impact on transportation but could directly and vitally impact on the nature and character of this great country. The transportation sector is essential. We must not allow the Government to continue with the steps taken by the Liberals in an attempt to destroy it.

Mr. J. R. Ellis (Prince Edward—Hastings): Mr. Speaker, I do not see any other speakers rising, and I want to deal briefly with the Bill. In my remarks I want to deal directly with the amendment as printed in the Order Paper:

> Bill C-18, An Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Transport.

Indeed, I intend to go a step further because, while no one even remotely suggests this amendment might pass, I am of the opinion that an attempt might be made to have the Bill referred to the Standing Committee on Transport instead of a legislative committee.

I was a member of the Special Committee on the Reform of the House of Commons, better known as the McGrath committee. I can tell you that the recommendations having to do with legislative committees were carefully reasoned after a great deal of study, and in my opinion, at least, legislative committees to date have been working extremely well. In addition, standing committees with their new-found freedom have also, in my opinion, been working well.

I recently read in the press where the Chairman of the Standing Committee on Transport is reported to have said that his committee was breaking new ground when it dealt with the Port Authority. That is the role of the standing committees. The challenge for standing committees is immense. The possibilities for them are enormous. Why then refer this piece of legislation to a standing committee and break the new rules which have been working so well?

• (1210)

As is done in the normal course of events, there was a chairman appointed according to the new rules when the Bill was first introduced in the House. I am that chairman. While I do not particularly want to chair this Bill for my own sake, I do want it to go to a legislative committee. I have recently been given the job of chairing the legislative committee on Bill C-37 and that may keep me busy for a little while. I have, however, spent the last 14 years involved in the Transport Committee, sitting on it primarily when it was dealing with matters of air and rail, less frequently when it dealt with matters of water transport.

The clerk for the legislative committee on Bill C-18 was appointed at exactly the same time as I. The clerk who was chosen is one of the most knowledgeable in the field of transport. The clerk and I met and jointly requested a researcher who is equally well versed in this field. The researcher has been working steadily since November on the subject matter, preparing material for me as chairman in readiness for the Bill going to committee.

Since the matter is spelled out by the Clerk at the Table each day in the Orders of the Day as follows, "Resuming debate on the motion of the Minister of Transport—That Bill C-18, an Act respecting national transportation, be now read a second time and referred to a legislative committee", there has necessarily been a great deal of correspondence between persons who want to appear before the committee and myself. All of this correspondence has been answered and a list has been prepared.

Although this may be of no major significance, I, as chairman, have discussed the matter with the chairman of the comparable committee in the European Parliament which is dealing with the deregulation of transport. They are now making arrangements to come to Canada, at their expense, to discuss these very important matters on a joint basis with us.

The powers of the legislative committee are set out very clearly in Section 93(8)(a) which says that a legislative

committee has exactly the same powers as the old standing committees had in dealing with legislation. The rule spells out clearly what is to be done, how, and when, and when the committee ceases to exist. The persons involved in a legislative committee to deal with Bill C-18 would very likely be the same persons who normally sit on the Standing Committee on Transport who are knowledgeable and familiar with the subject.

Reform, from the election of the Speaker down to the finest detail, in my opinion, has been well received in this House. I think it can be proven by example that the reform conditions have done the House a great deal of good. I see no justification for not dealing with this Bill, which is of major significance to the country, in exactly the same way. I strongly suggest that this is what should happen to it.

Mr. John Nunziata (York South—Weston): Mr. Speaker, I appreciate the opportunity to make some very brief submissions on Bill C-18. Bill C-18 is an extensive and comprehensive piece of legislation comprised of approximately 370 pages. The Liberal Party supports in principle the concept of deregulation. However, we do have some very serious concerns about how the Government is proceeding with Bill C-18.

As has been indicated by other Hon. Members in the House, deregulation will affect every Canadian. A number of interest groups, organizations and companies directly affected by deregulation have expressed some very profound concerns with regard to this Bill. I have a number of press clippings which address Bill C-18.

A story in the Montreal *Gazette* on Tuesday, October 8, 1985, was headlined: "Deregulation will hurt us, CP Rail says". The headline to an editorial in the Winnipeg *Free Press* reads: "Deregulation dangerous". A story in the Winnipeg *Free Press* was titled: "Truckers warned province loser in deregulation". The *Ottawa Citizen* carried an article entitled: "Industry officials fear deregulation plan will run Canadian truckers off the road". The list goes on.

It is clear that the interest groups involved are somewhat concerned about the lack of consultation to date with regard to Bill C-18. The Transport Committee was allotted two months to study *Freedom to Move*. The committee was unable to visit Newfoundland, Prince Edward Island, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta and Canada's North. More important, the Standing Committee on Transport has been unable to review airline deregulation in the United States which has been in place since 1978.

Given the implications of Bill C-18 and the effect it will have on Canadians, we believe that we should proceed more cautiously with it. The Bill is primarily designed to revamp the National Transportation Act which was brought in in 1967 by the Hon. Jack Pickersgill who was then the Minister of Transport in the administration of Lester Pearson. The stated purpose of Bill C-18 is to increase competition in the transportation sector by removing certain regulations which hinder the ability to compete. The modes of transportation affected by deregulation measures in this Bill are rail, air and trucking.

Canadians are asking themselves how deregulation will affect them and their families. We are told that as a result of deregulation the prices will be lower. We are also told that consumers will have more choice in modes of transportation.

The United States embarked upon deregulation in 1978. It is important to consider the American experience in addressing some of the concerns which have been raised in Canada. At times there appears to be a desire by the Government to march lock-step with the United States and deregulations there.

With regard to employment, we are concerned that employees in the airline industry will face massive lay-offs and displacement. That seems logical since one of the effects of deregulation will be that transportation companies will be able to cut costs. It seems logical that one of the ways to cut costs is to reduce the number of employees in any particular industry.

• (1220)

Deregulation was introduced in 1978 in the United States. From 1980 to 1985, 40,000 airline employees lost their jobs. What impact will Bill C-18 have on the employment picture in Canada? If the American experience is one we wish to look to, we can expect in Canada a considerable loss of jobs. The legislation contains no provision whatsoever to protect employment in the airline industry. There is nothing in this Bill to bind airline companies to compensate displaced workers or to give fair warning before layoffs.

It is believed that increased competition will lead to the cutting of costs, a movement towards a "no frills" strategy, route abandonment and a greater propensity to failure, all of which will lead to reduced employment opportunities and layoffs. Bill C-18 offers absolutely no provisions to offset the probable negative impact that deregulation would have on labour in the transportation sector, despite the evidence in black and white of the dislocation problems encountered in the United States as a result of deregulation.

At committee stage, when the *Freedom to Move* paper was considered, we strongly proposed that safeguards be legislated and that new labour management agreements be encouraged. Agreements dealing with security, classification and retraining in the airline industry would also ease the impact of employment loss. The major concern of the Liberal Party is the potential loss of employment here in Canada. We all know that unemployment is one of the biggest problems facing Canadians.

We are also concerned with respect to the issue of safety. We regret that the legislation contains no safeguards preventing situations which would effectively reduce safety standards in the airline industry. The American experience has shown us that this is a real danger. Our position with regard to safety is based on four major observations. First, deregulation brings on a substanatial increase in competition which in lean and more difficult times leads to few remaining options in cost-cutting

strategies. In these stressful periods, a lesser managerial integrity will lead to cost-cutting in maintenance, monitoring, inspection and verification of aircraft. Second, deregulation strongly encourages new entries into the market by relaxing the regulations for entry. These new companies often enter with inexperience and improperly trained employees to maintain aircraft. Third, deregulation impacts on established and new carriers to demand concessions from their employees. These concessions often lead to longer working hours, stress, job insecurity, lower wages and fatigue, which are all causes of a higher risk of human error. Fourth, in the United States the Federal Aviation Administration in 1979 had 2,000 inspectors monitoring 237 air carriers. In 1984 it had 1,300 inspectors for 407 air carriers.

In closing, I would like to repeat our concerns. We support in principle the concept of deregulation, but we have some very serious concerns with regard to the method by which the Government is proposing to implement deregulation in the transportation industry in Canada.

Mr. Thomas Suluk (Nunatsiaq): Mr. Speaker, I am speaking on this Bill with very short notice because of all the games played by opposition Members. I was slated to speak as early as last December. Unfortunately, because of all the delays, I did not arrive until late last night after having been stuck in the North for a few days because of snowstorms and the lack of some alternative forms of transportation.

One of the reasons I participated in the Standing Committee on Transport is because I wanted to try and focus some attention on the Arctic regions of this country, which are very large, indeed. For example, my riding covers three time zones. It stretches from James Bay to the North Pole, from the southern tip of Baffin Island over past northern Quebec and then stretches over to the Beaufort Sea near the Yukon border.

Naturally, transportation is the key to the development or non-development of the Arctic regions.

I believe the North has the highest rate of transportation costs in the whole country, if not in the whole world. For example, I can travel from Ottawa to a place called Grise Fiord, the northernmost civilian community—there are other communities near the northern tip of Canada such as Eureka and Alert, but they are military—at a cost of $1,700 return. Because the scheduled airlines do not run for two more weeks, in order to visit a place like Grise Fiord I would have to charter back, because one obviously cannot sit for two weeks in a community of 200 in the winter-time with no daylight. I do not believe any parliamentarian would wish to spend two weeks in the northernmost community of Canada with no daylight at all. Therefore, I would have to charter back. It costs over $2,000 for a chartered flight from Grise Fiord to Resolute Bay.

The Northwest Territorial Airways run from Yellowknife, the capital of the Northwest Territories, to Frobisher Bay. Most people of Frobisher Bay—I suppose it is called "Iqaluit" nowadays—feel it might be the next capital of the new Government of Nunavut. However, that is another story, Mr. Speaker. A return airfare from the capital of the Northwest Territories to Iqaluit costs $1,700. For that money one can go from Montreal to Finland, to Leningrad, to Moscow, with the airfare including accommodation, plus meals, I heard, in Moscow and Leningrad.

I have tried to bring to the attention of this House and to the Committee that perhaps it is time the Government took another look at the North with some vision. Quite a few years ago, in the years of the Right Hon. John Diefenbaker, the Government dared to have a vision about the North. Now we have oil develoment in the Beaufort Sea. In fact, most people in the North, politicians included, are fighting over control of the Beaufort Sea. They are all trying to get a share of the revenues. But there are at least three or four Arctic regions for which no one has a vision at all. One is needed.

• (1230)

In the speech I might have read, had I the time, I would have brought to the attention of Hon. Members matters such as the creation of transportation links other than air links. Other links are needed because the terrain is too rugged, too uncertain, too remote and too large for the building of roads. It is just not economical. I am not sure that taxpayers in the south of Canada who pay taxes to keep the North running because it is part of the country know that many people in the North appreciate that. People in small remote communities have told me many times: "If you have an opportunity to talk to southern Candaians, the taxpayers, the Government and its representatives, show them some appreciation for us".

With respect to alternatives to transportation in the North, there are track vehicles. Out of eight, nine and sometimes ten months of the year in the North we have frost, snow, ice and temperatures below zero. In fact, I was in Gjoa Haven this week and the temperature was hovering around minus 42 degrees Celsius. Some planes are not even allowed to fly at certain temperature ranges in the North. But there is an alternative form of travel other than air travel. It is affordable, low cost track vehicles. I do not know why the Government in these many years has not thought to invest perhaps a few hundred thousand dollars in track vehicles. In my region which is called the District of Keewatin there is a Bombardier track vehicle. It provides passenger transport and is owned by a local entrepreneur who operates from communities such as Eskimo Point to Whale Cove to Rankin Inlet, twice weekly at half the cost of air fare. A great many people use it. It is not very comfortable and sometimes it takes all day to get from point A to point B, but it is the only affordable method of travel. Many regions, such as the Baffin region which is mountainous, cannot afford the capital expense of buying vehicles such as this, but Governments can.

With the recent interest in sovereignty in the North and the interest which Canadians have shown regarding the North, transportation will be the key not only to the development of the North but also to the defence of the Arctic region.

I will end my speech here, Mr. Speaker. Had I the time, I would go into such matters as how good this transportation measure will be for Canada. But since I do not have the time I will not go through the motions of saying how good it is.

Mr. Riis: Mr. Speaker, I rise on a point of order. I listened with a great deal of interest to the Hon. Member's speech. He provided some very insightful comments about the situation in northern Canada. I know that I speak for my Party when I say that we would be quite prepared to give unanimous consent to allow the Hon. Member to continue, if he so wishes, in terms of his observations which have been an important contribution to the debate.

Mr. Deputy Speaker: Is there unanimous consent for the Hon. Member's motion?

Some Hon. Members: Agreed.

Mr. Suluk: Mr. Speaker, I now have some speech notes which were brought to me from my office. First, perhaps I should ascertain how much time I have.

Mr. Gauthier: A reasonable amount of time.

Mr. Suluk: I thank Hon. Members opposite.

I did not have the opportunity to elaborate on some of the ways in which air transportation has developed the northern part of our great country. There are still some companies in the North which rely on such outmoded planes as DC-3s, the old workhorses of the Second World War. I do not know if they date back to the First World War, but equipment such as that is still being used. There are a few airlines such as N.W.T. Air which use Electra four-engine aircraft. There are airlines such as Nordair which fly from Montreal to places such as Frobisher Bay, Resolute Bay and Nanisivik. Nanisivik is where one of the northern-most mines is located. It contributes to the economy of the North, regardless of whether or not some people from the North say that mining is detrimental to the environment. Their comments also apply to oil development.

Perhaps I should dwell briefly on the alternative forms of travel that are available to the North which have not been utilized over the last few years. In the first speech I ever made to the House I tried to convince parliamentarians and the Government that they should provide some form of subsidy, either by way of subsidy to the airline companies or to the people directly so that they could afford to travel in the North. Air travel is the only way of travelling in the North. I do not wish to say that Canadians, or anyone in the world for that matter, cannot get from point A to point B in the North. Rather, I would say that there are about 25 to 30 remote settlements in the Artic region, not including communities in northern Quebec, northern Ontario, Labrador and Yukon, which have modern airports and modern airstrips. They have all the necessary facilities. They also have regional airlines and charter companies. They do not lack any of those facilities. They do not lack airplanes. What they lack is the ability to travel, and the freedom to travel.

• (1240)

When I was in Gjoa Haven last week I was talking on a local open-line program. One of the questions I received was about *Freedom to Move*, the deregulation of the airline industry. One of the questions people asked me was why southern Canadians have access to competitive airlines and air fares, but in the North this will not be available? The answer I gave, which is quite true, is that without exception all the northern airlines that made representations to the Standing Committee on Transport said they do not want change, they do not want competition, they do not want anybody else encroaching on their profitable businesses and the monopolies that they have. However, if you travel from Montreal to Frobisher Bay, or from Winnipeg to Rankin Inlet, or from Edmonton to Yellowknife, there will be competition. But there will not be competition within the northern region. That is the concern which I have tried to bring forward.

I know that Canadians and the Government are already paying a lot to keep the North operating. Family allowances are provided, welfare is provided directly and indirectly through the Government of the Northwest Territories. That Government receives its principal operating budget from the federal Government, and directly or indirectly from southern Canadian taxpayers. Not so long ago I expressed appreciation for that.

Canadians also are concerned about the sovereignty of the Arctic regions. Most of us in the North talk about who may be playing tag under the Arctic ice with Soviet and American submarines. Yet Canadian submarines cannot go under the ice because we do not have the long-range capabilities of other nations. The Arctic and the North belong to Canada, but we have to rely on other NATO countries to look after the Arctic regions for us. It is time Canadians woke up to the fact that the North is a very large region.

I do not know whether providing assistance to 17,000 people would be considered a major expense, but nevertheless there are many people in the North who feel that perhaps one day the Government or Canadians may stop looking at them with favour, and one day they might have funding cut off. That is the impression held by some people. They hear on the radio, they watch on television and in the news that governments are making cut-backs, and how they might cut family allowances, and things of that nature. I try to tell them that in southern parts people tend to exaggerate a little. However, that is the nature of politics.

I wish to return to the issue of providing subsidies to airline companies, or the people who travel. If those two are not possible, then perhaps we should turn to some companies in southern Canada, of which there are many, that have done research for defence companies, or for other companies such as those involved in the oil industry, and must have developed

vehicles that could operate efficiently, cheaply, and economically in the Arctic regions in the sea ice. Why not utilize what has already been proven to be capable of running in cold regions, and have those vehicles used as alternates to building roads?

Obviously, there are no great riches in the Arctic at the present time. Mines are closing. In my riding, for example, Cullaton Lake is closing, Pine Point is closing, Nanisivik maybe has two years left. In spite of the fact that many Canadians may hear about opposition to development, there are people who rely on employment from those few jobs that the companies provide. It is very expensive to build roads. There are only two or three months of shipping season open in the summertime. In some places ships cannot go at all. For example, a place called Pelly Bay on the north Arctic coast is a small community where, in most decades, the ice never leaves. Icebreakers may be able to go there, but all the houses, all the buildings, all the food,— everything comes by air all the way from Yellowknife. The people in those communities are expected to pay for canned goods, milk, bread, and vegetables, if they are available, with the income received from family allowances or welfare.

Some people may have heard about the high birth rate in the North. That is because people have learned to use family allowances as a means of income, because there is nothing else. The people used to be able to sell fur-bearing animals to the Hudson's Bay Company. In most cases now the Hudson's Bay Company will not take a second look at them. The seal industry in Baffin Island used to provide at least a semblance of independence and some pride, but that too is gone.

• (1250)

I know that Canadians are generous because they provide assistance to starving people in Ethiopia and in other parts of the world. I also know that if Canadians wished, they could provide the necessary services to the people up there.There are not many of them; there are only 17,000 people. In fact, there are about 20,000 or 25,000 people in the whole northern Canadian Arctic region. I know Canadians can be generous. I know the Government can be generous and can overrule some of the strict guidelines which prevent innovative development by providing transportation facilities other than through airlines.

I believe I have sufficiently expounded on what living in the North is like. Perhaps I should mention my experience in a little place called Whale Cove in southern Keewatin, just north of the Province of Manitoba. It faces some of the highest prices of any community in terms of canned milk and bread. I once visited there and proceeded to buy a small box of canned goods and a few other staples. Do you know, Mr. Speaker, that I did not have enough money in my pocket at that time to pay for the box of groceries because it cost over $100? One has to be up there to believe it. One has to go up there to believe some of the unbelievable costs faced by the people there, especially welfare recipients.

I am not talking about territorial and federal Government employees. They have benefits coming out of their ears. In fact many government people are lobbying me now and saying "if you touch our northern benefits and our holidays to the south, we will have a very difficult time". It is very difficult to have any sympathy at all for people who say things of that nature, when one knows that there are people who are trying to live on welfare.

Just a few weeks ago I almost got into trouble with territorial civil servants because I lobbied on behalf of welfare recipients, so that they could receive a portion of their welfare cheques in cash to buy gas and oil to go hunting for a hundred pounds of meat rather than purchasing expensive canned food from the co-op or from Hudson's Bay.

It is difficult for many people to make a living up North, yet civil servants have northern allowances, isolation pay, housing benefits such as staff housing, and goodness knows what else. However, we hear them say that because the Government is going to tax them to make it equitable, they will have a very difficult time. I have a very difficult time believing something like this because I know people who do not have jobs. There are not very many jobs in that region. Most Canadians probably know that. It is very difficult for people who live on welfare, on family allowances, or on old age pensions. They cannot order food from the south as can government employees. They do not have the knowledge and they do not have communication with southern suppliers. Fortunately they can at least get some country food such as caribou and fish. Their livelihood from fur-bearing animals has already been destroyed. We are told that about "fur-made-Canada"; that fur traders who went from the East to the West, to the interior, and to the Arctic regions built this country. Unfortunately, I suppose, the lack of a market for the commodity which built the country is now destroying part of the culture of the northern region.

This is why I have tried very hard to convince the Government and the House to find it in their hearts to provide a small amount of equity and, at the very least, to start research into what alternative forms of travel can be provided for the North.

We all know that travelling by air is very expensive and very difficult, not only for people who must fly but also for those who operate aircraft in minus 40 degree temperatures. They have to heat buildings and to keep their airplanes running. They try to maintain a semblance of happiness for the small flying public who are disappointed many times when airplanes do not arrive because they are frozen solid or fuel lines have been frozen. Those are the kinds of conditions flying companies have to face. I am not saying that they are the culprits.

Mr. McCurdy: Mr. Speaker, I rise on a point of order. I hesitate to interrupt this eloquent portrayal of the North, which I think has done all of us good. I just remind my colleague that he has been accorded indefinite time. Given what my colleagues and I consider the very great value of this eloquent portrayal of the needs of the North, I hope he will

continue until he has finished communicating all he wishes to communicate, and all that I think we need to hear.

Mr. Deputy Speaker: I believe the Hon. Member is aware that he has unlimited time.

Mr. Suluk: Mr. Speaker, I was trying to find a way to end my speech, and I was beginning to find that I was digging myself deeper into a hole. I am glad that the Hon. Member for Windsor—Walkerville (Mr. McCurdy) raised a point of order. It woke me up and brought me back down to earth.

I think I have provided sufficient examples of the situation to Hon. Members. Frankly, my train of thought has been broken, so I will sit in my place and try to collect my thoughts. Perhaps, in a little while, I may be able to ask a question or make a comment. Thank you very much, Mr. Speaker, for according me this time.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

CANADIAN NATIONAL RAILWAYS

ANNOUNCEMENT OF LAY-OFFS AT MONCTON SHOPS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, CN strikes again. I have just heard that more lay-offs have been announced by CN at the Moncton shops. One hundred and sixty-two workers have received their lay-offs effective immediately; 55 are eligible for early retirement, and 232 will be transferred. This makes a total of 449 jobs lost to southeast New Brunswick, and a grand total of 852 jobs lost since September, 1985. It is a darn shame. How can the Government allow this kind of action by a Crown corporation to continue? How can the Government even pretend that it is looking after Atlantic Canada?

[*Translation*]

With respect to the Atlantic region, Mr. Speaker, the behaviour of this Government is shameful, and it has shirked all responsibilities.

Where are our Ministers? What is their role in Cabinet? Or are they quite simply inert puppets strung up by a heartless Prime Minister, a Prime Minister who could not possibly care less about regional development?

[*English*]

CAPITAL PUNISHMENT

INCREASE IN HOMICIDES—CALL FOR DEBATE

Mr. Bill Domm (Peterborough): Mr. Speaker, today we have unfortunately witnessed the tragic murder of yet another Canadian police officer, the second in less than 30 days. Therefore, in light of the 100 per cent increase in police killings since the last execution in 1962, and the 116 per cent increase in homicides for the same period, it has become imperative that Canadians be given the chance for open, honest dialogue on the subject of capital punishment.

The current statistics published on page 18 of a report from the Centre for Justice Statistics shows a comparison with the United States. While American murder rates, since bringing back the death sentence in 1976, have radically decreased, the number of murders in Canada is on the rise. In the United States in 1984 there were 2,320 fewer homicide offences than in 1982. In Canada there were 22 more homicides in 1985 than in 1984. Therefore, while it is obvious that capital punishment will not prevent all homicides, there is clear evidence to support the fact that it could have stopped some, such as serial killers, kidnap killers, hostage taking killers, and planned, deliberate, first-degree murderers.

* * *

YUKON

BY-ELECTION VICTORY FOR NEW DEMOCRATIC PARTY CANDIDATE

Mr. Jim Fulton (Skeena): Mr. Speaker, all Yukoners can be proud of the election yesterday of Danny Joe to the Yukon Legislature for the riding Tatchun. Not only is this a victory for Danny Joe, a hunter and trapper and respected member of the community, it is a victory for the fine work of the New Democratic Government of the Yukon.

Since first elected, Tony Penikett and the New Democrats have reduced unemployment from 18 per cent to 9 per cent. Housing starts are improving, construction is increasing, and all economic indicators are up. This is what Yukoners can expect from a Government that took action to keep the Cyprus Anvil mine running and stepped in to save Watson Lake Forest Products for which it received 100 per cent support from the community.

Not content to rest on an already impressive record, the Government is working to settle land claims and has now embarked on Yukon 2000 to ensure continued economic prosperity.

By electing Danny Joe, the residents of Tatchun have selected an excellent representative, one who will stand up and represent their interests. They have also sent a ringing endorsation of the policies of the Tony Penikett Government,

policies that see the Government working together with Yukoners for the benefit of all.

* * *

INCOME TAX ACT

DELETION OF SECTION 31 ADVOCATED

Mr. Gordon Taylor (Bow River): Mr. Speaker, when are we going to get Section 31 of the Income Tax Act out of our legislation? It is discriminatory, a bane to farmers, an embarrassment to bureaucrats, and is interpreted various ways by the courts.

Farming requires capital. If a farmer borrows the capital from the banks in order to keep his farm going until it makes a profit, he may claim all expenses. But if the same farmer, instead of borrowing the capital, takes another job or position in addition to working on the farm, and then uses his earnings to keep the farm viable until it becomes profitable, he is not considered a farmer under this section and may not claim all of his farm expenses.

Farming, particularly where livestock is involved, is a long-term operation. It takes several years before a farm or ranch becomes profitable. Because of the harassment under this section by Revenue officials, some excellent farmers have become frustrated and sold their holdings, and agriculture has lost valuable farmers.

Yes, I am all in favour of tax reform, but let us clean up our own legislation like deleting Section 31 from the Act. That will be real tax reform.

* * *

PARLIAMENT BUILDINGS

ANNIVERSARY OF GREAT FIRE OF 1916—MEMORIAL PLAQUE PROPOSED TO COMMEMORATE EMPLOYEES WHO LOST THEIR LIVES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, 71 years ago on this date a tragic event took place on Parliament Hill when a fire raged through the Centre Block, claiming the lives of seven persons and destroying our Parliament Buildings. One of those who died in the fire was a Member of Parliament. Although a plaque bearing his name is erected in the lobby in front of the House of Commons, there is no mention of the names of the employees who lost their lives.

• (1405)

Since I first came to the House as a Member of Parliament in 1984, I have several times raised the issue that a plaque should be erected to honour those employees who died, not only in order to honour them but to pay tribute to all employees who have helped to make the Parliament Buildings work. As the only former staff member ever to have been elected to the House of Commons, I hope the day will come very soon when we may all join together to unveil such a plaque. Perhaps the same anniversary next year would be the appropriate time.

Some Hon. Members: Hear, hear!

* * *

ABORTION

IMPACT ON ADOPTION DELAYS

Mr. Alan Redway (York East): Mr. Speaker, I am very concerned about the number of abortions performed in Canada and I feel that not enough attention is paid to adoption as a solution to problem pregnancies. The number of infants available for adoption has fallen drastically and the average length of time prospective adoptive parents must wait is now five years.

In 1984-85 the Province of Saskatchewan placed only 137 infants for adoption while there was a waiting list of close to 1,000 families. In British Columbia, the province with the highest abortion rate, the adoption waiting list for the same year listed well over 2,500 families while only 147 healthy infants were placed by that province for adoption.

Clearly there are thousands of Canadian families eagerly awaiting to adopt children. I believe this option is not stressed enough to women seeking abortions. We should work to dispel the myths surrounding adoption and to promote it as the act of love that it most surely is, both on the part of the mother giving birth and on the part of the adoptive family.

* * *

CANADA POST CORPORATION

ORGANIZATIONS SEEKING MEETINGS WITH MINISTER

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I would like to bring to the attention of the House the fact that there are Canadians concerned about rural and urban post office service who are trying to meet with the Minister. For example, CUEPS, the organization that represents suburban Canadians who want fair service like their neighbours receive has been trying to meet with the Minister since last November when he cancelled his meeting with its representatives. These people have a right to have their grievances heard and the Minister has a responsibility to meet with them.

Yesterday the Minister said in the House that he would meet with Rural Dignity, the group concerned with rural postal service. He told the group to come in the next day, thus giving it less than 24 hours' notice. The group could not meet

that deadline and he has refused to provide an alternate date. It is time for the Minister to realize that he must have the input of the public if he is to run the Post Office in any decent fashion whatsoever.

* * *

EXTERNAL AFFAIRS

APPOINTMENT OF AMBASSADOR TO EUROPEAN ECONOMIC COMMUNITY

Mr. John Oostrom (Willowdale): Mr. Speaker, yesterday the Government appointed Daniel Molgat as Ambassador to the European Community in Brussels. Mr. Molgat, who was Canada's Ambassador to Spain, will now perform a very crucial role for Canada because the international dispute between the United States and the European Economic Community over grain was settled on January 29, 1987.

Mr. Molgat, a 26-year veteran of Canada's diplomatic service, will bring a wealth of experience to the job, thus ensuring a solid reputation for and protection of Canada's interests. Members of the Opposition should be applauding the appointment of this extremely well qualified individual. Perhaps they are silent because Mr. Molgat is the younger brother of Liberal Senator Gil Molgat. This appointment, along with many others the Government has made, shows the Government's commitment to quality and excellence in selecting individuals to serve Canada.

* * *

[*Translation*]

SOCIAL SECURITY

NEED TO MAINTAIN JOB-CREATION PROGRAMS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, the newspaper *La Presse* has just published five articles which clearly illustrate the catastrophic situation of poor people in Greater Montreal and Quebec generally. These articles indicate that more than half a million people in the Montreal metropolitan area live under the threshold of poverty and have to line up to get a bowl of soup. The articles also point out an 11-year life expectancy gap between the residents of Saint-Henri and those of Mont-Royal.

We are told as well about the appaling living conditions of younger people who, forced to make do with meagre social assistance benefits, must also queue up in bread lines.

In my opinion, Mr. Speaker, both the Minister of Employment and Immigration (Mr. Bouchard) and the Minister of State (Youth) (Mr. Charest) ought to read these articles if only to appreciate the fact that, contrary to what they claim, instead of slashing into job creation programs—such as community development or Challenge 87 projects—and shifting them onto the private sector, they should continue to fund them in support of charitable organizations which help people get out of their misery.

* * *

POLITICAL PARTIES

MR. BROADBENT'S MESSAGE

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, you can imagine my surprise a few days ago when I found in my Jonquière mail box—as many of my constituents did in theirs—a letter entitled "Message from Ed Broadbent, MP for Oshawa".

Mr. Speaker, I want to denounce this initiative on the part of the Leader of the New Democratic Party who uses his privileges for partisan activities to make a phoney survey among Canadians.

Here is the kind of comment to which taxpayers are expected to respond: Yes, I think that a tax reform guaranteeing that each taxpayer pays his fair share is necessary. Low or average income Canadians should not have to bear an unfair tax burden. Can anyone be against that?

Here is another typical question, Mr. Speaker: Yes, I support you when you advocate fair taxation! Mr. Speaker, can anyone be against fair taxation?

This approach must be denounced. It is unbelievable that such questions should even be put to Canadians. It is a waste of public funds, altogether shameful. This phoney survey is so ridiculous that Canadians are not even given an opportunity to say no. I have a copy here, Mr. Speaker.

* * *

• (1410)

[*English*]

TRADE

CANADA-UNITED STATES NEGOTIATIONS—DEMAND FOR CANCELLATION

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my colleague, the Hon. Member for Ottawa Centre (Mr. Cassidy), recently attended the national convention of the Canadian Paperworkers Union. The delegates asked him to take a message to the Prime Minister (Mr. Mulroney) of Canada. I do so on his and their behalf.

More than 10,000 members of the Canadian Paperworkers Union from coast to coast have signed cards to send to the Prime Minister expressing their concern about the Government's free trade talks. The cards say: "No to free trade. Sir, you have no mandate to negotiate our way of life. You have no mandate to negotiate away the jobs of one million Canadian

workers. I demand you withdraw from free trade and fulfil your promise of jobs, jobs, jobs."

We in the NDP are proud to work hand in hand with these 10,000 workers and the thousands more they represent. Let us cancel the free trade madness now before we give away any more of our resources.

* * *

ABORIGINAL RIGHTS

PROPOSED FISHING AGREEMENT IN NORTHERN ONTARIO

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, once again in northern Ontario sincere and determined efforts are being made to fashion a fishing agreement with the Indian people of that region. The reaction of some non-native persons to this process is disturbing and, in some cases, disgraceful. Aboriginal rights are recognized in the Canadian Constitution. The most basic and primary of these rights relate to hunting, fishing and trapping. Treaties did not destroy aboriginal rights but confirmed them, and provided for a sharing of natural resources with the newcomers.

The proposed fishing agreement in northern Ontario calls for co-management arrangements for the use and conservation of this resource. It is a reasonable way to proceed. Those who oppose the negotiated approach should consider that the alternative, court action, could lead to a decision upholding an unfettered aboriginal right to fish in traditional territories.

* * *

EXTERNAL AID

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY—PURCHASE OF GRAIN TO ASSIST POOR COUNTRIES

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, it is a cruel irony that in a world where many people still go to bed hungry every night, many countries, including Canada, worry about how to market food surpluses. That is why I was pleased to hear yesterday that CIDA will spend some $450 million on food aid and development over the next two years and that most of the money will be spent on the purchase of grains and oilseeds from western Canadian farmers as part of our contribution to an international world food program.

This is an idea which is already supported by many farmers in the west and indeed all across Canada, who participate in programs like that of the Canadian Food Grains Bank. This particular organization was funded by the Mennonite Central Committee some three years ago and now is supported by six other church organizations. Farmers from across the country contribute grain and money and that is matched or more than matched by CIDA.

While some of CIDA's projects are occasionally and, I think, properly subject to public criticism, I do believe the vast majority of Canadians support this very practical program which ensures that some of our food surpluses are distributed directly to those who need them most.

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CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

BELL CANADA—RATE REBALANCING APPLICATION

Mr. David Orlikow (Winnipeg North): Mr. Speaker, recently the CRTC directed telephone companies to reduce their long-distance rates. Naturally the bulk of the benefits will go to large business corporations. Today, apparently, Bell is going to make an application to the CRTC to permit a rate rebalancing program. That would mean a minimum increase of $1 per month for every home-owner customer of Bell Canada. We oppose such an increase because it will mean the end of the universal telephone service which Canadians have enjoyed. We call upon the CRTC to reject that proposal of Bell Canada.

* * *

• (1415)

FORESTRY

IMPORTANCE TO NOVA SCOTIA AND NATIONAL ECONOMY

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, forestry is of special concern to me. As a Nova Scotian, I am very concerned about an industry which directly and indirectly provides jobs for nearly 30,000 Nova Scotians. As a Canadian, I am concerned about an industry which puts $28 billion into the national economy each year and provides 350,000 jobs. With regard to exports, we are all aware of the large amount of money which forest products earn. Last year that amounted to more than $16 billion. According to the *Financial Post*, that will amount to $17.5 billion this year. That is impressive.

As an M.P. from Cape Breton I can say that we were very pleased that the federal Government invested $10 million in our forests in 1986. Cape Breton is the home of Stora Forest Industries, an important Christmas tree industry.

We are all aware of the importance of a healthy forest industry. The federal Government realizes the importance of forestry to Canadians. Since 1984 national forest renewal spending has more than quadrupled. This kind of commitment is essential if our forest industry is to continue to prosper. I urge the renewal of forestry agreements with Nova Scotia which are due to expire at the end of March.

House of Commons

HOUSE OF COMMONS

ANNIVERSARY OF GREAT FIRE OF 1916

Mr. Speaker: I would like to bring to the attention of all Hon. Members a matter which was raised at the beginning of proceedings this morning, that is, the wooden replica of the Mace which is on the Table today. I make this explanation in the interest of Hon. Members who did not hear it this morning and of the many members of the public who are present, on the suggestion of the Parliamentary Secretary to the Deputy Prime Minister, the Hon. Member for Simcoe North (Mr. Lewis), following upon the very excellent statement made by the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria).

The Chair believes it is very important that we be reminded of the terrible events of this day, 71 years ago, when the Centre Block of the House of Commons burned. It is in memory of those who lost their lives in that fire, and in memory of those who had the courage and vision to rebuild, that we place the wooden replica of the Mace on the Table on this day each year. I know all Hon. Members would want the Chair to bring that to the attention of the Chamber and the public of Canada.

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

OERLIKON AFFAIR—REQUEST FOR PUBLIC INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. Last night on television, the Minister of Consumer and Corporate Affairs admitted that Senator Jean Bazin had approached him twice about the billion-dollar contract awarded to Oerlikon: first Montreal, on March 14, and subsequently in Vancouver, on May 1 at the opening of Expo 86. This revelation is a direct contradiction of the previous version of the facts provided by the Government with respect to the role played by this close friend of the Prime Minister. Why didn't the Government tell the truth to start with? Doesn't this convince the Prime Minister that a full public inquiry is necessary to bring to light all the facts connected with the contract and this whole affair?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I did not see the report in question, but I can inform the Hon. Member that on Tuesday, January 13, I said that my principal secretary, Mr. Roy, met with Mr. Bazin, and on Wednesday, January 14, 1987, I was informed of the facts by Mr. Roy. That is the information I received and brought to the attention of the Right Hon. Leader of the Opposition, and there is nothing in what was said that would lead me to contradict any part of any of my statements.

• (1420)

[*English*]

SENATOR BAZIN'S ACTIONS

Right Hon. John N. Turner (Leader of the Opposition): I refer directly to the role of Senator Jean Bazin. On January 18 Jean Bazin issued a statement through the Minister of State for Federal-Provincial Relations of the Senate with these words: "When the Gestion Farillon file was transferred by Oerlikon Aerospace to the firm of Byers Casgrain, Jean Bazin did not handle this file personally". The Minister of Consumer and Corporate Affairs has admitted he was approached twice by Mr. Bazin about the Oerlikon project, long before Mr. Bazin claims he became involved in this file.

Does the Prime Minister really expect Canadians to believe his close friend and political organizer of Quebec was not lobbying the Minister responsible for the awarding of this $1 billion contract? Why does the Prime Minister not allow a full public inquiry so that Canadians can draw their own conclusions about what happened in this whole mess?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think that question was answered yesterday in the House. The Minister of Consumer and Corporate Affairs elaborated on it outside the House. It was a conversation *en passant*. When the defence critic for the Liberal Party was asked on the CTV *Question Period* program if he had any reason to believe, apart from the land scam itself, that there was anything questionable about the tendering process for the defence contract, he said: "No, I do not". What we are having here is the Liberal Party trying to cast a broad net so it can catch with innuendo, smear, and suspicion any parties which may have had any interest at all in this issue.

Mr. Turner (Vancouver Quadra): We are not basing these questions on innuendo. We are basing them on a statement given to a reputable journalist about the position and connection of Jean Bazin in this contract.

SENATOR BAZIN'S CONVERSATIONS WITH MINISTER

Right Hon. John N. Turner (Leader of the Opposition): On January 20 the Prime Minister said in this House: "Mr. Bazin is a lawyer, he is not a lobbyist". Could the Prime Minister, or the Deputy Prime Minister for that matter, tell us what legal issues about Oerlikon were discussed by Mr. Bazin with the Minister for Consumer and Corporate Affairs both at the Tory Convention in March and at the opening of Expo in Vancouver on May 1? Why does the Prime Minister not admit that Mr. Bazin was not acting as a lawyer, he was acting as a lobbyist, and was aware of this file well before he admitted it in that statement from the Senate?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Right Hon. Leader of the Opposition has attended a few cocktail parties in his day, as well as have other Members of Parliament and

other Ministers. Quite frankly, I understand the issue was raised as a conversation piece during the course of a cocktail reception. I am sure the right hon. gentleman has raised certain issues which interested him with other parties. What is the most important thing here is the fact that when the Prime Minister was made aware of certain irregularities, he took the position then and there to initiate a police inquiry, to relieve a Minister of his responsibilities, and in doing so he has acted in the public interest.

OERLIKON CONTRACT—TENDERING PROCESS

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Prime Minister. Does the Prime Minister not agree that there are now sufficient grounds to call for a public inquiry, in light of the fact that during the Prime Minister's absence on his trip throughout Africa it has been learned that a former Minister of Defence of his Government had serious misgivings about recommending Oerlikon for the low-level air defence contract on the basis of security and supply, and that the former Minister of Regional Industrial Expansion for his Government, had serious concerns about the economic benefits package which the Oerlikon bid had put forward? In fact we now learn that the former Associate Defence Minister was personally lobbied by Senator Bazin long before he publicly stated he was involved in the Oerlikon file.

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, I think all we know on this side is what the Hon. Member said on *Question Period* over a week ago. He said he knew of no irregularities whatsoever relating to the tendering process. If there is a serious question outstanding it is why the Hon. Member keeps changing his story. Are we to believe what he said yesterday and this morning, or are we to believe what he said a week or 10 days ago?

The Oerlikon system was best on price by $150 million. It was rated best technically and in terms of do-ability, and rated best in terms of Canadian content. If it is the position of the Liberal Party that Ministers should have overruled the recommendation of the officials who made those evaluations, and awarded the contract to someone else, let us hear that from them.

• (1425)

Mr. Frith: Mr. Speaker, just for the record, I have been very consistent with my side of the story, which is more than I can say for the Government.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

REQUEST FOR PUBLIC INQUIRY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my supplementary question is directed to the Prime Minister. Why does he not have the courage to call for a public inquiry so that we can have all of the facts put before an impartial inquiry and so that Canadians can once again have their faith restored in the integrity of the political system which the Government is flouting?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Government has courage. It has acted. It has initiated an RCMP investigation, full and unfettered, notwithstanding the fact that Members opposite would like to interfere and have us interfere in the process.

I might add that yesterday, and last night on television, the Hon. Member made a very strong allegation about there being a short list with regard to professionals and employees that the Oerlikon firm had to hire. Last night when Oerlikon was asked in the company of its attorneys whether or not the Hon. Member was correctly quoted, he undertook to clarify and correct his allegations immediately. We have a news story emanating from this Member every day. As the Minister of National Defence has said, what story are we to believe from him today?

Some Hon. Members: Hear, hear!

* * *

FISHERIES

CANADA-FRANCE AGREEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Prime Minister. However, before I ask it I would like to compliment the Prime Minister on his recent visit to the front line states of southern Africa.

Some Hon. Members: Hear, hear!

Mr. Broadbent: I commend him for what he had to say there. In so doing I am sure I speak in this particular instance for the vast majority of Canadians who were pleased to see him doing what he did.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I would now like to come back to domestic matters, something a little different.

While the Prime Minister was away the Government of Canada and the Government of France jointly announced a totally unacceptable deal aimed at resolving the dispute over territorial waters off St. Pierre and Miquelon. I have a copy of a letter sent by the Premier of Newfoundland to the Prime Minister just before Christmas in which the Premier of Newfoundland states: "The Government of Newfoundland would be totally opposed to any proposal to increase the quotas being offered to France".

Given all the options that were open to the Government of Canada why did the Government choose the one option to which the Premier of Newfoundland was specifically opposed?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I thank my hon. friend for his complimentary remarks. I promise him I will not hold them against him.

Earlier today I had a conversation with the Premier of Newfoundland. Senior officials will be visiting with him on Thursday. The Minister of Transport will be visiting with him as previously arranged on Friday, and we will have conversations later.

Our sole objective in this matter was to achieve a settlement that would improve the fishery for Atlantic Canada in all of its complexity. It is not a simple or easy issue. The spirit that motivated us was exactly the same as the spirit that motivated myself and the Government in regard to settling the Atlantic Accord with Newfoundland, a matter which had festered for some 15 years. We are interested in helping Newfoundland bolster its resources. That is why we have proceeded along these lines.

GOVERNMENT'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister did not deal with the question. No one has questioned the motive. The motive was to get an accord. That is what the Government of Canada has been pursuing for some time. Giving the French additional fishing rights off the coast of Newfoundland is a strange way of getting an accord.

Did the Prime Minister explain to Premier Peckford why the Government of Canada did just the opposite to what the Premier requested him to do in his letter before Christmas?

• (1430)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think that my hon. friend is in error. This does not constitute a definitive document that will resolve the fishery dispute. What has been negotiated thus far is an undertaking to attempt to conclude an arrangement that may very well resolve the matter as an interim arrangement.

I point out to my friend that what we have achieved does not in any way constitute a definitive resolution of the fisheries dispute. In point of fact, I tell my friend in fairness that an analysis of the document will reveal that in terms of zone 2J+3KL we have not given up a single codfish. All matters are there for discussion by the principal parties. All substantive issues are to be addressed in this negotiation. We can do that consistent with the interests of Newfoundland and Labrador, which have always motivated this Government.

OVERFISHING BY FRENCH VESSELS—REQUEST THAT GOVERNMENT CANCEL AGREEMENT

Hon. Edward Broadbent (Oshawa): My supplementary question is directed to the Prime Minister. Everyone in Atlantic Canada, and the Government of Canada, knows that the French have been overfishing the stock there for years. Everyone now knows that the Government of Canada has offered an additional 15,000 tonnes of fish to the French. That is the offer.

Mr. Crosbie: Completely untrue.

Mr. Broadbent: I wish to ask the Prime Minister this. Is he now in the process of revising this understanding or agreement? Is he prepared to meet with the request of the Premier of Newfoundland who today at a press conference called upon the Government of Canada to scrap this unacceptable interim agreement?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, when I was away I was surprised to hear the Leader of the NDP talking about gunboat diplomacy in regard to this issue. Maybe they will join NATO now.

We have taken a very constructive and mature attitude in regard to a difficult problem. The failure to begin the process of resolving this matter would mean the reversion to the 1972 treaty negotiated by the previous Liberal Government, which document gave the French the unquantified and perpetual right to fish in Canada's 200-mile zone. The French contend that that includes cod in the 2J+3KL zone. It is because of that disaster brought about by a treaty undertaken by the previous Government, and because of the problems in 3PS as indicated by my hon. friend, that a global solution is required.

There are serious problems in regard to that resource in Newfoundland. The option was completely unacceptable. We are now moving ahead to develop this properly in conjunction with the people and the Government of Newfoundland and Labrador.

Some Hon. Members: Hear, hear!

REQUEST THAT PRIME MINISTER SEND DIPLOMATIC NOTE TO PRESIDENT OF FRANCE

Mr. George Henderson (Egmont): My question is directed to the Prime Minister. It has to do with the same agreement that was signed by Canada and France on the fishery. It also has to do with the agreement that for the first time allowed the French access to the northern cod stocks. The Prime Minister has stated that this agreement of 1972 has done a lot of things. I wish to inform the Prime Minister, and all Members of the House, that the 1972 agreement ended in May of 1986.

In light of all the matters that have gone on in this deal, will the Prime Minister write a strong diplomatic note to the President and Prime Minister of France to inform them that Canada will not live up to the terms of the agreement that was just signed?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend says for the first time the French will be given authorization with regard to the northern cod. As I understand it, as a result of membership in the European Common Market the French have been fishing this northern cod for many years.

The Hon. Member is waving his head. But I think that is absolutely the case. The problem was brought about by an agreement undertaken by the Liberals. We did not give the French anything, the Liberals gave the French unquantified perpetual rights to fish in a 200-mile zone. It is your disaster that we are trying to correct.

Some Hon. Members: Hear, hear!

REQUEST FOR CONSULTATION WITH PROVINCES PRIOR TO SIGNING OF AGREEMENTS

Mr. George Henderson (Egmont): Mr. Speaker, I can understand the frustration of the Prime Minister in this deal, because he has alienated every fisherman in Atlantic Canada, including all the Newfoundlanders.

Some Hon. Members: Hear, hear!

Mr. Henderson: My supplementary question is directed to the Prime Minister. In the spirit of good, co-operative federalism, will the Prime Minister commit himself today that neither he nor his Government will sign any more bilateral agreements with any country without prior consultation and approval from the provinces where the people and the resources are affected by such agreements?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have indicated the nature of the interim arrangement which allows us to consider the possibility of entering into an agreement. We have not given away a single codfish, not a single one.

Mr. Nystrom: Not one?

Mr. Mulroney: Not one in the contested zone, as my hon. friend knows. He refers to frustration and embarrassment. If anyone is frustrated and embarrassed, it should be the Liberals who entered into this treaty with France which gave perpetual rights, and most embarrassed should be the Leader of the Opposition who was then Minister of Finance in the Government that approved this horrendous document.

Some Hon. Members: Hear, hear!

POSSIBLE USE OF SANCTIONS BY CANADA

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister and it has to do with the same issue.

The Prime Minister's remarks confirm that neither the Liberals nor the Tories are prepared to stand up for the interests of Canada.

Mr. Crosbie: On to the gunboats!

Mr. Rodriguez: There is grave concern in Atlantic Canada and across the country that this Government has an inability to negotiate toughly when it comes to the interests of Canada. Canadians are well aware of the fact that when the EEC countries wished access to Canadian stocks offshore, they were prepared to threaten all types of trade sanctions. I want to ask the Prime Minister this. Instead of buckling under and giving away the store, did the Government consider using the type of sanctions which could have forced France to sit down and accept third party arbitration?

Right Hon. Brian Mulroney (Prime Minister): The NDP is now suggesting in its solution to a difficult, complex, and sensitive issue that Canada declare war on France.

Mr. Broadbent: Oh, come on!

Mr. Mulroney: That Canada indulge in recrimination—

Mr. Keeper: It is better than surrender.

Mr. Mulroney: That Canada indulge in thoughtless counteractions of this type.

We have said that the issue is complex. We have not surrendered a single codfish. We recognize the importance of this to Newfoundland, Labrador, Nova Scotia, and Atlantic Canada. We recognize the imperatives that exist because of the agreement negotiated by the Liberals, the treaty of 1972, to which we would revert in the absence of an undertaking.

I am sure my hon. friend would agree that in this matter the proof of the pudding is in the eating. The Government stood up vigorously and strongly for the farmers of western Canada. We will stand up and defend the interests of the fishermen of Newfoundland and Labrador.

Some Hon. Members: Hear, hear!

NORTHERN COD STOCKS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I wish to ask the Prime Minister one simple question. Is he telling Newfoundlanders, and this House, that the French will not be allowed to take any northern cod stocks under this agreement?

Mr. Crosbie: There is no agreement yet.

Right Hon. Brian Mulroney (Prime Minister): I am saying that the French are presently taking northern cod. They have been taking it for many years.

Mr. de Jong: And they will be continuing.

Mr. Mulroney: They have also been overfishing in 3PS. In our judgment there has been a serious depreciation of the stock because of the absence of an interim arrangement and a negotiated settlement. It is because of the extremely damaging consequences that are contained in a possible reversion to the provisions of the 1972 treaty that we have tried in a mature and proper way to negotiate a comprehensive solution to a very difficult matter.

I would hope that my hon. friend would give us support as we try to help the long-term interests of the fishermen of Newfoundland, rather than jingoistic slogans which ill-behoove a socialist who should be standing up for Canada as

opposed to taking positions that are no longer acceptable to anybody.

REQUEST FOR RECALL OF CANADIAN AMBASSADOR FROM FRANCE

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is directed to the Prime Minister. I wish to correct the record, because the Prime Minister has misled the House.

Some Hon. Members: Oh, oh!

• (1440)

Mr. Rompkey: I want to quote from a document issued in 1980 by the Minister of Fisheries which says that the French vessels will be permitted to take, in the Gulf of St. Lawrence, fish until May 15, 1986, and that beyond that date vessels from metropolitan France will no longer be permitted to fish in the Gulf. In view of the legitimate requests of the Premier of Newfoundland this morning as an alternative to this sell-out of the northern cod, will the Prime Minister accede to these four reasonable alternative demands for settling this important issue: first, recall the Canadian Ambassador; second, withdraw port privileges from the French; third, reconsider trade relations; and fourth, reconsider the Prime Minister's role and the Government's role in the Francophone summit? Will he consider those as alternatives?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Hon. Member talks about misleading the House. His colleague, the Hon. Member for Egmont, misled the House a moment ago by suggesting that the treaty signed by the Liberal Government in 1972 had expired. It has not—

Some Hon. Members: Oh, oh!

Mr. Siddon: Only the French fishing rights in the Gulf have expired.

Mr. Speaker: I know all Hon. Members would want to give the Minister a chance to answer. However, I want to comment on the word "misled". There was no suggestion made on either side that anyone intentionally misled. There is a different view of circumstances and perhaps facts, although that is not as clear as it might be. The Hon. Minister will complete his answer.

Mr. Siddon: To conclude my answer, the rights of the French metropolitan fleet to fish in the Gulf of St. Lawrence expired in 1986. Their rights to continue to fish their quota under the EEC long-term agreement, as accorded by a previous Liberal Government, continue into 1987.

REQUEST THAT PRIME MINISTER CANCEL AGREEMENT

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, the Prime Minister is the Prime Minister of all Canada, including Newfoundland whose people are equal Canadians. Will he give them justice and will he give them equal treatment? Will he now reject the pernicious deal his Government is proposing with the French and accede to the legitimate requests of the Premier of Newfoundland? Will he do that?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I see the Leader of the Opposition is applauding. He should be ashamed of himself, having been part of a Government which gave rise to this cornerstone of difficulty for the fishermen of Newfoundland and Labrador.

I invite my hon. friend to abandon the rhetoric and the slogans, on behalf of the fishermen of Newfoundland and Labrador. He knows full well that it is a complex and difficult issue. He knows full well that we are in the process of resolving the matter properly. I have had discussions with the Premier. The Minister of Transport will be down there as well. I would be interested to know if what he said in his first question is official policy of the Opposition. I would be interested to know if that is what the Liberal Party stands for on this particular issue. We know the NDP's gunboat diplomacy. Now the Liberals are apparently talking about a total rupture of a relationship. What we are doing—

Mr. Rompkey: What did you say to the Premier?

Mr. Mulroney: What will I say to the Premier? Exactly what I have said. The Government and its intentions in this file ought to be judged by our actions in others, including the resolution of an historic and difficult injustice for the people of Newfoundland and Labrador where, after 15 years of heartache and agony, the Progressive Conservative Government resolved the tremendously complex issue of offshore resources in favour of the people of Newfoundland and Labrador. We will work with this same determination to help the fishermen of Newfoundland and Labrador.

* * *

[*Translation*]

THE ADMINISTRATION

INQUIRY WHETHER THERE EXIST TWO CLASSES OF CONSERVATIVES

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Prime Minister, who informed this House that he took immediate action to obtain the resignation of the Minister of State (Transport), in view of his involvement in the Oerlikon affair. We now know that Mr. Jean Bazin was involved in Oerlikon's business for almost one year, which made him very much aware of Oerlikon's dealings in Saint-Jean. Could the Prime Minister explain why he asked for the Minister's resignation, while Mr. Bazin has now been sworn in as a member of the Senate? Does this mean there are two

classes of Conservatives, those who are elected to Parliament and those who are good friends of the Prime Minister?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that question has been raised in the House on several occasions and it has been answered on several occasions, and the answer is the same.

ROLE OF SENATOR BAZIN

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my supplementary question is for the Prime Minister. With great respect, that question has not been answered and is on the minds of many Canadians. Just how far is Mr. Bazin's immunity going to extend? The Government has refused to delay Mr. Bazin being sworn into the Senate while the Oerlikon affair is being investigated, in spite of his involvement. Can we take it that the Government will also refuse to take action against Senator Bazin if the RCMP establishes that either he or Oerlikon has acted improperly? Is that the position of the Government?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member asks how far Mr. Bazin's immunity extends. I suppose it extends to the extent, along with that of other Canadians, of freedom from slurs and presumption of guilt. He has made statements. There is nothing inconsistent at all in what he has said with what is on the public record. The police have been ordered to conduct a full inquiry. Why don't the NDP, in particular the Hon. Member, give people the presumption of innocence, as all Canadians are entitled to, and let the police conduct their full inquiry? If there are any charges or any problems to be dealt with or laid, the Royal Canadian Mounted Police will deal with them properly.

* * *

CANADA GAMES

VENUE FOR 1991

Mr. Albert Girard (Restigouche): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport and concerns the Canada Games. The Games have never been done on a rotation basis, and an example of this was when New Brunswick lost to Newfoundland on a bid. Just recently the Canada Games President, Mr. Jack Pelech, stated that it has become a practice for interested communities to have their bids in before the preceding Winter Games. Indeed, the selection has traditionally been announced at the closing ceremonies of the preceding Games. Now Mr. Pelech has announced that there will be a two-month extension so that the community in Prince Edward Island will be able to enter a bid. I should like to know why the Minister is going out of his way to afford special treatment to P.E.I.?

Hon. Otto Jelinek (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I assume the Hon. Member is referring to the 1991 Games, since the 1989 Games have already been awarded to Saskatoon.

Mr. Hnatyshyn: Hear, hear!

Mr. Jelinek: The Minister of Justice is happy with that.

If that is so, let me assure the Hon. Member that there have not been and will not be any extensions given. All communities in Canada will have and continue to have equal opportunity to bid for the Games. In any event, a decision on the 1991 Games will be made in the very near future. In the meantime I invite all Hon. Members to come to Cape Breton in the middle of this month and share in the success of the Canada Games in that community.

* * *

FISHERIES

FISHING RIGHTS ON GRAND BANKS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, this morning the following fishing fleets were fishing just outside the 200-mile zone on the nose of the Grand Banks of Newfoundland—Mexico, Chile, Portugal, and Spain. France and the United States can come and go as they want. Only one country is not allowed to fish in that zone, on the nose of the Grand Banks of Newfoundland, and that is Canada. Why did the Government bring in such a restriction this year against Canadian fishermen? Was it to impress the international countries of the world? Canadian fishermen are second-class citizens in this country.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, you know that Hon. Members in the House get tired of calling the kettle black. However, in this case it was the Government of which the Hon. Member was a part that agreed to extend Canada's economic jurisdiction only to 200 miles and not to encompass the nose and tail of the Grand Banks, a matter which we are trying to rectify.

Mr. Baker: Mr. Speaker, I am not going to get a sensible answer, so I will move from the fresh—

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member is moving to his question, and I know Hon. Members will want to hear it.

CANADA-FRANCE FISHING ARRANGEMENTS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, moving from the fresh fish of the Grand Banks of Newfoundland to the Prime Minister fresh out of Africa, does the Prime Minister recall writing a letter to the Minister of Fisheries dated August 29, 11 a.m., 1986? In part it reads:

—in dealing with this sensitive issue, we must weigh on the one hand the interests of Canadian fishermen—and on the other our bilateral relations with France . . . I would be grateful for an update from you and Mr. Clark prior to the next meeting with the French negotiators.

Did the Prime Minister receive that update? If he did, why did he keep it secret from the Minister of Transport and the provincial Premiers? Did he agree with the negotiators during that update?

• (1450)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I can understand the shame and the sadness that the Hon. Member must feel being a member of a Party that agreed to this document in 1972, which I table for your consideration, Mr. Speaker.

In regard to updates, of course we were kept advised on a regular basis. The complexity of this issue is known even to my hon. friend. He knows full well how difficult it is in trying to resolve all of the aspects of this in a comprehensive manner. What we have done, as an interim step, in no way compromises anything in Newfoundland and Labrador. Not a single codfish in the contested zone has been affected by the undertakings that have been made. That cod stock now is presently being fished under agreements—

An Hon. Member: 15,000 metric tonnes.

Mr. Mulroney: —made by previous Governments.

Mr. Cassidy: The cod may revolt.

Mr. Mulroney: We are aware—

Mr. Nystrom: It is "cod" awful.

Mr. Mulroney: I realize that the New Democratic Party does not view this matter very seriously, but we take the interests of Newfoundland fishermen very, very seriously. I regret the fact that Members of the New Democratic Party are laughing at a very sensitive issue.

Some Hon. Members: Hear, hear!

Mr. Speaker: The Hon. Member for New Westminster—Coquitlam.

Mr. Crosbie: Where are the gunboats, Pauline?

Mr. Nystrom: Sock it to Crosbie, Pauline.

Ms. Jewett: My question is not for you, Crosbie.

An Hon. Member: The old codfather himself.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

NUCLEAR ARMAMENTS

ADVANCED CRUISE MISSILE TESTING INQUIRY

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is for the Minister of National Defence. Twenty-four hours ago I brought to the Minister's attention the existence of his Department's briefing note No. 50 dated April 21, 1986, concerning a project proposal for testing the Advanced Cruise Missile in Canada.

Mr. Crosbie: Rambo Jewett.

Some Hon. Members: Oh, oh!

Ms. Jewett: As the Minister is aware, "project proposal" is the term used to denote a formal, detailed U.S. request for weapon testing under the Canada-U.S. testing agreement. Now that the Minister knows of the existence of this request from the United States, of almost a year ago, will the Minister tell the House today what Canada's response was to that request? Did we say yes or, as I hope, no?

Mr. Nystrom: Or maybe.

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, what I can do is repeat to the Hon. Member what I said yesterday, namely, that there is no current request before Canada at the present time to test the Advanced Cruise.

Ms. Jewett: That is not what I asked.

Mr. Beatty: The Hon. Member says that is not what she asked. She is back from re-reading *The Washington Post*. I think it is important for her to know that there is no current request before Canada nor are we aware of any prospective need in the foreseeable future by the United States to test the Advanced Cruise. If a request is received, we will consider it.

CANADIAN POSITION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, this is becoming Orwellian. The Minister is denying the existence of a document secured under the Access to Information Act. He is denying its very existence. It was dated April 21, 1986. He was not then the Minister. Has he consulted his predecessor about the Canadian response to that document since, under the Memorandum of Understanding we have with the United States, a response must be made within 30 days. Will the Minister table the request in the House and table the response?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, on a continuing basis the Canadian Government discusses with other allies various elements of defence policies. It is not appropriate for us to go into those in detail on the floor of the House of Commons.

Mr. Fulton: Testing a Cruise Missile is reasonably important.

An Hon. Member: Boy wonder.

Mr. Beatty: Here again, we get a case, Mr. Speaker, where a Member of the New Democratic Party poses a question and then the great believers in democracy try to shout down somebody giving a response.

Some Hon. Members: Oh, oh!

Mr. Beatty: If they would listen, Mr. Speaker,—

Ms. Jewett: I am listening.

Mr. Beatty: The next thing you know they will ask that we send the Coast Guard to Washington for gunboat diplomacy too.

Some Hon. Members: Oh, oh!

* * *

ENVIRONMENTAL AFFAIRS

CLEAN-UP OF NIAGARA RIVER AND LAKE ONTARIO

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Minister of the Environment. Last week the Minister was quoted as saying that there was a good chance of Canada reaching an agreement with the United States this week for a clean-up of the Niagara River and Lake Ontario. The week is growing shorter, Mr. Speaker. Would the Minister please advise the House on a scale of one to ten what the chances are of reaching an agreement this week and whether that agreement will include a clean-up of the chemical dumps on the American side of the Niagara River?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, pollution in the Niagara River is of vital concern to the Government of Canada. Something like 4.5 million Canadians derive their drinking water from that source into which something like a tonne to nine tonnes of highly toxic substances are discharged daily. Tomorrow, in Toronto, there will be an international conference bringing together top experts from around the world to discuss the matter, including the question of excavation along the American side, given that 90 per cent of the toxins are from the United States.

In connection with the conference, I am pleased to tell the Hon. Member and the House that there will be a signing of an international accord by Canada and the United States, the Government of New York and the Government of Ontario, which *The Toronto Star*, not given to hyperbole in describing the wonderful things that the Government of Canada is doing, has described as a break-through. I cannot tell the Hon. Member anything more than that before the signing, but I think he will share *The Toronto Star's* high esteem.

PHARMACEUTICAL INDUSTRY

COMMITTEE PROCEEDINGS—HEARING OF WITNESSES

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. He will realize that the Prime Minister has been attempting to foster what he says is better relationships with the United States. Why has the Minister of Consumer and Corporate Affairs issued a directive to Members serving on the legislative committee examining Bill C-22 to prohibit witnesses from the United States, namely, senior citizens' organizations and other groups from appearing and giving testimony on a piece of legislation which has far-reaching ramifications for Canadians from coast to coast?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I issued no such directive. The committee is in charge of its own proceedings. As the Hon. Member indicated at the end of his question, this is legislation which has tremendous impact for Canadians from coast to coast. I find it somewhat surprising that the Liberal Party is suggesting that we should invite American congressmen, American lobbyists, and American representatives of the drug industry to come to Canada to tell us how to frame our law. I would much rather talk to Judy Erola.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

MINISTER'S POSITION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I have a supplementary question for the same Minister. Why is the Minister of Consumer and Corporate Affairs afraid to hear representations from various individuals and organizations, such as the United States chairman of the Generic Pharmaceutical Industry Association? What does he have to hide? Why can we not have those witnesses come before the committee, and give testimony so that Canadians can see the deplorable situation in the United States which this Government is trying to copy?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): There is nothing to hide, Mr. Speaker. The legislation is there. If it is looked at objectively by Hon. Members they will see that it is very beneficial to Canadians. It will improve health care for Canadians, create more research jobs for Canadians, and it will enable us to participate in the exciting biotechnologies. Again, I wonder why the Liberal Party seems to think that you have to go to Washington to find out what we should do here in Canada for Canadians.

Oral Questions

INVESTMENT CANADA

WEST KOOTENAY POWER AND LIGHT COMPANY—SALE TO UNITED STATES CORPORATION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Right Hon. Prime Minister and it concerns a very serious sovereignty issue for Canada and Canadians. He will be aware that the West Kootenay Power and Light Company is being sold to an American company in Kansas City, Missouri. He will realize that the company is involved with hydroelectric generation and water rights on one of Canada's major waterways.

Recognizing the importance of this Canadian sovereignty and that selling the company will be an unprecedented decision on behalf of the Government of Canada, is the Prime Minister prepared to step in and stop this sale before it is too late, and stand up for British Columbians on this very critical issue?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, indeed our decision attests to the fact that the market place did work. The company accepted the best of a series of offers that had been made. I repeat, this has nothing to do with sovereignty, it is just a matter of letting the market place operate and making sure that our rights and resources will be used to the benefit of Canadians. This is precisely what is guaranteed in this decision.

• (1500)

[*English*]

UNITED STATES POLICY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, the Minister ought to know that Canada is not simply a big cash register. There are other major concerns involved. In communication with the American Embassy this morning, I was told that American policy prohibits a foreign company from owning a utility on a navigable waterway in the United States. Can the Prime Minister explain to the House why the Americans would feel it is so important to maintain sovereignty over their utilities when we in Canada are prepared to sell them out to the highest bidder at any time and at any place?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, again I repeat that the resources involved will remain in Canada and be developed for the benefit of Canadian consumers. The company which gained control will indeed honour this commitment. I want to assure the House that it will do so. Moreover, the regulations governing the use of these resources come under provincial jurisdiction and, right now, the provincial administration involved is determining to what extent Canadian consumers can be sure that the resources will be used in Canada.

[*English*]

Mr. Speaker: The Hon. Member for Okanagan—Similkameen on a supplementary.

REPORTED POSITION OF NEW DEMOCRATIC PARTY ENERGY CRITIC IN BRITISH COLUMBIA

Mr. Fred King (Okanagan—Similkameen): Mr. Speaker, I would like to ask the Minister of Consumer and Corporate Affairs if he believes that Investment Canada was influenced in its decision by the fact that the energy critic for the New Democratic Party in British Columbia made a public statement supporting the sale to the American utility company.

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, that is a very good question, but unfortunately I do not have the answer. I can assure the Hon. Member that market forces—

[*English*]

Mr. Speaker: Order, please. One does not always know what is coming in Question Period. I will allow one more question.

* * *

[*Translation*]

THE ADMINISTRATION

OERLIKON AFFAIR—REQUEST FOR PUBLIC INQUIRY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister and again concerns the Saint-Jean land flip. On January 10, I asked the Prime Minister whether at any stage of the bidding process for the low-level air defence system, Mr. Jean Bazin, or should I say Senator Bazin, had lobbied the Government on behalf of Oerlikon or acted as its representative, and the Prime Minister answered that "he is not a lobbyist". Today, I want to ask the Prime Minister, considering the information we received thorugh the Hon. Member for Calgary-Centre, whether he is prepared to revise the answer he gave on January 20 and admit that a public inquiry is not only desirable but necessary to provide clarification of this whole affair and the involvement of Senator Bazin.

[*English*]

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, as the Hon. Member knows, lawyers contact Governments, other officials or other people on a continuing basis on a whole range of matters. It is entirely appropriate that they do so. The Right Hon. Leader of the Opposition knows full well that it is common practice for lawyers to do that. I am not quite sure why the Hon. Member is alleging some impropriety in a lawyer making a contact on behalf of a firm for which he was working.

Mr. Speaker: The Hon. Member for Windsor—Walkerville was seeking to attract the attention of the Chair. I notice that he must have had to leave the Chamber. I wonder if someone could advise him that if he has a question of privilege or a point of order, the Chair will of course see him in a moment. However, I have for the moment recognized the Hon. Member for Cape Breton—East Richmond and he has a point of order which I will hear.

* * *

POINTS OF ORDER

COMMITTEE PROCEEDINGS—PRIVILEGE—ADJUDICATION BY MR. SPEAKER

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, last Thursday, my colleague, the Hon. Member for Winnipeg North (Mr. Orlikow), rose on a question of privilege regarding certain activities that took place during a hearing on Bill C-22 involving amendments to the Patent Act. At that time a number of individuals made some brief interventions, and I wish to quote what you said, Sir, because I am looking for your direction.

As reported at page 2882 of *Hansard* of January 29, 1987, you said:

> What members of the committee do when they reassemble is entirely their own business. However, perhaps something might take place which would make it unnecessary to carry on with this discussion.
>
> I am going to adjourn this matter without prejudice to the Hon. Member who has raised it. If the matter is not settled, I will hear from Hon. Members later.

I emphasize that you said "Hon. Members", Mr. Speaker.

When we resumed committee meetings last Thursday, I raised a question of privilege about the conduct of Members opposite. I reserved my right until I had the opportunity to review first hand the transcript of proceedings earlier in the day. Now I have had an opportunity to do so. This morning, I raised a question of privilege which was put before all Members of the committee and it was ruled by the chairman that the chairman could not rule on a question of privilege. I thereafter moved the appropriate motion so that my question of privilege would be referred to the House of Commons for adjudication by you, Sir.

My concern is that my colleague, the Hon. Member for Winnipeg North (Mr. Orlikow) originally rose on the question of privilege. Since it was voted down by the committee, I wonder if I may now raise this as a question of privilege on the floor of the House of Commons, or if there is some other route I must pursue in order to have my question of privilege at least heard and subsequently adjudicated by you, Sir.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate that this matter was raised last week by the Hon. Member and I understand his concern. In speaking to this point of order, I would refer you, Mr. Speaker, to the decision of Mr. Speaker Jerome of April 6, 1976. I appreciate that it was not on exactly the same point the Hon. Member has made, but in his decision, Mr. Speaker Jerome said the following:

> The Speaker does not have the authority to consider appeals made on procedural decisions of a committee.

Reasons given by the Speaker for this are as follows:

> "Standing committees are and must remain the masters of their own procedure".
>
> For many years in this House the Chair has refrained from sitting in appeal on procedural decisions taken in standing committees.

I appreciate that in this particular decision, the reference is to a standing committee. I know the Chair will realize that at that time standing committees also handled legislative matters. Under parliamentary reform we now have standing committees and legislative committees. We have moved to the point at which there is a panel of Members with expertise in matters of parliamentary procedure, drawn from all Parties of the House, and one would think that, as independence is given to standing committees, and legislative committees have been given the power to sit on a particular Bill, this would reinforce even more the decision of Mr. Justice Jerome, as he now is, who said that committees are the masters of their own destiny as far as procedure is concerned.

• (1510)

I once again raise the spectre of this House intervening as the final Court of Appeal for all procedural questions raised in committee. In saying that I do not shut the door on a very important question of privilege raised by a Member where, for example, he or she was not even allowed in the committee room, where there was a complete and absolute denial of the right of that person to sit and work on the committee. However, I suggest that Mr. Speaker Jerome's decision should be given a great deal of weight when you come down with a decision as to whether or not the Hon. Member should be able to proceed with his point of order.

Hon. André Ouellet (Papineau): Mr. Speaker, I want to intervene briefly on this matter. I appreciate the remarks of the Parliamentary Secretary, but I would point out with reference to his citing the decision of Mr. Speaker Jerome that that was prior to the changes which have occurred in our committee system.

As you will recall, Sir, the McGrath committee made a series of recommendations concerning the activities of the standing committees of this House. This House then saw fit to create a new entity, the legislative committee. That is an entirely new and experimental approach. It has been recommended that you select a number of prominent and experienced parliamentarians to chair these legislative committees. I submit that these chairmen are in a sense an extension of yourself, Mr. Speaker. That is why it was suggested that you make the decision about who would act in these committees with the same impartiality that you exercise in your function in the chair.

I know the Hon. Member for Crowfoot (Mr. Malone) well. I respect him. In fact, I have great admiration for his skill, knowledge and experience in this House. Knowing his great respect for our parliamentary system, I am a little bit surprised at what took place in the committee. I do not want to prejudge him because I was not in the committee when these events took place, but maybe his partisan approach to politics prevailed over his non-partisan approach.

Quite clearly those who are chairmen of legislative committees have to understand that they are to act exactly like you, Mr. Speaker, are supposed to act in the chair, in a non-partisan way. Not only that, but with a certain bias, so to speak, in favour of the minority representation in this House. I think it is encumbent on you as Speaker to make sure that the Official Opposition and the third Party have a chance to express their views and make their points of view known and see that their arguments are heard in this House.

Quite clearly, if this is true for the House of Commons, it is equally true for committee, be it standing or legislative. I hope that in your good judgment you will reflect on that, because it is not the first time opposition Members have complained about some of the decisions arrived at in the standing and legislative committees of this House which do not take into account the proposals put foward by the McGrath committee. Certainly the intention is to allow back-benchers on both sides of the House, not just the Opposition, to play important and constructive roles in our committees. I regret to say that so far we have not seen evidence of government back-benchers taking advantage of the new rules. I do hope that in the near future they will wake up to this new reality.

Above all, I think it is imperative that those you select as chairmen of the committees, acting on your behalf, understand fully their role and their new mandate which is very different from that of previous chairmen of committees of this House. They must behave with more impartiality and independence from government Parliamentary Secretaries or Ministers' assistants who might be giving them orders. I believe this is a matter which should not be perpetuated, it should stop, and the sooner the better for all of us in Parliament.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I raised this matter some days ago. We have had our differences of opinion in the legislative committee concerned. We have had vigorous debates. However, the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall) and I realize the Government has a majority of the members on that committee, as it does on all committees, and that what it wants to happen will happen. However, we have always assumed that decisions would be made after all members of the committee, particularly those in the Opposition, were made conversant with what the procedure would be. We should have an opportunity to discuss the recommendations proposed.

The day before this committee met and made the decision to which we are objecting the steering committee met and discussed a number of possible witnesses. The Hon. Member for Cape Breton—East Richmond and I each made suggestions dealing with the possibility of inviting to appear before the committee certain American witnesses who could help us in the discussions we were holding. This was not turned down in committee. The Clerk was asked to get certain information as to whether these people would be willing to appear and what costs there would be and report back to the committee. We did not get that report.

The next day the committee met in regular session to hear delegations. As I indicated when I raised this matter, the Hon. Member for Cape Breton—East Richmond left a few minutes early. I stayed. I accept the statement made by the chairman of the committee that he did not know this motion would be brought forward. Had the Hon. Member who moved the motion let me know that he intended to do so I would have stayed, we could have discussed it, and since government Members had the majority they would have passed the motion. We were not made aware that the Hon. Member for Dauphin—Swan River (Mr. White) intended to move that motion. That was wrong. I believe that when the Member for Dauphin—Swan River moved his motion the chairman of the committee should have stood the motion over to another meeting of the committee when members of the Opposition were present.

• (1520)

As I said the other day, I believe that the way the matter was dealt with in committee breached the rights and privileges which the Member for Cape Breton—East Richmond and I have as Members of Parliament.

Mr. Albert Cooper (Peace River): Mr. Speaker, I do not want to take too much of the time of the House. However, I believe there are a couple of points which must be made.

Two themes have run through the interventions of Members. The first is that there is a reflection upon the chairman for the way in which he handled this meeting and the meeting flowing out of it where the votes were taken. The second is that the Opposition was suppressed through the handling of this in committee.

I do not believe that anything close to a question of privilege, or even a point of order, exists. It is possible that a grievance exists in this situation, but the House must be mindful of whose grievance it is. In my own committee we have held up meetings while waiting for members of the Opposition in order to get reports approved or motions passed. However, a committee can only postpone its business for so long. It is important to note that members of the Opposition did leave before the end of the meeting. They must take some responsibility for their actions. I do not believe that the committee should be held hostage. It should not have to wait for the return of opposition Members to continue with its business. It is the responsibility of individual committee members to attend committee meetings and conduct business accordingly.

In light of the changes which have been made to the rules concerning committees, it is important that that attitude is protected. All Members must be seen as active members of the committee and must attend meetings so that the committee can perform its work. In conclusion, I do not believe that this is a point of order or that members of the Opposition have a grievance.

Mr. Dingwall: Mr. Speaker, I appreciate the comments of my colleague from the great province of Alberta. However, I was not raising a question of privilege. I was raising the issue of whether I have the right, as a Member of the House, to raise a question of privilege in view of what Mr. Speaker has said and in view of what has taken place in a legislative committee which is new to the House of Commons.

At the same time, my colleague raised a question of privilege on a previous occasion in this House. I am looking for direction from the Chair. Surely to God, on the substance of the issue, if all that is required for procedural matters at a legislative committee is a slim majority, and a legislative committee requires that one member of the Opposition be present when testimony and evidence is heard, you cannot logically say that the two are not linked and related. There is a consequential effect with regard to the procedure which relies upon and is directly related to the evidence which may be adduced from different witnesses. To me that is the genesis, if you will, of a question of privilege, if you say that I have, at least, the right to raise the question of privilege.

I would not want the Hon. Member opposite to have illusions that members of the Opposition were not present. We were present. We left about 10 minutes before the meeting adjourned, having given notice to the Chair and other members. One must keep in mind that that particular session was advertised solely and strictly as a meeting to adduce evidence from the various witnesses. As you know, as counsel, Mr. Speaker, at no time during the deliberations was any notice given that this matter would be raised, either to myself, the representative of the loyal Opposition, to the representative of the New Democratic Party, or to the chairperson of the committee. As I said earlier today in my remarks before the committee, the Hon. Member for Burlington (Mr. Kempling) said in the press that he did not know of this particular matter.

There are two issues here. The first is whether I have a right to stand and present a question of privilege. Second, if we are to say that procedural matters are not linked to the substantive listening to evidence of various witnesses, it becomes very incredible.

Mr. Speaker: I want to thank Hon. Members for their interventions. The Chair has heard sufficient on this issue to try to find a way through these difficulties.

The Hon. Member for Cape Breton—East Richmond is, in effect, on a point of order, as the Chair suggested that that was the proper procedure. He is seeking counsel from the Chair. His complaint relates to the same committee from which the complaint of the Hon. Member for Winnipeg North (Mr. Orlikow) emanated several days ago, as was pointed out by the Hon. Member. After listening carefully to Hon. Members at that time the Chair decided to adjourn the matter for some time to see whether the committee could resolve the difficulties alleged by certain Members. The Chair must take these interventions as a suggestion that there are still some difficulties in the committee. The Chair will consider what was said a few days ago as well as what was said today and will try to give some guidance to the Chamber.

I would like to suggest—and this is only a suggestion because the Chair is not to interfere with committees—that, if there is a complaint, it should first be taken to the committee through the co-operation of the chairman. I believe that would apply to either a legislative committee or a standing committee. However, as the Chair indicated to the Hon. Member a few days ago, and some weeks ago, and as was pointed out by the Hon. Member for Papineau (Mr. Ouellet), some of these procedures are new. The legislative committee concept is new. The Chair is concerned that we be very careful not to allow a situation to go from what might be called a strictly procedural point, which clearly would be a matter for the committee to settle itself, to a circumstance which might indeed be a breach of privilege. The Chair must consider that very carefully, because if something is taking place which strikes at the heart of a Member's right to speak, albeit not necessarily a Member's right to always get what he or she wants, that is a very serious area.

Therefore, I will consider the representations made a few days ago initiated by the Member for Winnipeg North, as well as those today initiated by the Hon. Member for Cape Breton—East Richmond, who properly phrased his intervention as a point of order. Nonetheless, it touches the matters with which the Chair, and all Hon. Members, have to deal. Certainly, in listening to perhaps some of the comments concerning the very respected and senior Member of this House who has taken on the responsibility in this legislative committee as chairman, the Hon. Member for Crowfoot, the Chair did not take any of the comments made to be impugning in any way the good intentions or honour of that Hon. Member.

• (1530)

The Chair will take notice of the matter and will see what can be done to be of assistance to all Hon. Members.

ALLEGED INCORRECT STATEMENT OF MR. KING

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, with reluctance I rise on a point of order to clarify a very serious issue which was raised earlier today when the Hon. Member for Okanagan—Similkameen (Mr. King), through an interjection, indicated that the energy critic for the provincial New Democratic Party did not oppose the sale of the West Kootenay Power and Light Company to an American firm. I want to say that that is blatantly incorrect. It is a falsehood. I

simply assume that it was an inadvertent falsehood stated by the Hon. Member in the House at the time.

Mr. Speaker: The Hon. Member for Kamloops—Shuswap (Mr. Riis) rises on a matter of debate. I would imagine it is an argument over something raised in a question by the Hon. Member toward the end of Question Period today. I think I should indicate to the Hon. House Leader for the New Democratic Party, the Hon. Member for Kamloops—Shuswap (Mr. Riis), that, generally, with the consent of the Opposition, the Chair is prepared to hear Hon. Members from the government side. The Chair would expect and prefer, and I think all Hon. Members would also, when the Chair recognizes someone from the government side, a legitimate question to be raised and not a statement of fact thrown into the debate. I know all Hon. Members would think that this is the appropriate way for the Chair to view these questions. I hope the Hon. Member will accept the Chair's statement that I am determined, as much as I possibly can, to maintain that approach. As I said, sometimes the Chair cannot always predict what the question will be.

GOVERNMENT ORDERS

[*English*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee, and the amendment of Mr. Benjamin (p. 2756).

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, let me at the outset express my disappointment that the Hon. Member for Nunatsiaq (Mr. Suluk) will not continue his discourse of this morning. For my part, and I am sure I am speaking also for all members of our caucus, I consider it to have been a very significant exposition of the character of the North, far beyond the mere issue of transportation.

The Hon. Member talked about how difficult it might be for southerners to live during the winter in the North under circumstances of perpetual darkness. I must say that this must be an experience in a political winter which his Party shares. Perhaps some light was shed upon the Hon. Member's Party, as it was shed upon all of us, with respect to the particular and unique problems of the North. I would like to note, for example, that the North is a part of Canada which bears the same characteristics as the rest of our country at the time it was decided that in order to ensure that, for the sake of east-west communication for the development of this country, there needed to be a transportation system. That transportation system necessitated regulations to ensure that all parts of the country were equally served. What the Hon. Member said was certainly consistent with the need for continued regulation in order to ensure that the public need and convenience of those in the North is indeed served.

Parenthetically, during his discourse, the Hon. Member, I thought, made the imaginative proposal that the character of the North demands a different kind of transportation. He alluded to the need and, indeed, the appropriateness of industry in the South committing itself to some degree to research which would be directed to appropriate forms of transportation in the North. I hope the Hon. Member's Government was listening carefully to this very strong protest in favour of expanded research to meet Canadian needs.

I stand before you, Mr. Speaker, willingly admitting that I, like very many Canadians, do not quite understand this huge piece of legislation in all of its ramifications. The system with which it deals is complex. Beyond all things, it is necessary that the Canadian people have an opportunity to understand the legislation. I think it is most unfortunate that the opportunity in the form of authority to travel for the committee, which would have given the Canadian people an opportunity to understand this legislation, has been denied.

It seems to me to be hurried legislation, legislation that is being rushed through. Perhaps a partial explanation for the rush in getting this legislation through, the reason for refusing the committee an opportunity for adequate consideration, is that the Government does not want the public to understand what it is doing. That is difficult to understand because it claims it is acting in the best interests of Canadians. Surely, a part of acting in the best interest of Canadians is to keep the promises made by the Prime Minister (Mr. Mulroney) to ensure that on every subject on which the Government acts there will be adequate consultation.

When one considers those facts, one wonders whether this is a Bill introduced for the purposes of serving the needs, aspirations and concerns of Canadians or whether it was introduced on the basis of some ideological agenda. We have identified that ideological agenda and it consists of a troika: free trade, deregulation and privatization. On the surface, I think these things are all understood. However, when one considers the pattern of action of the Government, it may very well be that the most fundamental ideology of the Government is Americanization. Without adequate arguments for what is being done, one must look for some model which is being emulated by the Government. Surely, it is clear that what we are doing once more, instead of finding our own way, is to emulate the Americans.

I do not stand before you, Mr. Speaker, to suggest in any way that regulatory reform is not necessary. Like all Canadians, I have had from time to time experiences with our transportation system which I found objectionable. I have seen effects of regulation which I think ought to be changed. I have seen evidence of implementation of regulations which suggests a degree of archaism. We are not suggesting there should be no change. However, we must be concerned about the nature of the change which is occurring, the motivation for those changes and what will be the implications.

The ideology of Americanization must find its models in the United States both for what we should do and what we should not do. When we consider this legislation we must consider the effects deregulation has had in that jurisdiction. When we consider the twin ideological contexts of the free enterprise imperative and Americanization, let us not forget that among the things that those who support the Conservative Party pursue is the maximization of profits and the minimization of costs.

• (1540)

In looking at the implementation of this approach in the United States one will see that one significant element in the equation, called "labour" by economists, is "people out of work" as a consequence of what has happened in the United States. What has happened in the United States has been a vicious attack on ordinary people. There has been a vicious attack on those working in the airlines. Some 40,000 jobs have been lost as a result of airline deregulation. The trucking industry has lost some 150,000 workers as a result of deregulation. One finds a similar number of people have been thrown out of work in the railways. Even those still working have been victimized by a horrendous pressure to concede to the corporations operating the airlines, the trucking system and the railways of that country. There have been tremendous concessions in wages. The first victims in this regard have been women. Unions have found their voices muted on behalf of the working people in many American airlines under deregulation.

Canada is a different sort of country from the United States. We tend to be a little more concerned about the equation involving profit, labour and the consumer. We want to see consumer needs satisfied. Profit is not inappropriate. But it becomes vicious in the way in which it has been pursued under deregulation in the United States.

In examining the present situation I must ask the following serious question. What will be the implications in Canada? The answer has already been provided by CP and CN. They have each suggested that between 10,000 and 15,000 Canadian workers will lose their jobs before 1990. I see nothing in this legislation which addresses that issue. We are not talking about remaining in the dark ages of regulations or even archaic regulations. We are not resisting change where it is appropriate. It is significant to my Party and to the vast majority of Canadians whether or not people will be considered in terms of this legislation. Will people who depend on these industries for their livelihood be considered?

In returning to the reference for the need for regulation in Canada because of the character of our country and the character of the transportation system we need, if one looks to the United States one finds that there are all kinds of people enjoying cheap trips between Detroit and Florida and between New York and Los Angeles. However, if one wishes to fly between Lansing and Grand Rapids, they will have to pay a pretty penny to do so.

We understand that in the North some provisions have been implemented to ensure that regulation establishes that public need and convenience are served. The Hon. Member for Nunatsiaq indicated that these were not sufficient to meet the needs of the North. This raises an additional question. What will be the cost involved in travelling from the North to the South as a result of this legislation?

There are many elements of this Bill about which I have questions. I am not a technologist in the field. I raise these questions as an ordinary citizen and not as a politician. They are questions which have not been answered by the Government. The legislation should cease in its process until the Canadian people understand what the Government is doing.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I rise to support the amendment to withdraw Bill C-18, a motion which if passed would prevent it from seeing the light of day.

There are two main issues in the Bill. The first is that the Government brought in the National Transportation Act whose main intent is to make the user-pay. The Government said in Clause 4 of the Bill, which has now been removed, that anyone making or having use of an ice-breaker, or anyone who employs the federal Coast Guard or the federal Department of Transport in any way, should have to pay for that service. The Government has now said that it will take out this clause for the time being. That is the first thing that the Minister (Mr. Crosbie) has said that is unacceptable to members of the Official Opposition. Some of the transportation organizations have said: "That is fine, as long as we are a part of the negotiating process to come up with a new user-pay system".

Obviously what will happen is that those groups which are part of the process in terms of this new user-pay philosophy for the Department of Transport will be the very ones who will be excluded from the rates. In other words, what the Government of Canada has said is: "All right. We will pull back a bit now and we will go into a consultation process with the industry". Who is the industry? Is it the fishermen up on the north coast of Newfoundland? No. Is it the person who lives up in the Northwest Territories? No. Is it someone living in some small community who might need the ice broken out by an ice-breaker or need an ice-breaker to come in to get out his long-liner to go fishing or seal hunting? No. It is not these people. Who are they? Of course, they are members of well-organized groups, the people who have all the money in the world to be able to pay the new rates but who do not want to pay the new rates. Therefore, they say: "We want to be a part of the process so we will agree with the Government's imposition of user-pay as long as it consults". That is not acceptable to members of the Official Opposition. There should be no user-pay in the federal Department of Transport. The Coast Guard should not be allowed to charge people for the use of its ice-breakers and boats for search and rescue, as the Government wants to have it charge a fee. The new system that will come out of Treasury Board as a result of the exclusion of Clause 4 of the Bill will say that anyone who orders a Coast Guard boat for his own personal use or assistance will have to pay a fee.

That means anyone who is 100 miles off the coast of Labrador, say in stormy weather, and whose engine breaks down, will hesitate to phone the Coast Guard to have someone come and tow him in because he will be charged a fee. Safety should not be at stake as a result of the imposition of fees.

The Government has introduced a fee schedule with respect to phone calls to the weather office. In November of 1984 the Government announced that it would institute a charge with respect to placing calls to the weather office. A mariner who wants to check the weather before going out into the Atlantic Ocean will have to pay for his call. Now it is the ice-breakers and the search and rescue boats. The Minister of Transport, the Hon. Member for St. John's West, has declared to everyone that the charge will still be brought in, although it has been taken out of this Bill, but "we will consult before we bring it in". Mr. Speaker, that is not acceptable.

• (1550)

What else is not acceptable? The entire Bill is not acceptable. The philosophy of the Bill is not acceptable. The philosophy of the Bill is user-pay. The hon. gentleman behind me from the New Democratic Party—and I do not know why they call it new, it is not new any more, it should be called the old Democratic Party—

Mr. Belsher: Mr. Speaker, I rise on a point of order. Does the Hon. Member realize that he is talking about Bill C-75 and not Bill C-18? The Hon. Member seems to be rambling all over creation. Maybe he should return to what we are talking about which is a motion to hoist this Bill for six months.

Mr. Baker: Yes, Mr. Speaker, as I was explaining, and the Hon. Member was not listening, just like all of the PC Members. They never listen. I was explaining that when the Minister introduced this Bill he said he was taking out that clause to have it referred to a committee to re-do it and introduce the same charges through consultation. That is what the Minister said.

Mr. Belsher: That is what you asked for.

Mr. Baker: No, Mr. Speaker, we did not ask for that. We asked that this silly, stupid, ridiculous idea be dropped by the Government. What is it going to do? It is now going to charge for ploughing the street, or ploughing the roads? Is that what it is going to do? It is the same thing as charging somebody by the back door, which is what the Minister of Transport said—

Mr. Benjamin: And breaking your ice.

Mr. Baker: —and breaking the ice. To break the ice in front of a boat is just like charging for a snow-plough in front of a car.

Under this new Bill what will happen? If CN Rail does not break even, just like the Post Office, then the routes will be discontinued. Just imagine, Mr. Speaker, if it does not break even, they will discontinue the rail routes. Using that measurement, airports will be cut out because they do not break even, if the cost is added up. That is the declaration of the Government, if it does not break even—here is Freedom to Move now—"what we will do is to save $20 million a year through CN Marine on the East Coast of Canada". This is a new Crown corporation called Marine Atlantic which this Government created after it came to power. The Government said that through this Crown corporation it will save $20 million on transportation, ships at sea, covered by this Bill. On whose backs is this $20 million being saved? On the backs of people who have to travel from one province to another, and on the backs of those people who have to pay the freight charges from one province to another.

Never before has there been a Government with the audacity to question the Constitution of Canada. At this very minute it has appealed to the Canadian Transport Commission to have the rates increased beyond the ceiling established under the Terms of Union between Newfoundland and the Government across the Gulf of St. Lawrence. In other words, it has applied user-pay. It does not care where you live in Canada, it is user-pay in everything right down the line.

Mr. Fennell: Get on to Bill C-18.

Mr. Baker: That is the philosophy of this Bill presently before the House.

Mr. Fennell: Which Bill?

Mr. Baker: That is the philosophy of the Government. That is why it is the lowest in the polls, and that is why it will stay there. That is why it will form the Opposition after the next election, because people are sick and tired. It does not mind bailing out a bank with a couple of billion dollars for its friends. It does not mind doing that. But at the same time it will sock it to the man living in Newfoundland, and tell him that he has to pay for his ice-breaker service. It will cut this out, cut that out, and cut back on the schedules across the Gulf of St. Lawrence. It will not get away with it. No, it will not. If the government Members were honest, I would not doubt that when the vote is taken on this motion, the six month hoist will be approved, not only by the Opposition but by the government Members.

Mr. Neil Young (Beaches): Mr. Speaker, I rise to support the amendment moved by my colleague, the Hon. Member for Regina West (Mr. Benjamin), to have this Bill referred back to the legislative committee rather than dealt with and approved by the majority in the House.

The reason I support that particular amendment is, broadly speaking on the philosophy of the Bill itself, that I disagree with it for many of the same reasons that have already been stated. But for no other reason, I would oppose this Bill because of the way it has addressed the problems faced by the disabled community. This Bill consists of some 179 pages. It is full of legalese, legal clauses, and fancy words. In the entire

Bill there is one small section with a total of 14 words dealing with the problems that a disabled person may have with the transportation system. The clause that I am referring to is tacked on, almost as an afterthought, to the national transportation policy as it is spelled out in the legislation. The clause that I am concerned about is Clause 3(1)(g) where it states that the national transportation policy will exclude or make it discriminatory to place:

> (ii) an undue obstacle to the mobility of persons including those persons who are disabled,

That is all it states. In effect, it is ignoring everything that has been said before 1980, and particularly since 1980, when an all-Party committee of the House of Commons conducted one of the most extensive studies of the problems faced by disabled people in Canada. It came up with a report called the *Obstacles* Report. The *Obstacles* Report has been referred to by many disabled organizations in Canada, and around the world this report was acclaimed as being the Magna Carta of the disabled in the 1980s.

In that report the committee made no less than 10 recommendations dealing with the transportation policy for disabled persons. Ever since we have talked about those recommendations dealing with disabled issues, both in the House and in the committee. We have tried to impress upon both the previous Government and the present one that these recommendations were given a lot of thought and a tremendous amount of input from the disabled community and people who shared their concerns, not only about transportation, but a host of other matters of equal concern to a person who is disabled. Both Governments have totally ignored everything that has been said.

Apart from the fact that the Bill does not deal adequately with discrimination against disabled people in our transportation system, it raises a number of other serious concerns. The legislation eliminates the Canadian Transport Commission. In the place of that commission another agency will be set up. It raises a number of questions in this respect. It is my understanding that those concerns have never been addressed by the Government.

• (1600)

What happens to the decisions which were previously made by the Canadian Transport Commission on issues affecting disabled people wherein the commission ruled in many cases in favour of the disabled person? What happens to all those decisions? Will the new board or agency recognize those decisions and consider them to be enforceable? That question has been asked but it has never been answered. No one seems to know the answer.

There is another question to which I would like an answer. This is about all we can ask because we know that the Government has a sufficient number of Members to pass the legislation despite anything the opposition Parties have to say. However, these two questions demand answers. At least 10 per cent of the population in Canada is considered to be disabled in one aspect or another. Not all of them have physical disabilities, but they certainly are disabilities which cause problems for them when they are faced with the Canadian transportation system. For example, the Government has said that it intends to deregulate the air transportation system in Canada. I know what that will mean.

Mr. Benjamin: It already has.

Mr. Young: To some extent, not fully. I was in Nova Scotia and New Brunswick in the month of December and I got the surprise of my life. There were no longer DC-9s or other large jet carriers travelling between Fredericton, Halifax, and Sydney, Nova Scotia. The main means of air transport now are Dash-8 aircraft. In a wheelchair on a Dash-8 aircraft one has terrible difficulties in terms of mobility. The size of washrooms is an important question. If a disabled person is trapped inside an aircraft for an extended period of time, the washroom takes on a different significance than it does for able-bodied persons.

I understand—and it is not spelled out in the legislation—that the regulations flowing from the legislation will make absolutely clear that the discriminatory parts of the legislation will not apply to aircraft with fewer than 60 seats. As we go through the whole process of deregulation, and as air-carriers decide that some routes are not profitable for larger aircraft and replace them with Dash-7, Dash-8, and smaller aircraft, which make it difficult for disabled persons to have mobility on board, disabled persons will no longer be able to claim discrimination against them simply because of their physical disabilities. That troubles me.

What bothers me even more is that the advisory committee on disabled persons, associated with the Minister's Department, is not being listened to when it raises those concerns. As I understand it, for the last two years it has been trying to persuade policy makers to change the regulations so that persons who feel they may be discriminated against under the new legislation would at least have the right to make a presentation to some quasi-judicial body to have the discriminatory clause amended or to force air-carriers to treat such persons as though they were able-bodied Canadians. I think that makes eminent sense.

The present Government has made nice statements about disabled persons, and the previous Government did the same thing. We had the *Obstacles* Report. They were nice statements which made them look as if they were really concerned about how attitudes are developed toward the disabled Canadian population. Unless something concrete is done about it, all the words are just empty promises and do not mean a thing. This does a real disservice not only to the disabled Canadian population but to the able-bodied population also, because the decisions made by the Government are about the kind of society in which we want to live in Canada. The vast majority of Canadians want to live in a society which treats all of us equally, whether we are disabled or able-bodied.

I see my time is up. I will have a further opportunity to talk on the Bill after the amendment is disposed of.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the opportunity to speak on the Bill, and I would move:

That, pursuant to Standing Order 9(4)(a), the House continue to sit beyond the ordinary hour of daily adjournment for the purpose of consideration of second reading stage of Bill C-18, an Act respecting national transportation.

Mr. Deputy Speaker: Will those Members who object to the motion please rise in their places?

And fewer than 25 Members having risen:

Mr. Deputy Speaker: Fewer than 25 Members having risen, pursuant to Standing Order 9(4)(b), the motion is deemed to have been adopted.

Motion (Mr. Lewis) agreed to.

• (1610)

[*Translation*]

Mr. Alain Tardif (Richmond—Wolfe): Mr. Speaker, I welcome this opportunity to take part in—

Mr. Deputy Speaker: Order, please. Could the Hon. Member for Richmond—Wolfe (Mr. Tardif) have a chance to make his speech? Thank you.

Mr. Tardif (Richmond—Wolfe): Mr. Speaker, I welcome this opportunity to take part in this very important debate. I think this is a very important matter, and I wish to join the previous speakers in supporting the amendment, namely that:

"Bill C-18, An Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Transport."

I support this motion without reservation, and I do so for a number of reasons.

First of all, I am not in favour of opposing measures aimed at improving the situation in the transportation industry in Canada. I agree wholeheartedly, Mr. Speaker, that we must modernize and provide a framework and regulations aimed at making the market more competitive. However, I submit, with respect, that the manner in which the Government is trying to achieve this objective is entirely unacceptable, for several reasons.

First of all, Mr. Speaker, the way this Government has been reacting in recent weeks is surprising, to say the least.

First of all, when faced with the fact that it had become impossible to negotiate a decent agreement with the United States, it willingly accepted, without further argument, whatever the United States wished to impose on us. That seems to be the way the United States and in fact this Government are approaching Canada.

Second, this Government seems to be saying that what is good for the United States will be good for Canada. What has produced results in the United States, will, always according to the Conservatives, have positive and beneficial effects on Canada.

I may point out to Hon. Members opposite that this is not, in my opinion, a very sound philosophy and that it is certainly not the way to deal with the administration of this country. I could name a number of reasons, but there are a few that are painfully obvious. Canada's territory is larger than the United States, but on that territory we have only twenty-five million people. There are 300 million Americans, Mr. Speaker. I think this point is particularly relevant to any regulations or legislation like the Bill before the House today. There are other facts and factors. Suppose we consider the situation in the United States, which has over thirty cities with a population of over one million. How does that compare with the situation in Canada? We have only three cities with a population of over one million, so that in Canada, transportation not only has a strategic importance in providing for the movement of goods and people, it is a matter of survival.

Regional expansion depends closely if not exclusively on transportation. Any suggestion aimed at improving this sector gets my full support, but certainly not the way our friends opposite are going about it. It stands to reason that the adoption of this Bill will soon be followed by a price war, which in turn will inevitably lead to lower rates. The free market system will prevail, which is another way of saying that major shippers will undoubtedly expect to make a handsome profit. But at the expense of what or whom? My riding lies in a semirural region where transportation is a key factor and whose economic future is closely linked with transportation issues. Smaller carriers will bear the brunt of this change, they will have to pay the higher prices which will automatically flow from the reductions which major companies will get from trucking firms.

In recent weeks I held consultations with a number of interested people who, I suggest, have every reason to be concerned about this measure, and it is interesting to note how much the views vary from one individual to the next. Still these consultations enabled me to draw two conclusions. First we have the major companies which rely on the transportation system for doing most of their business. They are unanimous: any endeavour aimed at the outright deregulation of the transport industry gets their immediate and full support. Ask them why they endorse complete deregulation and you will not have to wait for the answer: There will be drastic cuts in transportation costs, and this can only be a boost for most companies.

But go and ask the same question to small carriers and small manufacturers, and of course the answer is not quite as definite, a lot more confusing. These people are extremely worried, worried about the next day, worried about the future. I should think there is no inconsistency in the two attitudes, the two answers, or the two reactions I have just described.

First of all, in the case of companies which would not stay in business for long if it were not for the transportation system,

the rates they pay now are bound to go down. However, Mr. Speaker, to be economically viable, these companies will have to consider raising their rates to the levels prevailing for other types of transportation, and unfortunately, the people who will suffer will be the men and women who make far less frequent use of those carriers. If we assume that in future, deregulation will be the norm, competition will be fierce and the big guys more likely to survive than the little guys.

But what is the price we will have to pay? What will be the price of this fierce competition among carriers? We can assume there will be lay-offs. Hundreds of employees will be laid off. There will also be an impact on an equally important area, and I am referring to safety. Transport companies will do whatever they can to deliver, regardless of the safety of goods and passengers. What we cannot accept is that this Government appears to be taking its inspiration from what has been done in the United States, while systematically turning a blind eye to the consequences of that policy in the United States. Mr. Speaker, I shall, if I may, give an example that says it all. In the United States, deregulation of the air transportation sector took place in 1978. Between 1978 and 1982, full-time employment with U.S. airlines dropped six per cent. Between 1980 and 1985, 40,000 workers lost their jobs in this industry. That is the obvious result of deregulation, which will lead to unbridled competition, where the big guys will have the best chance of winning, at the expense of the little guys. What will happen in the regions? I think that in the short term, we will see small companies closing or going bankrupt, when they are no longer able to face up to the pressures of competition from the big carriers. This will have a disastrous impact on essential jobs in remote areas and on our regional development policies. Not only will there be no improvement, but we will see a deterioration of the situation which will have a further impact on all jobs related to the industry.

Mr. Speaker, there is another situation that also gives cause for concern. Many carriers have had to invest enormous sums of money to obtain the licence that gives them the right to cover a specific territory. Now this legislation will challenge the whole question of the underlying value of these licences, the result being to undermine considerably the assets of these companies which, I think, should have some protection so they can recover costs incurred when servicing remote areas.

Mr. Speaker, there are other considerations as far as jobs are concerned. In addition to the jobs directly related to the transportation industry, there are also jobs in small and medium-sized businesses that depend on that industry. In concluding, I would like to quote from an editorial that appeared in *La Presse*, which I think quite accurately summarizes the situation. It reads as follows:

> We have embarked on an era of deregulation in every field; an era of privatization, in Canada and in Quebec; and an era that celebrates free enterprise and free market competition. Granted, we Canadians who depend on the giant next door are not likely to reverse this trend.
>
> However, we will have to make a choice between what is good for the consumer and what is good for society. Savings to the consumer does not necessarily mean that society will benefit. Let us first see the price we will have to pay.

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I should like to comment briefly on the amendment now before the House, an amendment moved by the Hon. Member for Regina West (Mr. Benjamin). The amendment reads as follows:

> "That Bill C-18, an Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Transport."

Mr. Speaker, I agree that the order should be discharged and the Bill withdrawn now because it is not good for Canada. We do need a study by the Standing Committee on Transport to assess the impact of the proposed deregulation advocated by the Conservative Party of Canada. This Bill is not good for Canada because our country is made up of many regions which are far removed from urban centres and major markets. I am talking about Montreal, Toronto and Vancouver which are Canada's main markets. It would be difficult to implement deregulation. Besides, I am concerned about questions of service and safety.

• (1620)

[*English*]

—of safety. As I said, I have two major concerns about this Bill before us. My number one concern is safety, and my second great concern is service to Canadians.

I come from the riding of Yorkton—Melville. It is a farm riding and there are a number of small villages, towns, communities and farms there. One of my concerns about a law that would deregulate transportation is that the least populated areas, ridings like mine, will not enjoy the same kind of service that Canadians in large central market-places like Toronto, Vancouver and Montreal enjoy. I believe that Saskatchewan, and particularly ridings like mine, will be the losers if transportation in Canada is deregulated. I believe that once again it is an example of the Government across the way following in the footsteps of Ronald Reagan and the American administration.

I am concerned about deregulation from a service point of view because, year after year, I have seen the CNR and the CPR applying to the CTC to abandon rail lines because some towns are small and their elevators may not be very large compared to those in larger centres. The railways have been doing this in an attempt to centralize things. I have also seen the railways campaigning very hard for deregulation and to get rid of the Crow rate so that they may charge a variable rate or a rate the market can bear. Time and time again, I have seen people in small communities having to band together to fight very hard to keep their grain elevators and rail lines and now even to keep their post offices. I am sure, Mr. Speaker, you have read recent articles in the press, such as the one this morning in *The Globe and Mail*, which indicates that 188 rural post offices are to close.

[*Translation*]

We now have a Minister responsible for Canada Post who is anxious to close down a number of post offices throughout Canada. Mr. Speaker, most of these are in small villages and small towns in Canada. There is a parallel to be drawn between post offices and the transportation system in Canada. As a Member from a rural area I am afraid this Bill will lead to a lack of services, and this is why we must fight tooth and nail to prevent the Minister of Transport from pushing this measure through.

And that is not all, Mr. Speaker. The former Minister and Deputy Prime Minister, the former Member for Yukon, Mr. Erik Nielsen, has been appointed Chairman of the Canadian Transport Commission. I am afraid Mr. Nielsen might not remain neutral in his position because he is the man who led the fight for deregulation in Canada. He is the man who forced the Prime Minister of this Government to introduce the Bill. I am wary of Mr. Nielsen acting as referee in a case like this. I am wary because he believes in the private enterprise system, the private sector, and that spells trouble for people of modest means. The Minister of National Health and Welfare (Mr. Epp) agrees with me, Mr. Speaker, but I happen to know that the Minister of National Health and Welfare is a red Tory.

[*English*]

He is a progressive, red Tory from Manitoba. If he were Minister of Transport, I am sure he would not present a Bill on deregulation under which some of the small centres in his riding would suffer.

I have here in my hands today an application made to the Canadian Transport Commission by Pacific Western Airlines to suspend services on a temporary basis to Whitehorse in the Yukon Territory, effective March 2, 1987, to April 26, 1987. With the abolition of the Canadian Transport Commission under deregulation, we will see more and more of these moves by airline carriers to abandon services to major regional centres.

Coming from Saskatchewan, I know that people complain that Saskatchewan is getting fewer and fewer flights and fewer and fewer choices because the population is not large. If we have wholesale deregulation, there is a concern that seat sales will not be applicable to places like Regina and Saskatoon in the same numbers proportionally as they will be applicable to Vancouver, Montreal and Toronto because there are modes of competition in the larger centres that do not exist on the Prairies. That will be one of the consequences of deregulation. The service in rural Saskatchewan, northern Canada, the Atlantic provinces and throughout much of Quebec will suffer, but that is the kind of vision the Conservative Party has in mind.

When the Canadian people voted for a change in September 1984, they did not vote for a change that would take us on a wild ride in right-wing Conservative politics imported from the United States of America. They were tired of a Liberal Government and a Liberal Prime Minister but they did not want this Party to go galloping off with Reaganism lock, stock and barrel. Members of our Party will do whatever we can to stop this wholesale deregulation Bill that is before the House today.

I am also concerned about safety. The experience in the United States has been that airline companies and companies in other modes of transportation are trying to cut services and are trying to cut corners in terms of safety as well. They are doing this because they are trying to save money in the dog-eat-dog world of private enterprise. We should not run the risk of jeopardizing safety in airline services or any other services. My twin concerns are service and safety, but I would like to mention one other thing since I have only two minutes to go.

As a prairie Member, I am concerned as well that as we move down the road to deregulation, we will be moving down the road to variable freight rates across the Prairies. In fact, the CNR now has an application before the CTC to move on variable rates. This is a very important issue for western Canadian farmers. If there are variable freight rates, the railways themselves will determine which communities get services and which communities do not. They can charge rates of 20 per cent or 30 per cent higher for communities where they wish to abandon rail lines. If they charge 20 per cent or 30 per cent more to haul grain to a small community, farmers will haul their grain a few extra miles to a larger community, there will be more and more centralization in larger communities and there will be more and more inland terminals and large through-put elevators, thus leading to the abandonment of rail lines in small communities.

I do not think the railways should make that choice. The CPR and the CNR do not run this country. I think we need regulations that will provide service for ordinary people in Canada, whether they live in Toronto, Ontario, or Kamsack, Saskatchewan.

[*Translation*]

Mr. Speaker, I would hate to see any discrimination against Canada's rural population, against the people who live in the Abitibi region in Quebec or in Kamsack or Yorkton or Kindersley in Saskatchewan. With deregulation—

Mr. Hnatyshyn: Aylmer, Quebec!

Mr. Nystrom: Mr. Speaker, the Minister of Justice (Mr. Hnatyshyn) is rooting for Aylmer, Quebec, for a community located within a large urban area. And I know why, because the Progressive Conservative Party is in favour of centralization in this country. They are in favour of large urban centres in Canada. I am afraid the Minister, my hon. friend from Saskatchewan, has forgotten his rural roots, because a bill on deregulation would be a bad thing for the people of Saskatchewan, for any town or village, for any riding, for my riding and the riding of the Minister of Justice. And I hope he will soon close ranks with us on this Bill.

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I too should like to take part in this debate on Bill C-

18 concerning transport deregulation. First I want to say that ever since Confederation the various Governments have used the transport systems and regulated them because they were considered as an essential element of the nation. We need only think about the expanse of this country, the many regions, the myriad of small towns and villages. Without a transport system regulation policy it would be difficult to have a cohesive and united country.

The Liberal Party is aware of the fact that our transport industry is not static by any means and that we cannot allow ourselves to disregard the evolution of transport services elsewhere in the world, more particularly in the United States, our major trade partner. However we condemn any move towards hasty deregulation of the Canadian transport industry which would be pushed through Parliament without due public consultation and adequate study by the Standing Committee on Transport.

Mr. Speaker, I was told that during the two months the Standing Committee on Transport was allotted to study the White Paper *Freedom to Move* it did not have time to travel to Newfoundland, Prince Edward Island, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta, and Northern Ontario. Not only that, Mr. Speaker, the Standing Committee on Transport could not find time to study the deregulation of the air transport industry which began in the United States in 1978. It is unwise in our view, not to say remiss, to proceed with deregulation in Canada on the basis of a so scanty data base.

Mr. Speaker, despite the objections raised by Liberal Members and indeed a number of Conservative Members, including the committee chairman, because of inadequate time allowed the Transport Committee, Conservative Members supported the report and now we have this Bill. Mr. Speaker, this reminds us of the scenario when the Committee on Government Operations studied Canada Post's corporate plans. The Minister referred them to a committee in order to bring them into full light so that Canadians could understand what those plans were all about, but after one single witness, Canada Post President had appeared for a few days only, Conservative Members in the Committee voted to stop calling in any further witnesses and to submit a report.

Mr. Speaker, that committee was to delve deep into the affairs of the Post Office, and in this case another committee was to lay bare our Canadian transportation system. The conditions were identical, Mr. Speaker—this Government acted in one and the same way, and if we consider the importance of mail delivery in Canada and the importance of transportation, we can conclude that this Government believes in rapid centralization—it wants to make Canada a country of three cities— Vancouver, Toronto and Montreal.

Mr. Speaker, we cannot accept this kind of legislation and the way the Government is ramming it through.

Mr. Speaker, I should like to quote a few extracts from an article which appeared in the June 27, 1986, issue of the *Journal de Montréal*. That is the date on which the Bill was introduced and presented as a major economic Bill. I quote from this article written by journalist Jean-Denis Girouard.

The new legislation is "one of the key elements of the Government's economic agenda", according to Mr. André Bissonnette, Minister of State responsible for Small Businesses.

Mr. Speaker, it was the Minister of State for Small Businesses who was reported as saying that such a Bill was a key element of the economic agenda. In the same article, and I quote again:

THE LEGISLATION IS NOT UNIVERSALLY PRAISED

The new national transportation legislation is not universally praised. Far from it. It is considered by many as being simply a deregulating legislation which will cause several small transport companies to go bankrupt.

Mr. Speaker, such is the situation. What is the reality of this Bill? First of all, it will jeopardize our small businesses and favour apparently the whole transport operation of a few major corporations; also, in such a great country as Canada, there will be only three cities, that is to say, three major centres of activities with a population of over a million, which will benefit from this transport deregulating program, while all our small communities and towns will be deprived of a service which is essential in our Canadian communication and transportation system.

• (1630)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is as follows: Mr. Benjamin, seconded by Mr. Orlikow, moved the following amendment:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

Bill C-18, an Act respecting national transportation, be not now read a second time but that the Order be discharged, the Bill withdrawn and the subject-matter thereof referred to the Standing Committee on Transport.

The question is on the amendment. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

● (1640)

(Division No. 50)

YEAS

Members

Allmand
Althouse
Angus
Axworthy
Baker
Benjamin
Blackburn
(Brant)
Blaikie
Boudria
Caccia
Copps
de Jong
Dingwall
Epp
(Thunder Bay—
Nipigon)
Finestone
Fulton
Gagliano
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Heap
Henderson
Hopkins
Hovdebo
Isabelle
Jewett
Kaplan
Keeper
Killens
MacLellan
Marchi
McCurdy
McDonald
(Broadview—
Greenwood)
Mitchell
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Prud'homme
Riis
Robichaud
Rodriguez
Rompkey
Rossi
Young —47

NAYS

Members

Belsher
Bertrand
Binns
Blais
Blenkarn
Bouchard
Bourgault
Bradley
Brightwell
Browes
Cadieux
Caldwell
Champagne
(Champlain)
Clark
(Brandon—Souris)
Clinch
Collins
Comeau
Cook
Cooper
Cossitt
Crofton
Crosby
(Halifax West)
Darling
Della Noce
Domm
Duguay
Edwards
Ellis
Epp
(Provencher)
Fennell
Fontaine
Fraleigh
Fretz
Gagnon
Gass
Gervais
Girard
Gormley
Gottselig
Gray
(Bonaventure—Îles-de-
la-Madeleine)
Greenaway
Grisé
Guilbault
(Drummond)
Gustafson
Halliday
Hamilton
Harvey
Hawkes
Hnatyshyn
Horner
Howie
James
Jardine
Jelinek
Jepson
Joncas
Jourdenais
Kempling
Kilgour
King
Ladouceur
La Salle
Lawrence
Layton
Lewis
MacDougall
(Timiskaming)
MacKay
Malone
Mantha
Martin
Mayer
Mazankowski
McCain
McCrossan
McKenzie
McKinnon
Merrithew
Minaker
Moore
Nickerson
Nowlan
Oberle
O'Neil
Oostrom
Pietz
Plourde
Redway
Reimer
Ricard
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Sparrow
Stackhouse
Stevens
Suluk
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tremblay
(Lotbinière)
Tupper
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
White
Witer—111

● (1700)

Mr. Deputy Speaker: I declare the amendment lost.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

* * *

PRIVILEGE

ABSENCE OF BELLS IN COMMITTEE ROOM TO CALL MEMBERS TO VOTE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I rise on a question of privilege. Many Members were present at the meeting of a Standing Committee in room 371 of the West Block this afternoon. I see many Members who were there with me. We were not informed of the vote. We did not hear the division bells because there are no bells in that room to inform Members of upcoming votes. I think that this problem could be corrected by the Chair and that this should be done immediately so that Members will have enough time to come to the House when there is a vote.

Mr. Deputy Speaker: The Hon. Member is right and the Chair will see to it that this situation is corrected as soon as possible.

It being five o'clock, the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

SPACE DEVELOPMENT

ADVISABILITY OF PROMOTING A TREATY FOR PEACEFUL USE OF SPACE

Ms. Pauline Jewett (New Westminster—Coquitlam) moved:

That, in the opinion of this House, the Government should consider the advisability of drafting and promoting a treaty for the peaceful and non-military uses of space and space based technologies.

She said: Mr. Speaker, when I proposed this motion last fall I was already well aware of Canada's increasing involvement in space activities and shared the growing public concern about the possible uses of space for military rather than peaceful purposes. I have felt strongly for some time that Canada should take a lead in maintaining the frontier of space for peaceful purposes. We have already taken a few steps. For

example, there was Canada's participation in the United Nations Committee on the Peaceful Uses of Outer Space; Canada's own admirable space related accomplishments; and our longstanding dedication to international co-operation and the strengthening of the body of international law, for example Canada's long and leading role in the Law of the Sea. These provide a real opening for Canada to take further initiatives in securing the peaceful development of the last frontier.

The time is right for someone, and Canada is an ideal candidate, to propose—indeed, to draft and promote—a treaty for the peaceful and non-military uses of space and space based technologies.

Since last fall we have all become aware of U.S. Defence Department plans to use the NASA International Space Station Project for military and, particularly, SDI purposes. *Aviation Week and Space Technology* magazine reported the following on December 22:

> The U.S. Defence Department has decided to draw formal plans for use of the U.S./international space station for military research—Defence Department officials—assert their right to station based research in light of SDI requirements and Defence Space Policy. NASA officials think the Defence Department will use the station for at least basic research related to SDI as well as other military areas.

I repeat the words "at least basic research related to SDI as well as other military areas". This is dreadful news. It is news that raises the real possibility that Canada will become directly involved in the militarization of space, and directly involved in SDI through our participation in the space station. Therefore, there is now a real urgency to address this question. The Government at the moment is being naive, at best, in failing to recognize what is going on both with the space station plans and with the urgent issue of militarization of space.

• (1710)

In responding to this alarming news of United States military/SDI plans for the space station, the director of Canada's space station project buried his head in the sand and said that Canada would continue to participate "until a possible change in policy regarding its use is substantiated". Certainly, a more decisive approach than this is needed.

The United Nations has already decided "as a matter of priority" to seek ways and means of maintaining outer space for peaceful purposes. Its committee established for that purpose is working for, among other things, the banning of weapons in outer space, including anti-satellite weapons; international co-operation in space exploration; the strengthening of international law and institutions for such exploration; the establishment of a World Space Organization; the development of space law and international agreements; greater governmental co-operation; prevention of growing militarization in space; and high level bilateral negotiations between the superpowers, and multilateral negotiations to prevent an arms race in space.

Canada should take a lead in drafting and promoting a treaty that would draw on the work of this important commiteee of the United Nations. Such a treaty would prohibit weapons in space; it would forestall the deployment of anti-satellite weapons; it would prevent other types of militarization such as military training, research, and experimentation; it would secure space for exciting, challenging, truly international co-operative ventures designed for the benefit rather than the destruction of humanity.

I would hope that such a treaty would create a world space organization that would concentrate on using space technology for peaceful international activities. Such activities would include communication, navigation, and search and rescue—it should be noted, of course, that Canada, the Soviet Union, France, and the United States are already co-operating in the highly successful SARSAT—remote sensing for agriculture and resource management, meteorology and disaster forecasting, and energy, medical, and biological research. These are some of the activities that a world space organization would undertake.

As well as promoting an urgently needed treaty to prevent the militarization of space, Canada should give careful consideration to a three-stage program, which was discussed at the United Nations last fall, for securing international co-operation and the peaceful uses of space, starting with a special United Nations General Assembly not later than 1990, and leading to co-ordination of national space activities, and ultimately to internationalized direction of the peaceful uses and exploration of space by the year 2000.

Last week, with sadness, we marked the first anniversary of the United States space shuttle tragedy. In December, I had the honour of meeting and having a long discussion with the distinguished Austrian Foreign Minister, Peter Jankowitsch, who for some time was Chairman of the United Nations Committee on the Peaceful Uses of Outer Space. I wish to quote from his final statement to that committee before he left New York to resume his position as Foreign Minister of Austria. He said:

> The vast benefits that mankind has reaped over past decades from space science and technology, and even more, the tremendous possibilities that still lie ahead, can only lead to one overriding conclusion: the doors to outer space have been thrown wide open and a tremendous job remains to be done. We have created instruments that work, as well as a sense of mission that is quite unique.
>
> We should re-dedicate ourselves, not only to the peaceful conquest of outer space through human beings and through their minds, through ever newer and ever richer technological accomplishments, but also through an increased measure of international co-operation. If we proceed in this spirit, hardly any sacrifice will have been made in vain.

I hope that other Members will join me in calling on Canada to take the lead at the United Nations, and elsewhere, in this mission of knowledge, international co-operation, and peace.

Space belongs to us all. It is not something that a single nation has a right to exploit for its own purposes, particularly military purposes. All nations must work toward the internationalization of space, and we must direct our efforts to the peaceful and non-military uses of space.

[*Translation*]

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I welcome this opportunity to speak to the motion presented by the Hon. Member on the other side of the House.

We know that for a number of years, the international community has become increasingly concerned about the possibility of an arms race in outer space. Mr. Speaker, this growing concern reflects an increased awareness on the part of decision-makers and the general public of new technologies of every kind that are making the possibility of using outer space for military as well as for peaceful and beneficial purposes less and less remote.

In fact, since the beginning of the space age, a host of military applications have been developed, mainly for surveillance and communications. The Soviet Union has been one of the leaders in the use of outer space for military purposes. Growing international concern was heightened by President Reagan's announcement in 1983 about a major research program that would examine the feasibility of an ABM defence system, including weapons based in space.

President Reagan's announcement was not the cause of the concern about the military use of outer space although it did much to increase it.

The main multilateral forums before which this issue is dealt with in the context of disarmament and arms control are the First Committee of the UN General Assembly and the Geneva Conference on Disarmament. In 1981, the UN General Assembly started discussing ways to prevent an arms race in outer space. Ever since, this matter has been on the agenda of the First Committee of the UN General Assembly.

During its 1985 session, the Conference on Disarmament agreed for the first time on the terms of reference of a special committee charged with discussing prevention of an arms race in outer space. Mr. Speaker, those terms of reference, which did not include negotiations, were renewed and only slightly modified at the 1986 session.

Canada played an active role in the discussion and debate on this issue at the First Committee and the Conference on Disarmament. At the First Committee of the UN General Assembly, non-aligned countries have traditionally been the most progressive.

At the 1985 and 1986 sessions of the First Committee, the Canadian delegation worked closely with the Western delegations and members of the group of non-aligned countries to achieve a consensus on an appropriate resolution. These efforts have been largely successful so far, and Canada was able to join the other delegations in supporting a resolution that was adopted without dissent.

Whereas the debates of the first commission reflect, at the political level, the significance of various concerns and the national interest, the disarmament commission was the forum for more serious discussions on different legal, technical and political aspects of the use of outer space. Canada's contribution to these debates ranks among the best.

At the 1985 session we presented a working paper which was an in-depth study of current international legislation concerning arms control and outer space. During last year's session we produced a document dealing more specifically with the use of terminology.

Undeniably, our contributions gave a sense of direction to the commission debates and made it a lot easier to make the participants more aware of the complex process involved in drafting international legislation governing military and non-military use of outer space. Canada is hopeful that during the 1987 session which will open soon it will be possible to reach early agreement on a mandate which will pave the way for further studies in this field.

The activities of Canada within these two multilateral key forums attests to the Government's firm commitment to promote the peaceful use of, and the prevention of the arms race in, outer space. The efforts made to this end within these forums should, we believe, support and complement the bilateral discussions held by the United States and the U.S.S.R. in the course of their Geneva negotiations on nuclear and space issues which, as you know, have the same objective. Mr. Speaker, we are confident that Canadians endorse our approach.

• (1720)

[*English*]

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I rise to support the spirit of the resolution put forward by the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) and to take serious objection to the gobbledegook we have just heard.

[*Translation*]

—of the Government spokesman who has uttered a number of meaningless words.

[*English*]

The fact of the matter is that it is embarrassing and deplorable that a Government could respond to such a resolution with fluffery and without addressing the central issue about which people around the world are deeply concerned, that is, the ongoing development of the Strategic Defence Initiative and the clear determination on the part of the Reagan administration to deploy that system in space at the earliest possible opportunity.

For the Parliamentary Secretary to stand in the House for 10 minutes and not deal with that central issue and pretend somehow that it was an intelligent and rational response could only bring the most anguished cry of shame that the Government ignores a compelling imperative which the country must address—the fundamental problem of how we control that clear determination of our close ally.

I believe this Private Member's Motion represents the concern felt by many Canadians. I see that the Hon. Parliamentary Secretary thinks it is a joke. There are millions of Canadians who do not think the SDI is a joke, but they may think that the Government is a joke. Certainly the polls show that most Canadians think the Government is a joke. The fact of the matter is that this issue is nothing to laugh about. It goes to the very heart of what we as a country are prepared to do to provide a different response to the arms race.

The Hon. Member for New Westminster—Coquitlam was quite right in saying that we are at a very important turning point and that all the work done in committees of the United Nations and by others stands as a very feeble defence against the determination of the Reagan administration to proceed.

It was frightening to read the speech of Secretary of Defence Caspar Weinberger as reported in *The New York Sunday Times* indicating that the intent of that administration was to move toward deployment of the SDI before its term of office is over and to so develop this crazy and wild scheme that successive administrations will not be able to turn it back. I only regret that the chief spokesman for our Government did not try to come to grips with that issue in some sensitive way rather than present the silliness we heard.

For the moment I want to address my remarks to the Hon. Member who presented the resolution before us. I think there is a flaw in the resolution, which does not in any way distract from its spirit or purpose. The resolution itself talks about the militarization of space. We must be careful and clear in recognizing that it is important to maintain certain of the present military aspects of space as a form of detection, surveillance, and verification. If the resolution had talked about the elimination of weapons in space, I think it would have been much clearer.

When the Hon. Member refers to the military use or application of space, I do not believe she is promoting the abolition of various forms of satellites presently used to gain information and which could be and must be used as a way of maintaining stability. In this terrible, maniacal world with the nuclear genie out of the bottle, one of the forces of stability is the capacity of both major nuclear powers to have a fairly clear sense of information about what the other side is up to.

I pose a question which I believe I heard in the Hon. Member's remarks: how do we go from an exchange of the satellite technology which is now used for surveillance and verification into a kind of controlled management outside the capacity of the military, into an internationalization of it, or into space agencies of a domestic kind which must maintain that form of gathering information and therefore must maintain the technology?

For example, in the case of Canada it may be a realistic proposition that we as a country want to develop our own satellite technology as a way of protecting our own sovereignty and of providing an independent form of detection of the various machinations of the superpowers in our own space. Satellite technology may be used as an adjunct to do that. We would not want to give that away, just as I think it would be important for us to contribute. I fully endorse the spirit of the Hon. Member's resolution toward the internationalization of that kind of control. However, it is in a sense a military use of space. The proper definition would be that we do not want to weaponize space or use it for its offensive capability or capacity.

I draw that to the Hon. Member's attention because she was not at a meeting which we had a week or so ago with the Secretary of State for External Affairs (Mr. Clark). At that time we said it would be very important for the Standing Committee on External Affairs and International Trade to examine carefully the arms control questions relating to space.

For example, it would be very important for us to decide what is the definition of "research" as defined by the Americans when it comes to the ABM Treaty and its use of SDI. We need that kind of expert advice. I think we as a Parliament should proceed with a very careful study of the arms control aspects of space technology as it applies to our own purposes, as it applies to the developments of the superpowers, and as it applies to the potential that we would have to employ this technology in the United Nations or through an international space agency.

It is a case where one must marry the technology to politics. One must marry the philosophy or the morality of the use of space to the increasing and highly complex technology which is being employed. Certainly the thrust of the Hon. Member's remarks that this is not something which must be confined in a secret or covert way inside the Pentagon or the Kremlin is something that other countries can abide or tolerate.

We must have a much broader and open control of management of space technology and use it to provide both stability in the arms race and, hopefully, its eventual elimination. That may mean that we will have to use technology in space and we should not be attempting to eliminate or abolish it. I suppose in a perfect world it could be, but unfortunately once we develop a technology, someone will try to use it. The best way to offset that is to ensure that we have adequate capability of detection, surveillance, or observation of what other countries are doing.

I agree fully with the Hon. Member that the way we do it now is wrong and leads to instability. Where it is particularly wrong is in terms of the initiatives to turn the technology of space into an aggressive offensive weapons system. That is something to which the Government must say no, but it refuses to do so. It must say no to the efforts of the United States to broaden the interpretation of the ABM Treaty, to wit, as we heard President Reagan, after the Reykjavik meeting, say that the United States intended to test and develop space weapons. That was clearly a break with the proper rules and laws of the ABM Treaty.

• (1730)

Ms. Jewett: And ASAT weapons.

Mr. Axworthy: And the ASAT weapons, as well, I agree with the Hon. Member. Why does our Government refuse to speak out on this issue, why does it tend to say that the Americans really are not talking about a broad interpretation? It comes to me as a great regret that we seem to be avoiding coming to grips with the issue, something about which there would be total agreement in Canada. I do not know of any Canadian who wants further weaponization of space. What is the Government hiding from? Why is the Government not prepared to take a firmer, clearer stand on this crucial issue? What is it that we have to lose? Are we afraid that somehow we will once again run counter to the wishes of the Reagan administration? Is that what is holding us up?

Surely, Mr. Speaker, in an issue as crucial and as universal in its application, this is an area where the Mulroney Government can afford to say no for once. It is important that it do that, because as we saw in Reykjavik on this one issue alone, on the ability to come to some decision to halt the development of an SDI program rests the opportunity to move toward the abolition, elimination or reduction of offensive nuclear weapons, if we could get our American allies to agree with us. I think it is important that a country like Canada speak out to provide that persuasion. We can make then a breakthrough for which the world has been yearning for four years. I think we should support the spirit of the resolution, even though I think the wording of it is something that leaves some questions in mind.

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, I welcome heartily the introduction of this motion, partly because it focuses the attention of the House on an area of Government that for years has received scant attention, namely, the whole area of External Affairs and the relationship between this country and the rest of the world, and more particularly because it focuses our attention on space. This is surely the avenue for the human race to follow in the future, especially as we approach the 21st century when, as possibly never before, the human race will see an opportunity for the expansion of our life.

I am delighted that the House has a chance to debate the subject of outer space, I hope not, as in the course of the rest of the day, as Government and Opposition, but recalling that this is Private Members' Hour. We are not here speaking as members of the Opposition or members for the Government but, rather, as Members of Parliament sharing concerns that we have as Canadian representatives.

I support the principle of the motion, but I, like the previous speaker, have reservations about the wording. One could infer that there was no such treaty, that there was nothing now in existence and having an effect upon the way in which nations conduct themselves *vis-a-vis* outer space. The fact is that we have 17 treaties and covenants to which this country has been a party. Canada has given leadership since 1959 when the Committee for Peaceful Uses of Outer Space was first formed by the United Nations and to which since then for almost a generation Canada has been a party. During those years the various countries participating have produced such treaties and covenants as these: the Outer Space Treaty, the Moon Treaty, the ABM Treaty, the two SALT Treaties, the Threshold Ban Treaties, the Peaceful Nuclear Explosions Treaty, the Partial Test Ban Treaty and the Environmental Modification Treaty. We have had an extraordinary, impressive list of international agreements by which the nations of the world have come to grips with this unprecedented challenge, which indicate how Canada and the various Governments are endeavouring, in a responsible, co-operative, way to face the challenge that the development of outer space presents.

I would like to see some attention in this debate focus upon the positive way in which the peaceful uses of outer space can be developed. Let me tell the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) to keep listening. I fully concur with the concern about the demilitarization of space and about the deweaponization of space, but I would like the record of this debate to show some fuller attention given to the technological, scientific, productive development of space, because peace is not simply a matter of excluding conflict, but also a matter of developing the opportunities for the human race to lead a fuller life.

I believe that is what we are doing now and what Canada has in the past two years, endeavoured to do through its international negotiations and activities. We have, for example, entered into a partnership with the United States manned space station project which can be a very productive, salutary, positive development for the U.S. and Canada. We have reached out to Europe in a co-operative venture, being a partner in several programs initiated by the European Space Agency. We have invited other countries to co-operate with us, particularly in the RadarSat remote sensing project which is the chief Canadian effort, the one in which Canadian expertise and leadership can have the most positive, lasting contribution to the world.

Important as the prod, the stimulus and the inspiration of this motion can be to the House today, I believe it is vital that we recognize what Canada has been doing and build on that foundation. I believe that the advent of the Canadian Space Agency announced in the Speech from the Throne that began this session offers us the promise and the expectation of that. That agency can co-ordinate the existing programs. It can initiate new endeavours and thereby offer us an opportunity to develop and progress, which is much needed.

In the remaining time available to me, Mr. Speaker, I want to focus attention on the other dimension of this motion, which is concern about the peaceful use of outer space with particular application to demilitarization and deweaponization, the avoidance of conflict and the avoidance of the use of outer space as a way by which new military power can be asserted by one nation or a group of nations over others. It is vital that we recognize that already in the absence of clear, comprehensive

treaties, such as this motion would call for, there is nonetheless some basis in international law that seeks to achieve the objectives which I would believe would be the purpose of the treaty to which the motion refers. For instance, certain military activities in outer space can now be held to be inconsistent with international law, such as interference with space based remote sensors that could be used for military purposes as between the U.S.A. and the U.S.S.R.; the placement of nuclear weapons and other weapons of mass destruction in orbit around the earth and on celestial bodies or in orbit around them; hostile acts through the use of force on celestial bodies and the orbits around them; the placement of military bases and conduct of military tests or manoeuvres on celestial bodies and in orbits around them; the testing of nuclear weapons in outer space; the development, testing, and deployment of space based ABM systems or components; and the military or hostile use of environmental modification techniques in outer space.

It is true that this corpus of international law does not meet all the needs. It certainly does not exclude the challenge which the motion and its proponent addressed namely, the hazard that has been brought before us anew by the possibility of a strategic defence program. We will not be unmindful in debating this, but Canada has decisively refused as a country and a Government to be a party to the research dimension of that Strategic Defence Initiative.

• (1740)

Let us recognize that. We have not refused to recognize the potential validity of SDI in the hands of the United States but we as a country have not participated actively in it. Let us therefore recognize that as we contemplate the possibility of a Strategic Defence Initiative by the United States or its equivalent by the Soviet Union, something which we should not refuse to recognize as being a serious possibility, the world at large faces a previously unknown hazard, and this must concern the House as it must concern the nation. Therefore, I would welcome the prospect envisioned by this motion of focusing anew on the need for further and fuller agreements between nations with respect to the use of outer space for military purposes.

I do not assume that one treaty can be like one magic wand that will remove the danger. Rather, I would think in terms of future agreements building on the foundation I have outlined in these remarks. Whether we are talking about one more treaty, a series of them or amendments to existing agreements, I would hope that we would be committed to the removal of the hazard of destruction to the world that is now before us through the technological use of outer space. I would hope that we would recognize that we have a new frontier and a new opportunity and that we as a human race should be prepared to use it for the future life of man rather than for future destruction.

Mr. Dan Heap (Spadina): Mr. Speaker, I am very glad to have an opportunity to speak on this motion, which asks that we give consideration to enacting a Bill in Parliament that would deal with the peaceful uses of outer space. As the Hon. Member who spoke previously said, as did the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), the motion is useful because many Members on all sides of the House agree with it. I believe it is also needed to enable Parliament to clarify a policy. I believe that that policy has not been clarified. In fact, we need legislation that will follow on such a discussion as this in order to make that policy both clear and firm.

Even with the 17 treaties to which the previous speaker referred, we do not have any democratic control of space. It may be thought that space is too far away from us for democracy to be at issue. However, I would like to give a major example of the way in which our lack of democratic opportunity to control space policy is very destructive.

Last year, the Government undertook to give $800 million to the construction of the space station that was being promoted for $12 billion by the United States. There was no consultation with the people about that. There was no way that Parliament was able to debate that decision on its merits. There was no democratic decision made by the country. In effect, there was a dictatorial decision made by one man, the Prime Minister (Mr. Mulroney), and those whom he pleased to have with him in his Cabinet. They followed that up by cutting budgets. They slashed the budget of the National Research Council and, after having promised to restore the previous Government's cuts, they slashed the budget for post-secondary education. They slashed money from all kinds of research projects in the arts and sciences, money that would have gone for peaceful purposes as most university funding would go. The decision to do this was made largely without any consultation. There was a discussion of the slashing of the budget for post-secondary education.

Mr. Epp (Provencher): It was not slashed.

Mr. Heap: I hear an Hon. Member saying that it was not slashed, but he knows full well that in terms of actual spending dollars, it was slashed and it was one of the slashes that was made—

Mr. Deputy Speaker: Order, please.

[*Translation*]

Mr. Blais: Mr. Speaker, on a point of order.

Mr. Deputy Speaker: The Parliamentary Secretary to the Deputy Prime Minsiter, on a point of order.

Mr. Blais: Mr. Speaker, I think we ought to remind the Hon. Member for Spadina (Mr. Heap) that he is going completely against our standing orders at this time. I think that will be obvious from the blues. Even if this is the period set aside for Private Member's Business, normally the Hon. Member should rise to speak either for or against the issue at hand. I fail to see how what he says is relevant. He was talking about cutbacks in education. I let the matter pass for a while,

but I think we ought to remind the Hon. Member to get back to the subject.

[*English*]

Mr. Deputy Speaker: I am sure the Hon. Member will make his comments relevant to the motion presented by the Hon. Member of his own Party.

Mr. Heap: In fact, Mr. Speaker, I have consulted with the mover of the motion on this point. The point I am trying to make, if the majority Party will not, in an undemocratic fashion, take away my right to speak, is that those budget cuts were made to established programs used for peaceful purposes in order to find $800 million for the space station. What is the purpose of the space station? We were told at the time that its purpose was peaceful research. There was an understanding that it would not be used for military purposes. Now the cat is out of the bag, and that undemocratic decision to give $800 million to the space station has been exposed by the American decision to use the space station for purposes of war. In other words, the Americans practised a little deceit for a year, and this Government accepted at face value their vague statement that it was to be used for peaceful purposes. Therefore, because these things have been done in an undemocratic way, the effect is that research for war and SDI in that space station has taken $800 million away from peaceful programs in Canada. That action is highly undemocratic.

If the Government had bluntly told the Canadian people that it wished to give $800 million to star wars by contributing it to the space station, the Canadian people would have objected even more strongly than they did when the joint committee heard people all across Canada tell the Government to stay out of star wars. If the people had been told that star wars would take away money from the NRC, universities and research in the humanities and science, they would have reacted much more strongly.

My point is that we need legislation such as the legislation for which the mover of the motion, the Hon. Member for New Westminster—Coquitlam (Ms. Jewett), has asked. We need legislation democratically based and passed by this Parliament so that the Government is obliged to follow the principles of it. The Government would not then, I would hope, imagine that it had the freedom to take such an autocratic action as it has taken in the funding of the space station.

As has been pointed out by all three previous speakers, there are many important peaceful uses for research into peaceful activities in space. We need those peaceful activities and the entire world needs them. Yes, I agree with the Hon. Member for Winnipeg—Fort Garry to the extent that one of those activities should be surveillance since there are still warlike activities to be surveyed. However, that should be done through the United Nations. If the space station is to be used for surveillance, it should be directed and controlled by the United Nations, the only international authority that has any standing between the two superpowers that may be engaged in space warfare or war-related space research. Again that should be legislated in this Parliament. That is to say, it should be legislated that our contribution to any space station should be based only on a clear agreement that it would be under the direction of the UN. Therefore, any surveillance of military activities, on the ground or in space, would be carried out for the benefit of all the people of the world. It would not be just for the benefit of the U.S. military, who will of course keep secret any results of military surveillance, military testing, or military uses of the space station they expect us to help pay for. Under the UN a space station would be capable of pursuing to the benefit of all peoples in the world both the broad range of peaceful uses which the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) has read out and the other two speakers have agreed to, but also any necessary surveillance of potential warlike activities. However, that will not happen unless in Canada and other countries democratic legislation such as this motion proposes is adopted in order to control the Governments and their representatives, military representatives above all, who engage in other kinds of adventures in space.

• (1750)

I hope the House will accept in due course the position put forward by the Hon. Member for New Westminster—Coquitlam and bring this matter to fruition through discussion and a vote in this Parliament.

[*Translation*]

Mr. Pierre Blais (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I welcome this opportunity today to speak to the motion presented by the Hon. Member for New Westminster—Coquitlam (Ms. Jewett). This is indeed a serious matter, and I am surprised that the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy)—unfortunately he is not in the House to hear what I have to say, and I hope he will be able to read this in Hansard tomorrow—should come here to tell us that the Canadian Government has not taken seriously the issue of the peaceful use of space. I would call that not bad faith but at least gross negligence. Often the Hon. Member for Winnipeg—Fort Garry has given us such a variety of opinions on Canada's role in space agencies or on Canadian defence policy that there is something for everyone. It is difficult to know exactly where he stands or in fact where his party stands on issues of this magnitude. In fact, this lack of focus should not be surprising. We have seen how this kind of attitude put a crushing financial burden on this country, which in thse difficult times makes decisions often far more difficult. Because we have to live with a problematic financial situation, it becomes increasingly difficult to make decisions that require a financial commitment from the Government. I think it was with this in mind that in the past the Government reacted as it did to the issue of the peaceful use of space.

Suggesting, as the Hon. Member for New Westminster—Coquitlam did just now, that Canadian diplomacy be engaged in vast U.N. manoeuvres—with all due respect—practically

ignores the progress accomplished by the community of nations in developing a law of space and especially the problems raised by the use of outer space for peaceful purposes.

Mr. Speaker, I think this underestimates the role of the committee on the peaceful use of outer space and the relevance of the issues it is considering at this time.

Mr. Speaker, for the benefit of our colleagues who sit on the Opposition benches on the other side of the House, allow me to recall briefly how the United Nations have evolved over the nearly 30 years since they first got involved in the great space exploration adventure, the most recent and undoubtedly the most challenging human epic.

Back in 1958, after man put the first artificial satellite Sputnik into earth orbit, the General Assembly of the United Nations established an *ad hoc* committee of 18 nations which a year later, pursuant to Resolution 1472, became the Committee on the Peaceful Uses of Outer Space.

So today we are being urged to launch a new study or finalization process which should eventually lead to a treaty on this issue. This may sound just fine at first, but why ignore and forget what has been done in the past and what is still being done today? As I see it, Canada has always been directly involved, and later on in my remarks I will quote a supportive statement to that effect. Members of this House—indeed the Member of our Party who had the floor a few minutes ago raised this issue before the United Nations last year.

Since 1961 the standing committee—now made up of 53 member countries—has represented the interests of humanity and now includes countries which have the technical know-how required to send satellites into orbit or can produce the systems and subsystems carried aloft by modern communications or earth observation satellites. I might also mention the ever larger group of nations anxious to share in the economic, scientific and humanitarian benefits which the peaceful use of outer space has put within our reach.

Under these circumstances, Mr. Speaker, I think it is important to make a brief review of these questions which are being dealt with by and are of particular interest to the committee. First, the review of the impact of international co-operation in the peaceful use of outer space; the establishment of international co-operation programs which might be carried out under the auspices of the United Nations; the promotion of applied research and the peaceful use of space; the distribution of research information; and the study of legal problems created by space exploration.

That committee is already committed and the Hon. Member would like us to recommit ourselves into another process—but we know how much time and energy are needed to take part in international agencies and how difficult and costly it can be, but just the same we should not hesitate to do so. It is very difficult to reach a consensus, as everyone knows. Imagine what waste of time it would be if we launched into a new crusade to reach the same goals. Of course, we should not neglect, nor forget the Hon. Member's good faith in this process, in the idea she had for putting the motion forward, but I feel that at this time we already have another agency, a committee and we should follow on the course already taken.

The work of the committee in the area of space law is extensive, and it is because of this that we have negotiated and submitted to the U.N. Assembly the following treaties. The treaty dealing with the principles governing actvities of states on atmospheric space exploration and utilization, including the earth and other celestial bodies—I am quoting rapidly, Mr. Speaker, I know my time is going fast, I am already in the atmosphere at least—agreements on astronauts' rescue; the return of astronauts and the return of objects launched into space; the convention on international responsibility for damage caused by space objects; the convention on the registration of objects launched into extra atmospheric space; the agreement on activities of states on the moon and on other celestial bodies. A whole series of treaties on which we worked as a member country of the United Nations, and on which we will keep on working.

It is my view, Mr. Speaker, that Canada has amply done its part, and that this Government's commitment to international agencies and to the Canadian people are in line with what Canadians want.

Ms. Jewett: It is not enough. Question!

Mr. Deputy Speaker: The hour provided for the consideration of Private Members' Business has now expired.

• (1800)

[*English*]

Pursuant to Standing Order 42(1), the order is dropped from the Order Paper.

[*Translation*]

Pursuant to the Order passed earlier today, the House reverts to Government Orders.

GOVERNMENT ORDERS

[*Translation*]

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-18, an Act respecting national transportation, be read the second time and referred to a legislative committee.

Mr. Kilgour: Mr. Speaker, there have been discussions among the various parties in the House, and I think I can say that there is unanimous consent—even though I only see the House Leader of the New Democratic Party—for a change to

be made to the motion and calling for the Bill to be referred to the Transport Committee.

Mr. Deputy Speaker: The House has heard the terms of the motion moved by the Hon. Parliamentary Secretary?

[*English*]

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I enjoyed my first opportunity to speak so much that I wanted to enter the debate again. I move, pursuant to Standing Order 76(1):

That the question be now put.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I am not sure what the Government is up to. First it moved to extend the hours and now it is moving to put the question. I wish the Government would make up its mind. It is clear that the Government is showing very little respect for a long-standing tradition in this House. I am sure that even the Parliamentary Secretary to the Government House Leader (Mr. Lewis) would admit that Bill C-18 is of major national importance. A look at the record will indicate that this Bill has not been debated to the extent that other Bills of this importance have.

We just voted on a motion for a six-month hoist and were returning to the main motion to debate the Bill in principle. The New Democratic Party and the Progressive Conservative Party have taken greatly divergent positions on the issue of deregulation versus reregulation. There are a great many principles at stake. I am genuinely disappointed in the Government and in the Parliamentary Secretary to the Government House Leader.

I am sorry that I must stand here today and criticize the manoeuvres which have been initiated. It was disgraceful for the Parliamentary Secretary to move a motion to extend the hours which could only be defeated by having 25 Members stand. It is particularly despicable to move such a motion between 4 o'clock and 5 o'clock when eight different standing or legislative committees of this House were sitting. There is a total of only 70 opposition Members. With Members of Parliament doing their job by attending committees or doing their job elsewhere in the country, it is very unfair to expect the Opposition to have 25 Members present. That is not the kind of thing one would expect of a person who ran for the position of Speaker on the basis that he would respect fairness, the Opposition, and due process.

We see from this action that the Government does not want to have a debate on this issue because it is vulnerable on it. There could be no clearer indication of the Government's perception of weakness in its position on deregulation than twice moving to stifle debate today. It first thought that if the hours were extended the Opposition might crumble rather than spend the evening in the House of Commons. That was apparently successful with the Liberals because they are not here, with the exception of the Hon. Member for Papineau (Mr. Ouellet) who is the transport critic for his Party and probably felt some obligation to be here.

However, we did not crumble. We indicated our willingness to debate into the evening and then vote. When the Government saw that that tactic did not work and that it may actually have to debate the Bill, the Parliamentary Secretary to the Government House Leader moved that the question be now put. What is going on? The only conclusion which one can possibly reach is that the Government has no intention of allowing the type of debate which we should have on this very important issue.

I have spoken to this issue only once. I was hoping to speak to it again tonight. This issue deals with the future of Canada. What could be more important to the very existence of Canada than our transportation infrastructure? Yet, the Government proposes to change that radically through Bill C-18. Bill C-18 would permit American railroads to compete directly with Canadian railroads for Canadian traffic.

I thought it was ironic when the Deputy Prime Minister (Mr. Mazankowski) spoke earlier today or yesterday about the importance of using low-sulphur coal from Alberta and British Columbia in Ontario. He spoke about the jobs which that would create across Canada. Yet, the Deputy Prime Minister was one of the initiators of this legislation which, if passed, would mean that if we were ever to ship Alberta coal to Ontario it would probably be shipped by Burlington Northern across the northern United States. That would really create a lot of jobs. That makes a lot of sense. Yet, that is the type of legislation we have before us.

It is because this legislation is so important to the future of Canada and because so many of us feel so strongly that the future of our country is at stake that I find this to be one of the most offensive things I have encountered in the eight years I have been here. I cannot remember being as angry or disappointed as I am tonight. When in Opposition, the Conservatives were self-righteous, pontificating and pious about how awful the Liberals were in moving closure and trying to stifle Parliament. We listened to that rhetoric and crap for years. I almost believed them. I almost believed that when they became the Government they would be different.

If government Members had a chance, they would get up and say that we should get this Bill into committee where we can have a rational discussion and hear evidence. That was the argument they used to get Bill C-22 into committee. They are now using every tactic known to prevent that committee from hearing the evidence in full.

• (1810)

A recent example of what I am talking about is the Government's determination to prevent the representative of the American generic drug industry to come before the committee. The Government is using its majority to out-manoeuvre and to stifle the Opposition. We have made some progress with respect to parliamentary reform in procedure, committees and

so on. However, all that progress is starting to slip away because of the attitude of the Government. The Government is not satisfied to have 210 or 211 Members. It is not satisfied to know that in the final analysis it will probably get its way. That is not good enough for this Government. It wants to make sure there is not even adequate debate. I hope there are people out there listening, because unfortunately there is no one in the press gallery.

The Government is making a major move on the Opposition on a major piece of legislation and it is all happening, as far as we can tell, with hardly anyone noticing. Some day, a year or two down the road, a lot of jobs will be on the line because of this stupid, ridiculous and un-Canadian legislation the Government is trying to shove down our throats tonight. People will then discover the real consequences of the legislation. We will hear comments such as: "How did that get through? How did we let that go by?" When that happens, we in the New Democratic Party will at least be able to say we did everything we could to ensure it did not go by. If it does get by this House of Commons, it will not be because the NDP did not stand up and say anything about it.

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I rise once again to participate in a debate on deregulation and at the same time, it seems, I rise to participate in a debate about parliamentary democracy and about the ability of the people of this country to have an understanding through their legislators of what a particular piece of legislation means. What will it mean to those people in Atlantic Canada, in Quebec and in Ontario? What will it mean to the people living on the Prairies? What will it mean in British Columbia? We have not had that many hours of debate.

An Hon. Member: Twelve.

Mr. Angus: We are now into 10 minute speeches. Hon. Members opposite say we have had 12 hours of debate. The Parliamentary Secretary to the President of the Privy Council (Mr. Lewis) earlier suggested from across the floor that we name a Bill which has had longer debate.

Let me go back into that other Parliament and remind the Hon. Member, because I believe he was here even though I was not, of the debate on the Crow rate. It went on for hours and hours and hours. Days and days were spent debating that very important piece of legislation. Granted, that was for both second and third reading stages. However, in magnitude, if the Crow Bill was extremely important to western Canada, this Bill is even more important. It is a fundamental change in the manner in which we are going to allow our transportation systems to work in this country. It is a fundamental change in our transportation relationships with our neighbours to the south.

One of the realities of this Bill is that instead of our east-west network of transportation components, whether road, rail or air, this Bill will bring about a north-south linkage. Instead of grain moving from western Canada through Thunder Bay and down the Seaway, the principle of this Bill means that grain can move immediately south of the border, because it will be cheaper to do so, then by rail across the United States to ocean-going vessels which will take it to wherever. Some of our potash from western Canada is already being railed into the United States and on to Chicago, and much more will go that way.

The rail and trucking interests in the United States are much larger. They have economies of scale we have not even dreamed of here in Canada. By their very nature they will be able to undercut our industries. Perhaps not tomorrow or the day after the Bill is passed, but there will come a time when those giants in the United States will begin to slowly acquire the assets of our trucking companies and rail lines, if the Government is foolish enough to allow CN to be privatized, and I do not put that past the Government. The Americans will gobble up our transportation infrastructure. The economic stranglehold the Americans already have over some of our sectors will expand into our transportation sector.

This is a Bill about what it is to be a Canadian. It is consistent with the Conservative philosophy, whether it be on free trade, generic drugs or the manner in which we allow the United States to trample us and our resources, for example, our softwood lumber, our shakes and shingles. Perhaps it will be pulp and paper next. And what about the cod being given away to France? You name it, Mr. Speaker, the Government is giving away the store and everything in it. It is saying: "Take the shelves. Take the door". The Government's idea of "open for business" is "up for sale". That is why I think it is important that we should have a full and thoughtful debate in this House.

The people of Canada do not receive *Hansard* and do not receive a copy of the Bill delivered to their doorstep. Even if they did, they would probably not understand it because it is full of legalese and not written in the language of the ordinary Canadian. We need the medium of the House of Commons debates because there are thousands of people out there who watch us on a regular basis and the media which reports our debates. Debate gives them an opportunity to understand the perspective of the Liberal Party, what the Government's vision is and the perspective of the New Democratic Party. They can then judge the appropriateness of a piece of legislation.

We do not know whether the Government is prepared to give the Committee on Transport, which is rightfully charged with review of the legislation once it passes second reading, the responsibility, if not the right, to travel throughout this country and have a public forum and platform for those who support the Bill, for those who oppose it and for those who are not so sure. These people should be able to come before Members of Parliament and tell us what they think about the Bill. But we do not have that assurance. Our only option, as members of the Opposition, is to do our best to express our fears and concerns in this forum and hope that the people out there are listening and becoming informed.

I understand that in the morning session one of the Conservative Members who represents a vast riding in northern Canada participated in the debate. I had the opportunity of travelling with him during a tour of the Western Arctic where we learned about the realities of the far North. We learned about the dependence upon transportation as a means of communication far beyond what we in southern Canada can really appreciate. The only contact those people have with another community is by air. They are totally dependent upon that contact to bring them food, clothing and an energy source on an ongoing basis. The perception there is that they have been held up for ransom, that the transportation companies have taken advantage of them.

• (1820)

I will give Hon. Members one example. In my caucus as well as in the Transport Committee, I am known as someone who enjoys Coca-Cola. I took a case of Coca-Cola with me from Winnipeg on the northern tour. The Conservative members laughed when I brought the case on the plane. They asked me what I would do with it. I said: "Wait and see".

I paid about 75 cents per can in Winnipeg. I bought it at a corner store, so it was not exactly a bargain basement price. When we got into our first stop in northern Canada, a can of Coke in the pop machine at the airport was $2 per can. I said to my Conservative friends: "I'll sell you a can for $1.50".

On one of our first hearings one of the witnesses who appeared before us was an operator of an airline. He pointed to a can of Coke and said: "You see that can, they blame me for the fact that it costs $2 in a pop machine or in a corner store. I can bring it into this community for $1 a can".

This illustrates that we have to be careful in dealing with the North to understand what the impact of the transportation component is on the economic side while at the same time appreciating the need for the small merchant who has a small volume of sales and who has to earn some money off that can of pop to remain viable in the northern environment.

I would now like to relate to Hon. Members some of the things we encountered on our trip to the North. Something which was made clear to me, and certainly all Conservative members of the committee came away with much the same idea, is that northern Canada is extremely sensitive and fragile. It needs a different set of rules from the rules that are needed in southern Canada. It needs rules to prevent an entrepreneur from southern Canada coming in in the good season, picking off air freight and passenger runs and then at the end of the season returning to the South leaving the locally-based struggling airline to fold or move its operations south. The matter goes beyond getting from point A to point B in terms of passengers or boxes. It means something to the over-all economy of the North and those communities.

I appreciate that my very short time has almost run out. Hopefully, I will have an opportunity at another time to continue my remarks in this debate.

Mr. Riis: Mr. Speaker, I rise on a point of order. I have just been looking about the House of Commons and I do not believe that there is a quorum in the House at the moment.

Mr. Deputy Speaker: There is now a quorum. The Hon. Member for Spadina (Mr. Heap) on debate.

An Hon. Member: We'll now hear about the TTC.

Mr. Dan Heap (Spadina): Mr. Speaker, Members opposite want to hear about the TTC. At least they know that it is a good example of good transportation legislation which, unfortunately, is not being followed in this Parliament. I would say that in Metro Council in Toronto, on which I served for four years, we did not use this type of tactic of cutting short debate. That is why we have a regulated transportation system that serves the whole of Metro Toronto with the use of a single fare. It works to bring Metro Toronto together instead of dividing it one muncipality from another. Hon. Members opposite think that is a joke. They are very happy to rip apart the transportation system of Canada and split Canada into its separate regions so it can be taken over by their business buddies in the United States.

[*Translation*]

Mr. Vincent: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to Minister of Finance on a point of order.

Mr. Vincent: Mr. Speaker, I think we are here tonight to debate specifically the subject matter on the agenda, and I suggest our colleague should stick to the matter that is before the House.

[*English*]

Mr. Deputy Speaker: The Hon. Member for Spadina has the floor.

Mr. Heap: Mr. Speaker, I wish Hon. Members would make up their minds. They wanted to hear about the TTC and I was telling them. I was then coming back to discuss this foolish motion that they put forward which is cutting short the debate. The Hon. Member does not even want me to discuss this motion now. He has not made up his mind as to what he wants.

The point I am trying to make is that by cutting short the debate with respect to this transportation Bill, which is needed to make corrections for the growth of transportation in Canada over the last 20 years, and which is being too hastily done, is doing very severe damage to the transportation system of Canada.

There has to be time to hear the different people of Canada, not only the consumers and their needs, but the people who do the actual transportation work, the companies and the workers. That time has not been provided because the Government does not want to face them. The fact is it knows well that there is a rising tide of dissatisfaction with its

program of deregulation. There were some people attracted at first by the idea that everybody would have cheap fares to fly to Vancouver, et cetera. The downside of it is now beginning to come out.

We are now learning what is happening in the United States where there is a rising tide of road accidents because truck drivers are being pressured to work 100 hours a week—and that ain't safe. Equipment is becoming worn out. Companies are cutting their maintenance to the bone. Trucks break down on the road and cause accidents. Other equipment breaks down. Companies that rushed in are rushing out again in bankruptcy. It is becoming difficult to find the investment to keep some of these trucking services going. For example, that is what we have heard from the trucking industry in California.

In fact, as reported in an article in *The Wall Street Journal*, we find that independent truckers who hailed deregulation are reconsidering it as a rate war rages and taxes rise. The article states that many of the nation's—speaking of the United States where they have experience with the type of nonsense this Government wants to ram down our throats—100,000 independent truckers and their organized representatives are calling for some new form of regulating truck rates these days. They want regulation back again. The article goes on to state that most of these latter-day cowboys had applauded vigorously the removal of regulatory restraints in years before. At first a lot of independents thought that regulation looked like the land of opportunity, but it now looks like annihilation.

A similar thing is being said by the spokespeople of the industry in Ontario. The Ottawa-based Canada Safety Council states that it is on the highway where deregulation causes the most mysteries. Of concern is that it may lead to a decrease in safety, such as encouraging people to compete to the extent that a go of it can only be made by working 100 hours a week. The council does not only warn that this could happen; it warns that it has started already by the people who are trying to jump the gun on this Government's foolish deregulating legislation.

The article goes on to state that the statistics are already grim. It states that highway accidents and deaths in Canada have gone up for the first time since 1973 and that bigger and longer vehicles are competing for space on clogged roads. I suppose the Government might suggest building bigger roads, but it will not provide the money to do it. Government spending does not meet the demand for road repairs and construction. More private cars are registered each year, and the number of new drivers is constantly increasing. In other words, the pressure against safety on the road is constantly growing.

• (1830)

The Government has taken measures that will inevitably lead to reducing safety. There will be less control, especially over the largest companies. Of the three to six largest companies in the United States, any one of them could take over most of the trucking in Canada. They probably will not, they will probably divide it up by regions, but they will be able to undercut the rates for Canadian truckers.

This is very serious for the City of Toronto. Members opposite who live in other towns laugh about the TTC. They wish they had as low a fare rate in Ottawa as we do in Toronto, with a better managed system. But Toronto also needs trucking. In Spadina there is a great deal of business. There is manufacturing, retail, wholesale, and a great deal of the entertainment industry. In fact, one of the finest entertainment shops is at Queen's Park.

An Hon. Member: Be careful.

Mr. Heap: Somebody tells me to be careful. I know he is suggesting that we have a finer entertainment industry here.

It does not take as long to get into Ottawa as it can take to get into Toronto. There is a good transportation system in Toronto, good people transportation and a good trucking system. There is a great need to have trucks entering Toronto for industrial uses and other human uses.

If the deregulation drive of the Government wipes out the small and medium-sized independent Canadian trucking companies that now primarily serve areas such as Toronto and southern Ontario, cities like Toronto will be at the mercy of competing cities in the northern United States. The trucking companies that can make all the difference between fair prices and adequate service to Toronto and southern Ontario will be controlled not in Canada, but in the United States.

The Chairman of the Ontario Division of the Canadian Industrial Traffic League has said that highway safety in the free-wheeling atmosphere of deregulation has resulted in 1985 being the worst year in history for air disasters. It is not only trucking, but it is also air travel, which is vital to any large city such as Toronto. Air travel will become less safe, according to those whose business it is to study it independently of the Government.

The Government has refused to allow proper examination of the safety hazards. It has refused to allow proper examination of the unemployment hazards. The Government came in on a promise of jobs, jobs, jobs. In the United States the deregulation drive in the trucking industry alone has destroyed 300,000 jobs. If the Government wishes to destroy the Canadian proportion of that, which is 10 per cent, 30,000 jobs in the Canadian trucking industry, it is doing a great disservice not just to the trucking industry and trucking customers, but to the economy of Canada. We do not need 30,000 additional unemployed, whether they are truck drivers, or others in the industry.

Because of the difference in size between the American and Canadian trucking companies, it will be far more than that 10 per cent, far more than 30,000 people whose jobs will be destroyed as the traffic not only moves south, but is taken over by our neighbours to the south. The Government will have the

enduring shame and blame from the Canadian people for having ripped to pieces the transportation system of Canada.

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, I would like to make a few comments at this stage. I see that already three or four members of the New Democratic Party have had the floor, while not a single Government member has risen, excepting the Parliamentary Secretary who moved closure. I must say that the Government's decision to put an abrupt end to debate today is typical of this Government's attitude. I would say it is typical of a government that is totally lacking in the tolerance and patience one might expect in a parliamentary debate on a bill as important as the Bill before the House today, and the public should know that what we are dicussing at this time is a major reform of the entire National Transportation Act. In other words, after only a few hours of debate, the Government is asking us to hurriedly disrupt a system that has been in place in this country for some twenty years. It is a system that has proved its mettle, serving the Canadian economy, the people who work in the transportation industry, and the general public that enjoys the benefits of transportation and communications by air, by rail and on our highways. The inability of this Conservative Government to accept a compromise or even consider a position that differs from Conservative dogma is discouraging to say the least.

I think the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) was right to recall the time spent on consideration of the Crow Bill, and the debate in this Parliament at the time the previous Liberal Government wanted to change the legislation by introducing a bill, commonly referred to as the Crow Bill, that would bring about a radical change in the procedure for shipping Western wheat. The Government of the time had the patience to listen, not only to all the Members who wanted to speak in this House, as the debate lasted for months, but also to the views of all interested parties throughout the country. That Government had also accepted suggestions and amendments to its Bill. What strikes us in this case is that the Conservative Government wants to use its overwhelming majority to give a hasty passage to all its Bills and to steamroll Members of the Opposition. Each time that the Government has introduced a controversial Bill, it has quickly imposed closure to put an end to the debate in this House and to prevent others from making constructive suggestions and proposals. What I find extremely disappointing is that the Government is once more imposing closure and rejecting all constructive suggestions made by the Opposition.

In his remarks earlier, the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) said that I was one of the only Liberals present this evening. There is a very simple explanation for this. The fact is that we in the Official Opposition have come to the obvious conclusion that the wish of the majority, that is of the Government, is to give this Bill passage this evening. A large number, and even a majority of Liberal Members have already risen in this debate to speak either about the amendment moved by the Hon. Member for Regina West (Mr. Benjamin) or the main motion for second reading. In fact, 18 Liberal Members have already spoken. We shall therefore no longer be speaking this evening. I shall be the only one to rise on behalf of our party to express one last time our objection to the attitude of this Government. It is useless to repeat the same things over and over again. The dice have been cast. The Government has imposed closure this evening and this Bill will receive second reading.

What interests us now, Mr. Speaker, is to prepare for the next stage. The next stage will be the study of this Bill in committee. We therefore deplore that the Government should insist in referring this Bill to a legislative committee. Through representations I have made personally to Government members and also through the Opposition House Leader, we, of the Liberal party, have already asked the Government that this Bill be referred to the Transport Committee rather than a legislative committee.

We hope that the Government will understand that it would be in its own best interest to refer this Bill to the Standing Committee on Transport.

Mr. Kilgour: Just a small point of order, Mr. Speaker, Unfortunately, the Hon. Member was out of the House a while ago when we proposed the amendment to the motion which all Hon. Members wanted. In short, we are now dealing with a motion calling for the Bill to be sent to the Transport Committee.

Mr. Deputy Speaker: The Hon. Member for Papineau (Mr. Ouellet) has the floor.

Mr. Ouellet: Mr. Speaker, I greatly appreciate this clarification from the Parliamentary Secretary, for I feel it is absolutely essential for this Bill to be referred to our Standing Committee on Transport, because its members have certainly made a name for themselves. There is even a room in this Parliament building which is known as the "Railway Committee Room" which has always been reserved for the Transport Committee. The Standing Committee on Transport is, therefore, the best suited to review this Bill.

The House is aware that the Government had referred the review of its document *Freedom to move* to that Committee. Hon. Members sitting on that Standing Committee have already heard witnesses about the Government's desire to change substantially the national transportation policy. There have been hearings throughout Canada, so that this Committee is certainly the best suited to continue the work it has already started. I say that we, of the Liberal party, are going to direct our effort to this committee to submit significant amendments, because we feel that this ligislation leaves much to be desired as far as job protection in the transport industry is concerned. There should be job guarantees for men and women who, for many years, have honourably earned a living in the transport industry. We believe there ought to be additional guarantees concerning safety and existing services in the remote regions of the country. We cannot endorse a

piece of legislation which would lead to the outright deregulation of our transport industry and deprive certain regions of Canada of the transport services they have grown used to over the years.

Finally, we believe that the law is not clear enough with respect to the handicapped and that, by way of amendments to this law, we ought to ensure that all Canadians, no matter who they are, have every opportunity to use existing Canadian public transit systems.

In conclusion, Mr. Speaker, I can only say on behalf of the Official Opposition that we have to accept the Government's decision to end the debate. We are not opposed to the principle of the Bill, but we are certainly against some of its clauses, and we will try to improve them by introducing specific amendments when the Bill comes up for clause by clause study in committee, very soon, I hope.

• (1840)

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, this is a rather sad evening. It is actually a very dark day once again for the parliamentary system. We have seen on many occasions where the Conservative Government has taken steps to muzzle Parliament, to cut off debate, or to limit appropriate representation by the duly elected representatives of the people of Canada.

Call it what you like, Mr. Speaker, but once again tonight we are seeing the same type of approach to representative democracy and to the parliamentary system. After less than 18 hours of debate on the floor of the House of Commons, the Government decided to use a procedural manipulation to end the debate at second reading stage.

We must consider that Bill C-18 is probably one of the most important pieces of legislation to have been before the House of Commons in the last number of years because of its implications in terms of directing social and economic policy. Tonight we are seeing a decision of the Government that before the people of Canada involved in the transportation industry fully understand the implications of Bill C-18—what it will do to their industry, to their sector of the economy, and to their region of Canada— to rush and jam the legislation through, to rush and jam it down the throat of the transportation industry.

At a time when the Government is debating free trade with the United States, and while there is an illusion that it will be helpful to us in some way, we see time and time again examples of where the Government of Canada is selling us out to the United States. It is selling out Canadian sovereignty, Canadian workers, and sectors of the Canadian economy to retain a friendly relationship with Ronald Reagan, so that perhaps some kind of free trade agreement will be signed in the months ahead and the "Mulroney" Government can say that it was successful. If the Government were to be honest, it would say that it was successful in selling out Canada.

We can look at many examples. We need not look further than the shake and shingle industry on the western coast of Canada. The Government sold out that industry so that sawmills in constituencies such as mine, which had been productive for years and years, have shut down their operations and are not existing. Thousands and thousands of jobs in the forestry industry have been placed at risk as a result of the sell-out of the Minister for International Trade (Miss Carney) in the agreement with the United States on the imposition of the 15 per cent tariff. We could stand here all night and list sell-out after sell-out. The Prime Minister of Canada (Mr. Mulroney) is acting like a state governor. As a matter of fact, I think state governors would probably stand up for their rights more than the Prime Minister of Canada has.

• (1850)

Tonight we are seeing here the Government muzzling and stopping debate in the House of Commons on this very critical issue by a procedural manipulation. The Government may feel it can bully the Opposition and use procedural tactics to bully us tonight, but let me tell you, Mr. Speaker, this is a very serious situation. We do not plan to stand passively by and let the Government push this legislation down the throats of Canadians, bully the House of Commons, ignore the Opposition or steam-roller over opposition Members.

The Government might think that those bullying jackboot tactics can be applied in the House of Commons, but the Government is wrong. In the end this thoughtless, senseless, undemocratic move will come back to haunt government Members. In some respects it is like the Americans who use their power and might to bully, but Canadians will not stand for that. At the time of the next election, Canadians will send a very clear signal to Ronald Reagan and the United States administration by electing a Government in Canada that will stand up for the rights of Canadians. That Government will be headed by Ed Broadbent and will be made up of New Democrats.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Riis: The seven or eight Members out of the 200 plus caucus across the aisle laugh. Obviously they have not seen the polls today. The Tories have not noticed where their standing is in the regions of Canada.

I want to register very seriously that the Government may think it is smart and its Members may think they can out-bully the opposition Members, but in the end justice will prevail. The parliamentary system exists on the understanding that the opposition Parties, the duly elected representatives of the people of Canada, have a rightful role in the House of Commons and in the parliamentary system.

Mr. Fennell: We have heard this song before.

Mr. Angus: And you weren't listening then.

Mr. Riis: Tonight the bullying tactics of the Tories might prolong the debate and in a sense bring it to an end, but the people of Canada do not want this debate to end, Mr. Speaker.

Mr. Fennell: Yes, they do.

Mr. Riis: The people of Canada do not want this debate to end tonight. The 10,000 workers at CN and CP know that if this legislation goes through, they will be out of work. Ten thousand people will be out of work at CN and CP.

Mr. Fennell: You are a fear-monger.

Mr. Riis: Members opposite know it. They want to end this debate before the reality gets out on to the streets and into the rural areas of Canada. Ten thousands jobs are at risk because of this legislation, and that is just in CN and CP. Those are the direct jobs, Mr. Speaker. You must recognize that in those communities for every one railroader, for every one employee of CN and CP, there is at least another one or two workers who service CN and CP. We are talking about thousands and thousands of people whose jobs are at risk because of Bill C-18. What is the response of the Government? It is to bulldoze the Bill through, to ignore the Opposition and to try to jam the Bill down our throats. That is not going to work. This is just step one of a process.

I recall another abuse of the parliamentary procedures. While Members of the Liberal Party and the New Democratic Party were busy working in committees this afternoon representing their constituents, representing critical views on critical issues, the Government thought it would pull a sneaky underhanded ploy. The Tories asked for an extension of hours, knowing full well that members of the Opposition were actively involved in the standing and legislative committees of the House. That is a blatant abuse of the procedures and the committees of the House of Commons. If that is the kind of abuse that this bullying Government wants to perpetuate, it cannot work successfully. It requires co-operation on that side and on this side of the House. We have bent over trying to co-operate, Mr. Speaker. We have co-operated time and time again.

Mr. Lewis: Mr. Speaker, I rise on a point of order.

Ms. Mitchell: Sit down and go back to your supper.

Some Hon. Members: Sit down.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis) on a point of order.

Mr. Lewis: Mr. Speaker, I want to inform the House that we were afraid the debate would collapse this afternoon. We extended hours so that we could have a little overtime and so that every Member of the NDP would have a chance to speak.

Some Hon. Members: Oh, oh!

Mr. Deputy Speaker: The Hon. Member for Kamloops—Shuswap (Mr. Riis) has one minute left in his speech.

Mr. Riis: Mr. Speaker, my recollection is that a Member for the Government stood and put the question which means to limit debate, that after one round of speakers debate would end. Let us understand what is happening.

In closing, let me say that the legislation before us will open up the railways of Canada to the United States rail companies. It will open up the highways of Canada to the American trucking companies, but the same will not take place in the United States. This door only opens one way, to let in the American trucking companies and the American railroad companies. It does not swing the other way to allow us equal access. This one-sided deal is a blatant sell-out to the United States, simply to enable the Prime Minister of Canada and the President of the United States to maintain this love-in relationship that they have been perpetuating over the last two and one-half years.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I will not be very long because I have only a couple of points to make. I have a list of speakers who have spoken on the previous motion. If my arithmetic is correct, 16 or 17 Members of the New Democratic Party have already spoken.

Ms. Mitchell: We will speak a lot more too.

Mr. Kilgour: The remainder of the NDP Members have not spoken. Looking at those here tonight, most have already spoken, but if they all want to speak again, as they know they can, we will stay until three or four o'clock in the morning to listen to their speeches. With great respect to my friend, the Hon. Member for Kamloops—Shuswap (Mr. Riis), and he knows he is a friend, they can discuss the motion. There is no restriction on rounds of debate, as I understand it. Every Member sitting on the other side of the House can debate any aspect of this Bill as long as he or she wants. Let us be clear on that, Mr. Speaker.

[*Translation*]

Mr. Ouellet: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Papineau on a point of order.

Mr. Ouellet: Mr. Speaker, I think that the Parliamentary Secretary who said the motion was introduced by the Government to allow all Members to speak as long as they wish is certainly exaggerating. He knows quite well that each Member is entitled to speak a maximum of 10 minutes and by moving that the question be put, it means that the Members are not allowed now to introduce amendments and speak once on the main motion and again on an amendment.

The government has made sure this evening that the Opposition Members would speak only once for a maximum of 10 minutes. By introducing that motion at the very end of our

proceedings this aftrnoon without any previous notice nor any consultation with the parties opposite, it is obvious that several of our colleagues who had other matters to attend to did not expect such a debate this evening and are not here because the House does not usually sit on Tuesday evenings. The Parliamentary Secretary is therefore rather inaccurate when he suggests that everyone is aware of that debate and could have spoken this evening.

[*English*]

Mr. Deputy Speaker: I presume the Hon. Member for Kamloops—Shuswap (Mr. Riis) is rising on the same point of order.

Mr. Riis: Yes, Mr. Speaker. I think I can resolve this on the same point of order. I have a great deal of faith in the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour). I know he is an honourable man and a man of his word. I think I recall him saying that we have a chance to speak and that we will have a chance to speak as long as we like. Would the House entertain the suggestion that in recognition of what the Parliamentary Secretary to the Minister of Transport has offered that we seek unanimous consent to allow Members who wish to make a speech on this issue be allowed to speak as long as they wish?

• (1900)

Mr. Deputy Speaker: Is there such unanimous consent?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: There is not unanimous consent. We shall resume debate.

Mr. Kilgour: Mr. Speaker, I should not have said that they could speak as long as they wanted. If those on the other side want to speak for as long as they wish I cannot give unanimous consent; but as far as I am concerned, they may speak as long as they wish.

Mr. Riis: Mr. Speaker, could we then see if it is the will of the House that Hon. Members feel as the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) does, that it is appropriate on this very critical issue facing the country to allow a debate of an appropriate nature and that Hon. Members be allowed to speak as long as they want on this issue?

Mr. Deputy Speaker: There was not unanimous consent when I asked. Resuming debate.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I represent part of a city in which thousands of railway workers live and in which there are head offices of many major trucking lines. I have not yet spoken on this debate, not because I am not interested in it but because I am a member of a legislative committee dealing with a Bill to amend the Patent Act as it affects prescription drugs. As determined by Conservative members of that committee in the knowledge that the public does not want the Bill passed, that committee by majority decision has been meeting five days a week, each meeting running for more than two hours. That is where I have been so that I have not been able to speak on this debate. This might have been the only debate on transportation held in this Parliament in which I had not participated in all the years I have been here.

I would like to remind Conservative Members that for 20 of the years I have been in this House they were in the minority. During every one of those 20 years they complained that they were not given adequate time by the then Liberal Government to adequately present the views they held. If Conservative Members look at the results of recent polls they will realize that the chances are that this is a one-term Government. Chances are that come 1988 or 1989, whenever the Prime Minister (Mr. Mulroney) screws up his courage to call an election, they will again be in the Opposition. I would like to remind them tonight that when there is a Government that is not Conservative after the next election, and when Conservatives are again in their usual position of minority and complain that they do not have the time to make a case on whatever subject is being debated, they set this tone for the operation of Parliament. We have a Government with the biggest majority this country has ever seen. The Government calls the agenda. It decides what shall be done. What is it afraid of? Why have we seen again and again motions to cut off debate? Why is the Government afraid?

This country was built on transportation policy. If the Conservative Government headed by Sir John A. Macdonald had not seen to it that we had a railway that extended from the Atlantic to the Pacific there would be no country, because the economic lines of this continent run, not from East to West but from North to South. If the Conservative Government of the time had not bullied, wheedled, cajoled and bribed so-called free enterprisers into building a railway, there would be no railway and there would be no country.

Mr. Benjamin: With the taxpayers' money.

Mr. Orlikow: If I had the time I could spend 10 or 15 minutes sketching out briefly the kinds of inducements, financial and otherwise, given to the organizers of the CPR to get them to do what was necessary at the expense of the people of Canada.

The railways, airlines and trucking companies have been able to establish themselves, to operate and to make a profit in the free enterprise system. That is the purpose for which they were set up. They have been able to do so because there has been planning and regulation. Because the transportation system is in place, people in the hinterlands and slow-growth areas have been able to obtain the kind of services which they could not have obtained otherwise and which they will not obtain in the future if we get rid of regulations and planning and leave it completely to market forces.

This Bill will lead to the railways making their profits if they can make any, in the corridor between Montreal or Quebec City and Windsor. The rest of the country will suffer. That corridor is the area with the high volume and the competition between rail, trucks and shipping. It may even be that cities and towns along the main lines of the railways like Winnipeg, Regina, Calgary and Vancouver will be able to survive. However, deregulation will make life much more difficult and expensive for those who live in areas outside the main corridor.

This may be the only time in the years I have been here that I have found myself in agreement with the CPR. I fought the CPR all my life. The people of Winnipeg know how the CPR has used and misused Canada over and over again. However, a representative of the CPR came to my office yesterday to tell me that this Bill would lead to the American railways virtually destroying the viability of the Canadian railways. We will not agree to that. That is why we will continue to oppose this Bill and Bills like it in every way we can.

We have learned some lessons on ways to oppose Bills from our friends, the members of the Conservative Party, when they were in Opposition. Because we intend to oppose this Bill, I move, seconded by the Hon. Member for Kamloops—Shuswap (Mr. Riis):

That the debate be now adjourned.

Mr. Deputy Speaker: The Hon. Member for Kamloops—Shuswap (Mr. Riis) cannot second the motion because he has already spoken.

Mr. Orlikow: Seconded by the Hon. Member for Vancouver East (Ms. Mitchell) then.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

(*Division No. 51*)

YEAS

Members

Althouse
Angus
Benjamin
Blaikie
Boudria
Epp
(Thunder Bay—Nipigon)
Finestone
Fulton
Gauthier
Grondin
Heap
Jewett
Keeper
MacLellan
Malépart
McCurdy
Mitchell
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Ouellet
Penner
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Tardif
(Richmond—Wolfe)
Young —30

NAYS

Members

Andre
Beatty
Belsher
Bernier
Bertrand
Blackburn
(Jonquière)
Blais
Blais-Grenier
Blenkarn
Blouin
Bosley
Bourgault
Bradley
Brightwell
Browes
Cadieux
Caldwell
Champagne
(Champlain)
Charest
Clark
(Brandon—Souris)
Clinch
Collins
Comeau
Cook
Cooper
Cossitt
Crosbie
(St. John's West)
Darling
de Cotret
Della Noce
Desjardins
Desrosiers
Dick
Domm
Duguay
Edwards
Epp
(Provencher)
Fennell
Fontaine
Fraleigh
Fretz
Gagnon
Gérin
Gervais
Gormley
Gottselig
Gray
(Bonaventure—Îles-de-la-Madeleine)
Greenaway
Grisé
Guilbault
(Drummond)
Gustafson
Halliday
Hamelin
Hamilton
Harvey
Hawkes
Hicks
Hnatyshyn
Hockin
Horner
Jacques
James
Jelinek
Jepson
Johnson
(Bonavista—Trinity—Conception)
Joncas
Jourdenais
Kelleher
Kempling
Kilgour
King
Ladouceur
Lanthier
Lawrence
Layton
Lewis
MacDougall
(Timiskaming)
Mailly
Malone
Martin
Mayer
Mazankowski
McCrossan
McDougall
(St. Paul's)
McKenzie
McKnight
Minaker
Moore
Murta
Nickerson
Oostrom
Pietz
Plourde
Porter
Price
Redway
Reimer
Ricard
St. Germain
St-Julien
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Sparrow
Speyer
Stackhouse
Stevens
Suluk
Tardif
(Charlesbourg)
Taylor
Towers
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
White
Wilson
(Etobicoke Centre)
Witer—121

● (1940)

Mr. Deputy Speaker: I declare the motion lost.

Resuming debate with the Hon. Member for Regina West (Mr. Benjamin).

Mr. Les Benjamin (Regina West): Mr. Speaker, we now have the attendance and attention of the Minister of Transport (Mr. Crosbie), which has been very difficult to obtain since he received his portfolio.

Some Hon. Members: Order.

Mr. Benjamin: We could not find him for the first three months that he held the portfolio. It is nice that he is here for my 10 minutes. He was not here for my opening speech, but I was here for his. Of all the occasions in the House of Commons since 1968, the countless times that I have listened to Conservative Members of Parliament rave and rant at this hour of the night about the tyranny of the majority, talking about my friends to my right—

• (1950)

Mr. Fulton: We do not need friends like that.

Mr. Benjamin: I use the word loosely—the Tories are making the Liberals look like the saints of parliamentary democracy.

An Hon. Member: Order.

Mr. Benjamin: When I think of the occasions when the Liberals moved closure—Mr. Speaker, I wonder if there is a rule that would get all these proctological orifices to keep quiet.

Mr. Deputy Speaker: Maybe if we wait for one minute for the Members who are presently leaving to leave, then the Member may start his speech.

Order, please. The Hon. Member for Regina West (Mr. Benjamin).

Mr. Benjamin: I am still not sure if all those orifices I mentioned have left.

I am informed by the Clerk that we have had 17 hours and 58 minutes of debate on second reading of a piece of legislation that is one of the largest items of legislation that any Government has brought into the House over the last 20 years. That is equivalent to four days of parliamentary debate on seconding reading.

I could understand, and I would be hard put to complain about this back-door method of closure, if we had gone 12, 14, or 16 parliamentary sitting days at second reading. I would be hard put to complain about a Government that moved the motions it did today, or brought in a closure motion. But after 17 hours and 58 minutes, the Government hits the panic button. It does not want any more debate, it wants as invisible a production of this legislation as possible.

Many of the corporations and individuals who at first blush supported the Government on *Freedom to Move*, and supported it on deregulation, have had second thoughts. I have had people coming into my office who normally would not be caught dead in my office, or in the office of any other NDPer. But that has to tell you something, when the Canadian Trucking Association, hundreds of small manufacturers, processors, shippers and receivers, are now a bunch of "yeah-but-ers".

When I was a kid at home and my mother gave us heck for something and we would say, "Yeah-but, yeah-but, yeah-but". Now we have all these outfits, individuals, and corporations that said they were in favour of deregulation and *Freedom to Move* but—now we have more "yeah-but-ers" running around the country than you can shake a stick at. The Government does not want those "yeah-but-ers" making any more fuss. The Government does not want any more debate in Parliament.

I wish to say to the one-answer-a-day Parliamentary Secretary to the Minister of Transport (Mr. Kilgour), please do not come and talk to me any more. Please do not come up and see me behind the curtain any more. Any time that you wish to discuss—

Mr. Deputy Speaker: Could I ask the Hon. Member to speak through the Chair, so as not to make it as personal.

Mr. Benjamin: Mr. Speaker, I did not want to include you in this diatribe of mine, but I will.

Through you, Mr. Speaker, any time those Parliamentary Secretaries wish to discuss the business of transport legislation, from now on bring it to us in writing with a proposal, and no more weasel words behind a curtain; no more discussions about "how can we handle this with the maximum of co-operation". With the performance, and what the Government has done today, you will rue this day. It will come back to haunt you time and time again for the rest of this Parliament. I promise you.

Some Hon. Members: Hear, hear!

Mr. Benjamin: The Government is half-way down the road, and the road is getting shorter. Mr. Speaker, would you look at all them ash cans over there! They are so desperate that they will go to these extraordinary lengths to cut off debate after four days of second reading.

Judging from the enthusiasm of my colleagues over the last couple of days, I figured that second reading would be over with by Friday or next Monday. But I will tell you one thing that I am happy about, the Government has done more to charge up the batteries of my colleagues than anything I could have done or said. I do not mind colleagues opposite being stupid. They cannot help it. But it is when they work at it, that is what makes it funny. They are working hard at it.

I wish to say to my hon. friend from eastern Arctic, I listened to his speech today when he was talking about the North, though while he was speaking I was reading my mail. I

hope my hon. friend will have a lot of amendments regarding deregulation when the Bill gets to committee. Pacific Western Airlines is pulling out of Whitehorse—deregulation! Every damn jerkwater airline that wants to start up and operate for a few weeks, and then leave a few weeks later, will serve the North. I wish to predict to my friends who come from Sudbury, Timmins, Yarmouth, Charlottetown, Thunder Bay, and Windsor that you are not long for this world with a national airline.

• (2000)

The Government does not want my colleagues or anyone else in the House to discuss these matters any further. By the gods of war, they now have a war. Perhaps some of their colleagues are having fun over at the Press Club as guests of the United States Ambassador. What are they doing? They are celebrating Continental Airlines coming into Ottawa. By the way, the origins of Continental Airlines suit Conservatives. It is the airline which the CIA started during the Viet Nam War, and the Tories think it is terrific.

These guys give away our country. I say to my hon. friends opposite that what they did today has made it worse for the rest of this Parliament, and they brought it on themselves. I say to my hon. friends, particularly to another proctological orifice and to the three Parliamentary Secretaries, that they will rue this day. I say to government Members that they will not hurt Parliament any more nor will they hurt our country any more with stupid legislation which destroys our sovereignty and independence. "You ain't seen nothing yet".

Some Hon. Members: Hear, hear!

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, while I regret that my colleagues on the Liberal side are not standing tonight to fight for the rights of Canadians as are my hon. colleagues in the NDP—

An Hon. Member: The Liberals started deregulation.

Ms. Mitchell: That is true, they started deregulation. I remember it well. I remember when the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) was Minister of Transport and all the things they did to us, particularly those of us in the west, and he represents the west.

I join with my colleagues in saying very loudly that I am sincerely and deeply ashamed of the kind of tactics which the Government has undertaken tonight. It is worse than other stalling tactics or tactics which are just another type of closure. It is worse than the stalling tactics used on other Bills. I agree with my colleagues who have repeatedly said that it is grossly unfair and really very short-sighted, in their own interest, that government Members should be attempting to cut back on the timing of debate on such an important piece of legislation.

There could be no more an important piece of legislation, particularly for western Canada. We are talking about our life-blood. We would not have any western Canada if we had not had an efficient, national, government-controlled transportation system. It is appalling that the Government, by cutting short the debating time on this piece of legislation, is trying to prevent Canadians from learning about the legislation, much less learning about what its likely impact will be on Canadians in all parts of our land. It is covering up a Bill which will undermine our total transportation system.

As one of my colleagues mentioned, I am also appalled that the Parliamentary Secretary to the Government House Leader, a person who asks for co-operation and repeatedly uses this kind of underhanded tactic, thought he could ask us to support him as Speaker of the House. He is blatantly partisan.

These kinds of tactics undermine our parliamentary system. They undermine the legislative process. They cause disillusionment in politicians, as if we did not have enough problem with public perception. Even worse, they cause public disillusionment with Parliament.

I have spoken on the Bill once before. At that time I was only beginning to talk about its impact on people in western Canada, particularly people in British Columbia and in my riding of Vancouver East. The Bill is anti-competition. It will cut back on rather than open up competition, which is what government Members pretend to think. We know from the American experience that it is a Bill which is very likely to be anti-safety. We know that it is anti-service. Services are likely to be cut back, particularly in remote and northern areas where it is more costly to provide service. It is anti-sovereignty. It gives away the rights of Canadians to control transportation and allows American competition to come in.

In my last speech I gave many examples of how it would have a dramatic negative effect on the Port of Vancouver. Container traffic which should be going through Canada will go through the United States. It will be going south, through Chicago, through the western American states, and through American ports. We have already seen the CNR providing favourable tariffs to encourage this.

We need planned and co-ordinated transportation in Canada which will ensure good service, offer prices consumers can afford, and serve remote and rural areas.

I do not have a lot of time, but I should like to use my remaining time to refer to a special report of the Standing Committee of Council on Economic Development which was given to the Council of the City of Vancouver. It studied the *Freedom to Move* transportation reforms. A number of speakers addressed the committee, most of whom opposed deregulation. I am sure if they were here tonight that most of them would be saluting us and opposing Bill C-18.

B.C. Motor Transport Association; Canadian Brotherhood of Railway Transport and General Workers, Local 100; Vancouver Centre Provincial NDP Constituency Association; the president of Community Business and Professional Association; Machinists Union; the secretary-treasurer of Pacific Coast Maritime Council; and the Canadian Merchant Marine Association appeared before the Committee. These are

all vital union and business associations concerned with transportation, business, and industry in western Canada, particularly in the Vancouver region.

What were they concerned about? They identified a number of concerns. Under this piece of legislation and with deregulation of transportation, railways will have a competitive advantage over motor carriers by negotiating confidential contracts, discounting rates, offering rebates, et cetera, to obtain large shipments. Open borders will permit easy entry to the Canadian market for giant American trucking companies. American trucking companies will offer discounted rates which Canadian companies cannot afford. Shipments through Vancouver would shift to American ports because of lower transportation costs. U.S. manufacturers currently operating plants in Canada to meet Canadian demand without paying import duty would move back to the U.S. if cheaper transportation rates compensated for the import duty.

Thousands of jobs will be lost in all sectors of the transportation industry, with spin-offs into manufacturing and other trades. Thousands of truck companies work under managed competition. Deregulation would lead to considerably less competition, resulting in bankruptcy for many smaller companies. Service to outlying communities will decrease and costs will escalate. The provision of government subsidies where the private sector does not provide adequate service will lead to more political interference than presently exists.

Vehicle maintenance will suffer under deregulation, leading to increased safety hazards on streets and highways. Giant American airlines are going to undercut Canadian domestic carriers, forcing them out of business. We have already seen a complete shift in the relationship between airline companies particularly in western Canada. This is only the beginning. Most of us feel that this will have very questionable effects on consumers. Air and rail service to remote communities will decrease or be terminated. That state of affairs has already started. Abandonment of many existing rail lines will increase shipping costs, with a disastrous result for farmers in outlying areas and small business people. The conditions of safety and seaworthiness for vessels will not be maintained under deregulation. Inspections by the Canadian Coast Guard will be unnecessary. The existing east-west transportation flow across Canada will change to a north-south flow to the advantage of larger U.S. companies.

• (2010)

I could go on and on, but just in summary, Mr. Speaker, most of the speakers who spoke at City Hall in Vancouver referred to the negative impacts of deregulation in the United States which have already been experienced. They suggested that the provincial and the federal Governments should be requested to undertake independent studies of the detrimental effects on employment, wages and working conditions, on trade, safety and on the economic climate before transportation reforms are implemented in Canada. These are very important people who are highly specialized in all modes of transportation. Unfortunately, because the Government is cutting off our time and is referring the matter back to the committee without enough public involvement and is ignoring the amendment which my colleague has presented for a delay so there can be this type of an investigation, the people of Canada will suffer and particularly people in British Columbia. The Government is increasing the suffering by the stance it is taking tonight.

Mr. Rodriguez: Mr. Speaker, I rise on a point of order. I do not see a quorum in the House. I call quorum.

Mr. Deputy Speaker: Now we do have quorum. Resuming debate. The Hon. Member for Beaches (Mr. Young).

Mr. Lewis: Oh, oh!

Mr. Neil Young (Beaches): Mr. Speaker, I know that the Hon. Member for Simcoe North (Mr. Lewis) was just kidding. He actually wants to hear the contribution I have to make tonight.

Mr. Lewis: The Hon. Member for the Beaches (Mr. Young) is an expert on transporation.

Mr. Young: Transportation is extremely important to the people of Beaches, Mr. Speaker.

Some Hon. Members: Oh, oh!

Mr. Young: As my colleagues in the House well know, the residents of Beaches have a keen interest on issues of national importance. That is why they sent me here to represent them.

Ms. Mitchell: They had good taste.

Mr. Young: And I am doing a good job too.

Some Hon. Members: Oh, oh!

Mr. Young: I cannot say much less than express deep disappointment at what the Government did late this afternoon by using a procedural tactic to end debate on this very important piece of legislation.

I got thinking about the use of those procedural tactics over the dinner hour and remember the discussions that I had with Members who are now on the government side when they sat in opposition. They decried the use of these same procedural tactics by the then government Members who are now members of the Official Opposition. I am not surprised to note with some interest the silence from the Official Opposition on what the Government did late this afternoon. In fact, I have often thought of my good friend Erik Nielsen. He would comment on what the then Liberal Government would do. Erik had an awful lot to say about the use of these procedural manoeuvres. I think the words he used were "to strangle democratic debate in the House of Commons". I am sure if he were present in the House today he would look with some disdain and disgust on what the Government has just done with this Bill.

Bill C-18 is important for a whole number of reasons that have already been mentioned by my colleagues in the New Democratic caucus. One of the areas of interest on which I touched when I spoke to this legislation this afternoon was the effect it will not have on the disabled community in Canada. The effect of this legislation will be to cause large carriers in the transportation industry, from all the analyses that I have read, to examine those routes in Canada which they deem to be non-profitable because of a low traffic volume. That examination has already happened in some areas of the country that I had an opportunity to visit in December, 1986. I mentioned this afternoon that in Nova Scotia and New Brunswick air transportation from Fredericton to Halifax and from Halifax to Sydney in Nova Scotia, and I believe in other areas where the transportation provided, was DC-9 aircraft. A DC-9 service is no longer available between those major Canadian cities and the Atlantic provinces except in some isolated incidents. What has replaced DC-9s and the larger aircraft in these centres has been the Dash-8 and the Dash-7 aircraft. Anyone who has had the opportunity to fly in a Dash-7 or a Dash-8—and by the way these aircraft are a terrific achievement in Canadian technology—knows that they are not designed to accommodate individuals who may be physically disabled, may lack mobility or may require the use of the wheelchair in order to be as mobile as able-bodied Canadians. That creates a special problem.

While Bill C-18 touches on discriminatory practices against physically disabled Canadians in our transportation modes, what it does not provide very clearly is a mechanism for a disabled individual who feels he or she may be discriminated against by our transportation system, to get a fair hearing before some kind of quasi-judicial body. At the present time, Mr. Speaker, the system is under the Canadian Transport Commission. The Canadian Transport Commission is about to be disbanded under this legislation and another agency is being proposed in its place. What is not clear is whether a new agency will be designed to accommodate any claims of discrimination by disabled Canadians or groups of disabled Canadians. That is something I would strongly urge the Government to take a second look at as we proceed with this legislation. I think it is an important point.

As I understand it, even though we have not seen the regulations, they will specify that the non-discrimination parts of this legislation will only apply to air carriers which have seating capacity on planes in excess of 60 seats. The Dash-8 and the Dash-7 and some of the other smaller aircraft obviously have less than 60 seats. The legislation is saying to anyone physically disabled who happens to live in Sydney, N.S., on Cape Breton Island or in Halifax, N.S. in Moncton, or Fredericton, New Brunswick or some other major centre, that they will be denied quite possibly the opportunity to travel by air once this legislation is passed.

• (2020)

Another major question is one which I raised this afternoon. Some Hon. Members from the government side spoke to me after I had raised it in the House so I think it is worthwhile that I raise it again. There is no indication in this legislation from the Government about what will happen to the decisions that were made previously by the Canadian Transport Commission as they affect disabled individuals. There has been no undertaking to the disabled community that the Government will support and uphold those decisions. That is an area of major concern to anyone who is at all interestsed in human rights and the issues facing the disabled.

You may be interested to know, Mr. Speaker, that the special panel of the air transport committee of the Canadian Transport Commission, on the subject of a special air fare policy for the attendants of disabled passengers and for additional seats for disabled or obese passengers, recently presented a report to the Minister of Transport (Mr. Crosbie) in which some important recommendations were made. These recommendations would greatly assist those Canadians who may be physically disabled and who are attempting to utilize Canada's public transportation system including air transport.

The report examined Canada's present policy and its recommendations in light of the various interpretations and understandings that have come about in recent years based upon the Charter of Rights and Freedoms. The authors of the report felt that to continue to discriminate against disabled travellers would be a direct violation of the Canadian Charter of Rights and Freedoms. I do not think disabled Canadians should be forced into the courts in order to have Governments recognize their right to travel about this country as a Canadian force.

I see that my time is up. I would simply urge members of the Government to take into consideration seriously the matters I have just raised on behalf of disabled people.

Mr. Deputy Speaker: On a point of order, the Hon. Parliamentary Secretary to the Minister of Transport (Mr. Kilgour).

Mr. Kilgour: Mr. Speaker, it is not a point of order, it is a very short address, if I am entitled to speak.

Mr. Deputy Speaker: The Hon. Member has already spoken in debate so he cannot speak again unless he gets unanimous consent to do so.

Mr. Kilgour: Mr. Speaker, I think I spoke on the amendment.

Mr. Deputy Speaker: I understand that the Hon. Member did speak on a point of order. Therefore, he may speak in debate.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise on a point of order. The Hon. Member for New Westminster—Coquitlam (Ms. Jewett) was rising at the same time. I move:

That the Hon. Member for New Westminster—Coquitlam be now heard.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

• (2030)

(Division No. 52)

YEAS

Members

Althouse	Hovdebo	Rodriguez
Angus	Jewett	Toupin
Benjamin	Keeper	Young —17
Blaikie	McCurdy	
Epp	Mitchell	
(Thunder Bay—Nipigon)	Nystrom	
Fulton	Orlikow	
	Robinson	

NAYS

Members

Andre	Finestone	Kilgour
Baker	Fontaine	King
Beatty	Fraleigh	Lawrence
Belsher	Fretz	Layton
Bernier	Gagliano	Lewis
Bertrand	Gagnon	MacDougall (Timiskaming)
Blackburn (Jonquière)	Garneau	MacLellan
Blais	Gauthier	Mailly
Blenkarn	Gormley	Malépart
Blouin	Gottselig	Malone
Bourgault	Grisé	Martin
Bradley	Grondin	Mazankowski
Brightwell	Guilbault (Drummond)	McCain
Browes	Gustafson	McCrossan
Caldwell	Halliday	McInnes
Champagne (Champlain)	Hamilton	McKnight
Cochrane	Harvey	Merrithew
Collins	Hawkes	Moore
Comeau	Horner	Nicholson (Trinity)
Cook	Jacques	Nickerson
Cooper	James	Nowlan
Cossitt	Jardine	Oostrom
Crosby (Halifax West)	Jelinek	Ouellet
Darling	Jepson	Pépin
Della Noce	Johnson (Bonavista—Trinity—Conception)	Porter
Desrosiers	Joncas	Price
Domm	Kelleher	Prud'homme
Edwards	Kempling	Redway
Fennell		Reid
Reimer	Sparrow	Van De Walle
Ricard	Stackhouse	Vankoughnet
St. Germain	Stevens	Vincent
St.Julien	Suluk	Warner
Schellenberger (Wetaskiwin)	Tardif (Charlesbourg)	White
Scott (Victoria—Haliburton)	Taylor	Witer—109
Scott (Hamilton—Wentworth)	Towers	
Scowen	Tremblay (Québec-Est)	
	Tupper	

• (2100)

Mr. Deputy Speaker: I declare the motion lost.

Resuming debate with the Hon. Parliamentary Secretary to the Minister of Transport (Mr. Kilgour).

[*Translation*]

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I thank all my colleagues and all the Liberal Members, and I yield—

[*English*]

Mr. Robinson: Point of order.

Mr. Deputy Speaker: The Hon. Member for Burnaby (Mr. Robinson) on a point of order.

Mr. Robinson: Mr. Speaker, I believe the Hon. Member for Nickel Belt (Mr. Rodriguez) was rising, and I would move that the Hon. Member for Nickel Belt be now heard.

Some Hon. Members: Oh, oh!

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) had already started his speech. He has the floor for debate.

Some Hon. Members: Question.

Mr. Deputy Speaker: The Hon. Member for New Westminster—Coquitlam (Ms. Jewett).

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I was looking forward to listening to the Hon. Member for Edmonton—Strathcona (Mr. Kilgour) since his colleagues have just voted, along with the Liberals, not to hear me at this time. I assume the reason they did so was because they wanted to hear the Hon. Member for Edmonton—Strathcona who has apparently got cold feet. He spoke on a point of order and that is all he had to say. He could have taken the floor and, indeed, this whole vote was to enable the Hon. Member to have the floor.

If anything shows the emptiness of the argument of the Conservative Party, it is the unwillingness of the Conservatives to speak in this debate. They do not want to defend this indefensible legislation. That is why the Hon. Member did not take the floor. If he wanted to take the floor, he could have taken the floor. He spoke only on a point of order, as I recall. It was not really a point of order, mind you, Mr. Speaker, but the Chair allowed it as a point of order. We use up the time of the House and then he does not even speak.

This is the third example today of the governing Party of this House to trying to shut off, limit, restrict and end debate on this Bill. I am as angry about the procedure the governing Party is using as my colleagues who have already spoken on what I honestly believe is one of the the most important, if not the most important Bill to come before this House.

• (2110)

The Hon. Member for Regina West (Mr. Benjamin) pointed out that the length of time spent on debate on this Bill at second reading has been only 17 hours and 58 minutes. That is about four days. I was in the House, as a few other Hon. Members were, in 1964 when we had the flag debate. The flag debate lasted 34 days—34 days—before closure was invoked. The Conservatives were then in opposition. They did not win the point they were trying to make, that is true, which was that we should continue with the Red Ensign rather than have a distinctive Canadian flag. But because they were given that amount of time, 34 days, they did get public discussion going right across the country on a very important matter, namely, a Canadian flag.

Mr. Gagnon: What has this to do with Bill C-18?

Ms. Jewett: What has it to do with Bill C-18? I thank the Hon. Member for his question. The Hon. Member has been sitting right beside me but he does not listen. What it has to do with this debate is that in 1964 on an equally important matter the House of Commons was allowed 34 days to debate it. In that case the public from one coast to the other was heard. People say that we have heard the public. That is not true. There are still many groups in my own constituency who have not been heard. I spent the weekend with several already. There are many more, including a group of disabled people who are extremely concerned about the proposed regulations concerning aircraft with below 60 seats on which there will be no provisions for the disabled. They want to talk to me about that. Many other groups as well have said that they want to talk to me about this Bill. I have assured them, whether they are pro or con, that I will listen to them. I go back to my constituency frequently to hear them.

I have said that there has been less than four days' debate on this Bill and since it is one of the most important Bills to come before the House in this session that we will undoubtedly have another four, five or six days of debate. I am not asking for 34 days of debate. But I have said that we would undoubtedly have another five or six days to debate this Bill on second reading. I have given that assurance to these people. I am sure other Hon. Members have done the same thing. I have given this assurance to important groups in my constituency, and in neighbouring constituencies, which want to talk to me about their concerns with respect to this Bill. They will not now have an opportunity to be heard.

Let us not kid ourselves, the Tories now have every intention of blocking further discussion and really extensive hearings in committee. I do not believe for one moment that they will allow widespread hearings or widespread travel with respect to this matter. They will certainly not hear from any of the people in the United States who have experienced deregulation. They will not listen to them. They will not invite them, and I will bet my bottom dollar on that. We will not hear a word from them.

An Hon. Member mentioned earlier what Sir John A. Macdonald would have thought of this Bill. Indeed, I could not help thinking that myself. What would the Right Hon. Sir John A. Macdonald have thought? Indeed, every Conservative Leader up until the present time, even Sir Robert Borden, would not have liked this sell-out of our sovereignty any better than we do. The Right Hon. John George Diefenbaker in the famous pipeline debate made two fundamental arguments which are really relevant today. One was the procedural one that there was not sufficient debate. Of course, M. J. Coldwell and members of this Party, Stanley Knowles and others, also pressed strongly the fact that the Government was not allowing adequate debate. Not only did the Right Hon. John George Diefenbaker make that argument time and time again, but he also made the very strong point that this was a denial of Canadian sovereignty.

Surely Members opposite have read their Canadian history, or at least their Conservative history. Do any of them remember his speeches about the Texas buccaneers and the taking over of Canada? The consequences of this debate and this Bill, which is being pushed through the House in almost as sad a fashion as that Bill was, will be similar to the consequences of that Bill. There will be an increasing and rapid continentalization of the nation. There will be an increasing and rapid merging of this nation into the great nation to the south.

The new Tories, Mr. Speaker, except undoubtedly for you, have lost the dream that the leaders of that Party had in the past about this country. They do not care about east-west transportation which pulls this country together, as do all methods of communication and transportation. They do not want to see this country become a place where one cares if one lives in Vancouver about what happens in Antigonish. They probably do not even know where Antigonish is if they come from Ontario.

Members opposite will not debate this Bill any longer. They wish to close off debate on it. They have stooped to shocking tactics today on a third occasion. They even told the Hon. Member for Edmonton—Strathcona that he could not speak.

Mr. Nystrom: And he listened like a trained seal.

Ms. Jewett: On three occasions they have made it impossible for us to represent the views and concerns of our constituents with respect to this Bill at second reading. Given that this is a transportation Bill, something fundamental to the very nature of Canada, I believe, as a colleague of mine said, they will come to regret this turning away from their own past and this sinking of Canada into the great continent, the fifty-first state. That is what it will lead to. I think they will come to

regret it. They will lose the election for other reasons, undoubtedly. But this will be a key reason when that day comes, election day 1988 or 1989.

Some Hon. Members: Hear, hear!

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, in listening to the interventions of my colleagues in the New Democratic caucus, it was brought to my attention how rare the interventions have been from the government side. I would like to remind my colleagues of an event which transpired today which impressed, as I said before, all of us. I refer to the intervention of a member of the Government side who comes from the north. He described with great eloquence the need for regulation and the need for arrangements which ensure that transportation is provided to those parts of the country in which populations are thinly spread out across vast areas. I wish that more members of the Progressive Conservative Party had not only listened to what the Hon. Member had to say, but that they would have taken an opportunity to express their views on this very important issue of transportation.

I sat here this evening and witnessed one of the most ridiculous episodes I have seen since taking my seat in the House of Commons. I refer to someone who suggested that he wanted to participate in the debate and, when given the opportunity, withdrew. This is a Government which I am sure will be known for its perverseness, its perfidiousness and its pitiful incompetence.

Some Hon. Members: Hear, hear!

Mr. McCurdy: Worst of all, I think it will be known for having established a new standard of mean-spiritedness. It has been demonstrated tonight, it has been demonstrated in committee, it has been demonstrated to all the people in the country, as well as Members in the House, by the contempt that it has shown for the members, and for the people. The people have been denied an opportunity to have their voices heard, and their spokesmen have been denied a hearing.

• (2120)

When I think about transportation, I think of an incident that was reported to me recently. It turns out that the Prime Minister (Mr. Mulroney) had boarded a train, and had found his seat in a compartment. He was witnessed to be anxiously searching through his pockets. As he was busily searching, he could hear the footsteps of the conductor approaching. He became a little more frantic about this. The conductor opened the compartment door and said, "Hello, Mr. Mulroney". He does not obey parliamentary rules, Mr. Speaker. In any event, he recognized him immediately because he was his first cousin. He said, "Mr. Prime Minister, if you have lost your ticket, don't worry about it. We know you. Sometimes we even trust you. If you can't find your ticket now, I am sure it's somewhere. When you get to your destination, at an appropriate time, when you do recover it, just send it on to the head office and everything will be fine". He said, "That is not the problem. The problem is I don't know where I'm going".

This is the type of leadership that has effectively been imposed upon the Party across the way. They do not know where they are going. Now they have introduced legislation on transportation, and the vast majority of Canadians who are in need of adequate transportation services on air and land will not know where they are going.

Why has such a heavy, complex piece of legislation been allowed so little debate? Let us remind ourselves of the efforts of my colleague from Regina West (Mr. Benjamin) to ensure that the committee would travel and hear witnesses and that the people of Canada would have an opportunity to understand what was at stake, and to impose their ideas on what would transpire. Yet all of that was denied. Why? We are talking about a document that is very thick. I would bet money that 99 per cent of the Progressive Conservative caucus, who are able to read, have not read it.

What would motivate this abbreviation of the debate? What would impel this anxiety to be over with it so quickly? It is that they want to keep the Canadian people in the dark. In spite of that, we know what occasions this legislation. As I said earlier today, it is ideology. That ideology has been identified in terms of free trade, deregulation, and privatization. That does not address the question directly. The basic ideology, as my colleague has indicated, is Americanization. That is where they seek their models, and there can be no doubt about that.

We know that the Prime Minister was terribly impressed by being given an opportunity to sing Irish songs to an American businessman who was visiting his home in Quebec, and he has never forgotten that. The Canadian people will suffer from his inability to snatch himself away from what must have been a tremendous impression. If we want to analyse the implications of this Bill, we should look at what has been the effect of deregulation in the United States since 1978.

Earlier I called attention to this free enterprise approach in terms of the maximization of profits and the minimization of costs, and the elimination as much as possible of labour. That has been the result in the United States. We have already been over that. There are other implications with respect to safety. There can be no doubt that the American experience since 1978 has been a severe decrease in the level of safety in all types of transportation covered in this legislation, in the air, on the roads, and on the water. In the United States there has been a terrible record of deterioration in the level of safety.

To pursue the course that is manifest in this Bill is a dangerous thing. It might be a life-threatening situation thing at some point in time. But in terms of the functions of transportation regulation, which is to ensure that affordable transportation is available to all sectors of the country no matter how densely populated or distant, we find in the United States the record that threatens what has been most important to us in terms of transportation regulation. It is the focus on

providing services where the market is abundant and profitable, and at the same time depriving smaller centres of transportation in a large measure, and where transportation has been conserved it becomes unaffordable.

In every way there is a threat in this legislation to the people of Canada.

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate the opportunity to join in the debate this evening. We will debate this issue at any time, and at any place. We would have preferred to do it in the orderly course of the business of Parliament, but if the Government forces us to do it tonight, we will do it here.

We used to think that the Tories were a principled lot. The principles were mostly the wrong ones, they were misguided, but at least they had principles. This evening we have clearly seen the abandonment and the betrayal of principle by the leadership of the Conservative Party. Unless that bunch of southern Ontario fellows who were chortling earlier this evening have run away with the rest of the caucus tonight and set out to betray historic Conservative principles, and snigger while they are doing it, I really wonder whether their colleagues are with this.

My friend from New Westminster—Coquitlam pointed out a few minutes earlier the way in which Sir John A. Macdonald and the Conservatives had worked in earlier years to create a country on the basis of railway connections. They recognized the importance of railway connections from central Canada across the west to the Pacific coast. They realized the necessity of having these connections, if they were going to be a country. I think back to those days, historians allow themselves that pleasure. I think of the struggle that went on during the 1870s and into the 1880s to ensure that Canada would have the type of railway system that it should have. Conservatives think with a bit of discomfiture even now of the Pacific scandal that can be connected with the events of that day.

We can think of Sir Hugh Allan's endeavours which were caught up in the Pacific scandal as he got involved in support of the Conservative Party in the election campaign of 1872 to ensure that they would return to office and carry through the contract and build the railway line.

• (2130)

The Pacific scandal broke. In those days the Liberals had the great pleasure of driving the Conservatives from power. In fact the Pacific scandal was the happiest event which could have happened to Canada in those days, precisely because Sir Hugh Allan's railway plans did not envision a Canadian railway system to the West. Sir Hugh Allan was involved with Chicago railway interests who thought that even if the West became part of Canada they could still ensure that the products of the west, grain which might be grown there, and other freight from the west could move out through Chicago and into the United States.

The destruction of those plans following the Pacific scandal of 1873 made it possible for others. Of course George Stephen is the great name connected with this and there are others. He became Baron Mount Stephen as a result of his endeavours to organize the Canadian Pacific Railway and the construction of lines across Canada's West to the Pacific coast. This has been celebrated in Pierre Burton's works and in productions by the Canadian Broadcasting Corporation based upon some of the great decisions and discoveries of the time, for example, the discovery of Rogers Pass through the mountains. This made it possible to build a railway line in the middle of the Prairies or south of the middle instead of north at the Yellowhead Pass. There was also the great decision to build a railway line around Lake Superior to ensure that even in the wintertime when the lake was frozen it was possible for manufactured goods from the east to move west and for products from the West to move east. Those great decisions were absolutely vital to the creation of a single economy so that other regions in Canada could join in what was happening in the west and Canada could become a prosperous country.

What did American railway men attempt to do time after time, after Sir Hugh Allan's failure in the 1870s and the failure of the Chicago interests? They continued to push railway lines up into Canada. If we look at a map of railway lines across the west and into British Columbia, we see little lines reaching up into Canada.

What do we face now? What is the relevance of what I have been saying about Canadian history in the 1870s, 1880s, and later? The relevance is that there are always American interests who would like to take the cream off the Canadian economy and to leave one region of Canada sitting while they take advantage of whatever happy thing might be happening in another region. The Conservative Government is now proposing provisions for joint line and competitive line rate making. There is the possibility of products being taken out of a Canadian region and into the United States, to be carried off to the East Coast or, for that matter, to the West Coast, leaving much reduced traffic for Canadian railway lines, leaving men and women who want to work the rail lines out of work, and reducing the prosperity in which Canadians from one region to another want to share.

In the area of railways that is a splendid example of how the Government, without regard for Canadian interests, thinks only of an individual complaint in one place or another which could be relieved by sensitive regulation. It is an example of how the Conservative Government is quite prepared to forget Canadian interests nationally and betray the country. That is the tragedy we face.

I should like to refer to the principles of building up the country carried out by Sir John A. Macdonald in his day, through the 1880s, to the beginning of the 1890s and the last great election which he fought in 1891. Others stood for these principles, all the way through to the Government of John George Diefenbaker, in which the Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) was one of the

most imaginative advisers to the Government in terms of national development. All that has been abandoned.

We see a Government which thinks that private interests should have their own way and that shippers who have some dissatisfaction with the existing system of regulations should be able to break out of it in any way they see fit. It does not have any concern about loss leader rate making which can be carried out without any recognition that in the transportation business, as is true in many other industries, one can afford to run at a loss rather than shut down. It does not really matter as long as they are covering their variable costs; it is still worth getting the business. If one can get that business over hundreds of thousands of miles and get the added economies of scale which that provides, the possibility that American railways will take advantage of the situation in these areas and destroy Canadian traffic is very great.

These are the reasons we think the legislation is so misguided. These are the reasons we wanted the legislation referred back to the Standing Committee on Transport for basic consideration. It is not enough to press ahead with the legislation as it stands with all these dangers in it. We face a transportation industry in which confidential and secret rate making will open possibilities for a few to benefit from the system. That impact, together with American railway lines, will be felt by railway workers across the country. Railway centres from Montreal to southern Ontario, to Thunder Bay, to Winnipeg, and to Regina—every railroad centre across the country—will feel that the impact.

We have already seen large reductions in workforce by CNR and CP Rail. In these circumstances it will not be a simple matter of trying to reduce workforces with business being stable or growing. We will not see railways reducing workforces in an attempt to become more competitive. We will see reductions of workforce as a result of reduced business. In that kind of situation we will find ourselves with a system of regulation tossed out which will be regretted by the Conservatives in their ridings and by Canadians from coast to coast. It is then we will see their commitment to principle and that very few ideas rattle around in Conservative skulls. The idea of deregulation in this case and a couple of others is about all one finds in Tory heads in terms of economic principle. They will be rattling around empty heads, empty ballot boxes, and empty stomachs. They will be rattling around in the thousands of unemployed across the country.

Therefore I call upon members of all Parties to join with us in defeating the Bill so that we can reconsider a sensible kind of order for the Canadian transportation industry.

Mr. Deputy Speaker: The Hon. Member for Gander—Twillingate (Mr. Baker).

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise on a point of order. I move:

That the Hon. Member for Winnipeg North Centre be now heard.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

(*Division No. 53*)

YEAS

Members

Althouse	Heap	Robinson
Angus	Hovdebo	Rodriguez
Baker	Jewett	Toupin
Benjamin	Keeper	Young —20
Blaikie	McCurdy	
Epp (Thunder Bay—Nipigon)	Mitchell	
Fulton	Nystrom	
	Orlikow	
	Riis	

NAYS

Members

Beatty	Fennell	Lanthier
Belsher	Finestone	Lawrence
Bernier	Forrestall	Layton
Bertrand	Fraleigh	Lewis
Binns	Fretz	MacDougall (Timiskaming)
Blais	Gagnon	Mailly
Blenkarn	Gass	Malone
Blouin	Gauthier	Martin
Bourgault	Gottselig	Mayer
Brightwell	Grisé	Mazankowski
Browes	Grondin	McCain
Caldwell	Guilbault (Drummond)	McKnight
Champagne (Champlain)	Gustafson	Minaker
Clark (Brandon—Souris)	Halliday	Moore
Cochrane	Harvey	Nickerson
Comeau	Hawkes	Nowlan
Cook	Jacques	Oostrom
Cooper	James	Pietz
Cossitt	Jardine	Plourde
Crosby (Halifax West)	Jepson	Reid
Darling	Joncas	Reimer
Della Noce	Jourdenais	St-Julien
Desrosiers	Kaplan	Schellenberger (Wetaskiwin)
Domm	Kempling	
	Kilgour	

Scott (Victoria—Haliburton)	Suluk	Warner
Scott (Hamilton—Wentworth)	Tardif (Charlesbourg)	White
Scowen	Taylor	Witer—88
Sparrow	Towers	
Stackhouse	Van De Walle	
Stevens	Vankoughnet	
	Vincent	

• (2210)

Mr. Deputy Speaker: I declare the motion lost.

[*Translation*]

The Honourable Member for Saint-Denis (Mr. Prud'homme) on a point of order.

Mr. Prud'homme: Mr. Speaker, I would simply like to point out that I was present but that I refuse to take part in the vote.

[*English*]

Mr. Benjamin: Mr. Speaker, I rise on a point of order. At this hour of the day—

Some Hon. Members: It's night!

Mr. Deputy Speaker: Could we allow the Hon. Member for Regina West (Mr. Benjamin) to put his point of order.

Mr. Benjamin: Mr. Speaker, that shows how dumb the Government is. There are 24 hours in the day. At this early hour of the day—

An Hon. Member: Late hour you mean.

Mr. Benjamin: Another proctological orifice. At this hour of the day I think the House would be agreeable that the pages and messengers go home. On a further point of order, we appreciate the arrangements you made at noon hour and supper hour. Could you organize breakfast as well? I would like my eggs over easy.

• (2220)

Mr. Nunziata: Mr. Speaker, I rise on a point of order. Due to unforeseen circumstances beyond my control I was unable to be present at the time of the vote. Had I been here I can assure you, with all the certainty I can command, that I would have voted with my party, especially with my Whip.

An Hon. Member: What about George?

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Gander—Twillingate (Mr. Baker).

[*Translation*]

Mr. Desrosiers: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Honourable Member for Hochelaga—Maisonneuve (Mr. Desrosiers) on a point of order.

Mr. Desrosiers: Mr. Speaker, since the comedy goes on, I move the adjournment of the House.

Mr. Deputy Speaker: I regret. The Hon. Member is right. I cannot accept the motion. I must declare it out of order. The Hon. Member for Gander—Twillingate (Mr. Baker).

[*English*]

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I certainly appreciate all of the support from the government benches to vote against the New Democratic Party and make them listen to me for a few moments.

This Bill deals with deregulation and I believe its main purpose is to deregulate the transportation industry that is controlled by the federal Government. In the case of Newfoundland, from which the Minister of Transport (Mr. Crosbie) comes, deregulation would affect water, air and ground transportation.

The Minister of Transport deregulated water transportation by allowing CN Marine to transport passengers whenever it wants. This meant that it did not have to meet the bus and train schedules and, until the Official Opposition told the Government to control CN Marine, it meant that it took three days for someone to go from Port aux Basques, Newfoundland to Sydney, Nova Scotia.

The Minister and the Government deregulated air transportation by moving the international flights from Gander to the Minister's riding.

The legislation is called "freedom to move". Freedom to move for carriers means freedom to remove service in certain parts of Canada. I am sure the truckers of Canada will not be happy with the Minister of Transport trying to force the provinces to deregulate the trucking industry to allow the entry of American truckers who pay less for gasoline and licences. This will result in unfair competition for Canadian truckers. The principle of the Bill is to leave the regulation of transportation to the market-place. For example, it is to the discretion of the carriers when to pick up passengers from various localities on St. Brendand's Island, Change Islands, Greenspond or Long Island in Newfoundland. If it is not profitable to pick up passengers, they will simply have to wait until spring.

Mr. Nunziata: Or swim.

Mr. Baker: Or swim.

The Government is saying that it will not regulate the air industry and make those carriers travel to the non-profitable routes. The air industry can operate as it wishes, without having to supply service to those who live in extreme rural areas of Canada. These examples represent the Tory philosophy of allowing the carriers in the air, on the ground and on the water to do whatever they please.

Marine Atlantic, for example, which carries passengers and freight from the islands off the East Coast of Canada, is being told that it must make a profit or break even, or it will no longer be given a subsidy. The former Minister of Transport announced that Marine Atlantic would save $20 million. That is why it cut back on the service across the Gulf and went to

the CTC to ask for the rate increases in freight charges. The Government said it was cutting back on its subsidies and it must break even and compete with other transportation modes. That only contact between Newfoundland and the rest of Canada, and Prince Edward Island and the rest of Canada must operate like a business. It may not cost anything to go from New Brunswick to Nova Scotia, New Brunswick to Quebec, Quebec to Ontario or Ontario to Manitoba, but it will cost to go from Nova Scotia to Newfoundland, and New Brunswick to Prince Edward Island. The Government will allow the carrier to charge as much as it wants because it must break even or make money. That is the philosophy of the Tory Government and the intent of this Bill.

I do not know anyone who likes this policy. I have read the newspaper clippings and cannot find anyone who agrees with the content of the Bill, except the Minister of Transport, the former Minister of Transport and the rest of the Tory Party. We will not have to put up with that much longer. If the Bill is stalled long enough, it will not be too long before the Government changes and the policy will not have to be enacted.

Most of the provinces disagree with this legislation. The poorer provinces point out that the Bill will profit the have provinces and the have provinces say that they do not like the Bill. I am told that Ontario would profit by some two-thirds from the change in the deregulation of the trucking industry. Ontario is saying that it wants it stretched out from five to eight years. Other provinces are saying that they do not want deregulation at all because it benefits the have provinces.

The trucking companies are opposed because it will allow unfair competition by American truckers. These trucking companies include Day and Ross and Big Wheels competing with Chet's Transport. The American trucking companies will have hundred gallon tanks on the side of their trucks and then travel through Canada without paying a cent in taxes for transporting over the roads in this country. We know the regulations on trucking today. Truckers are penalized for going from province to province and must pay the Department of Finance in the various provinces the taxes they would have paid on gasoline that would have been used if it was bought in that province. Not so under this Bill of deregulation where the federal Government is saying to the provinces, you will deregulate the licencing of the trucking industry and you will deregulate the entire permit-granting privileges of the provincial Departments of Public Works and Transportation.

• (2230)

Those are the few words I had to say about this Bill, Mr. Speaker. I must say I do not know too much about the Bill. I have not examined it in complete detail, but let me say about the railway that the Progressive Conservatives when they got elected said they were going to reinstate all the rail lines which had been lost over the years. They reinstated, for example, the line from Halifax, Nova Scotia and Moncton, New Brunswick, up to Montreal, through the United States. What do they say now? They are saying that unless that line makes money in the next year it is going to have to close down. That is Tory philosophy under deregulation, under user-pay, and the people are saying, you promised one thing during the election campaign and you do just the opposite when you are elected.

Are you indicating I am out of time, Mr. Speaker?

Mr. Speaker: I am suggesting that the Hon. Member is almost out of time and I know he would want to wrap up his comments and stay within the rules.

Mr. Angus: Point of order, Mr. Speaker. Given that the Hon. Member's time is coming to a close, I wonder if the House would be prepared to give unanimous consent to allow him to continue?

Mr. Speaker: The Chair always deeply regrets to hear any Hon. Member close off his remarks, but the necessary consent to continue is not there. I will, of course, allow the Hon. Member for Gander—Twillingate (Mr. Baker) to complete his remarks. I think the disposition of the House is that those remarks should be completed with a certain brevity.

Mrs. Finestone: Levity and brevity.

Mr. Baker: Mr. Speaker, I had an opportunity, while the Hon. Member was asking if I could be allowed to continue, to read a clause in the Bill—what I mean is the particular clause of the Bill which deals with the National Transportation Agency. I can now see why some people are even more upset than normal about this particular Bill. What is now going to happen to all of those community groups across Canada who had been able to object to the movement of a carrier which was given a federal Government licence to operate in their area? I give you the example of Air Canada. What was contained under the previous Act was a system whereby communities or community organizations could object to the Government if they were receiving poor service from a carrier or if a carrier had changed a route to which the people objected. My colleague is now seeing what I just saw in the Bill, and that is—

Mr. Speaker: I regret to inform the Hon. Member—

Mr. Benjamin: Point of order.

Mr. Speaker: The Hon. Member will be recognized in a moment. In the meantime, I think the Chair has to suggest to the Hon. Member for Gander—Twillingate (Mr. Baker) that his time has expired. I do want to share with all Hon. Members the comment of the Hon. Member for Mount Royal (Mrs. Finestone) who, when I suggested brevity, suggested levity and brevity. Those are admirable qualities. Unfortunately, I do have to remind the Hon. Member that his time has expired. I will hear other Hon. Members. The Hon. Member for Regina West (Mr. Benjamin) on a point of order—on a point.

Mr. Benjamin: Mr. Speaker, since the House can do anything by unanimous consent, I would ask the unanimous

consent of the House that the Hon. Member for Gander—Twillingate (Mr. Baker) have another 10 minutes.

Some Hon. Members: No.

Mr. Speaker: The Hon. Member has, of course, very succinctly and properly put the general principle that the House can do anything, but that request had been put earlier and I do not think the consent is there. The Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Benjamin: A further point of order.

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I must say I—

Mr. Benjamin: On a further point of order, with all respect, Sir, when the earlier point of order was raised the Speaker quite properly said the Hon. Member had not finished his time. I was requesting it at what the Chair ruled was an appropriate time to do so.

Mr. Speaker: I think the general sense in the House is that the Hon. Member for Gander—Twillingate has had a good run at it, and a little bit more than perhaps was legally allowable. However, I think the Hon. Member has finished his remarks. I recognize the Hon. Member for Winnipeg North Centre.

Mr. Keeper: I must say I appreciate my colleague's enthusiasm for the Hon. Member for Gander—Twillingate (Mr. Baker). I am glad I received some support from the other side of the House so I could rise in this House and address the issue, but that is the last thank you I will be giving to that side of the House.

I am surprised, however, that we have not yet heard from the chairman of the Committee on Transport. This is a very important piece of legislation. I would guess that the chairman of the Committee on Transport might have a few opinions about it and we would be curious to hear whether the chairman is interested in this debate and whether he has the courage to come into this House and tell us what he thinks about this legislation.

Mr. Fulton: Or any of those other Tory Members.

Mr. Keeper: This legislation can be characterized fairly simply. What it is is a going-out-of-business sale. The Government has put a price tag on everything. It knows the price of everything but the value of nothing. What is going out of business? The first thing is the Government on the other side. It is going out of business so fast it is selling everything at firesale prices. If that was all that was happening that would be fine, because most Canadians would celebrate that particular going-out-of-business sale. However, there are some real impacts which this legislation has for the workers at the railroads. They are ordinary Canadians with families, they are people who have a real stake in this country, and they are being sacrificed by this going-out-of-business sale. In addition, the regions of this country, for instance, the north, and those regions which do not fall within the major population centres such as Vancouver, Toronto and Montreal, are being sacrificed by this going-out-of-business sale. Their transportation needs are being sacrificed. There is not only that to consider, but the nation itself is being sold out. The Government has put a price-tag on our nation. It has declared that it is having a going-out-of-business sale.

• (2240)

I now wish to deal with what this anti-transportation legislation means for railroad workers. The Government claims that there will be some benefits as a result of the passage of this legislation. Just what benefits are there in it for the railroad workers? Specifically, what benefits are there in this Bill for the people who work at the Weston Shops in Winnipeg? What benefits are there in this legislation for the workers at CN and CP?

Let us first consider their collective bargaining rights. Once this anti-transportation legislation is put into place raw materials such as coal which must be moved from the west to the east will be carried by American railways which are now operating in a deregulated environment. Once we move into that circumstance one of the negative benefits which will result is that the workers will see their collective bargaining come under threat. Why do I say that? Because the economic environment under President Reagan is an anti-union environment. It is an environment in which large corporations have been encouraged to take on the unions. They have been encouraged to break the unions. That is the type of environment that this anti-transportation legislation will create in the country. That is but one of the negative results the workers who are now working for the railways will see as a result of the Government's legislation. Collective bargaining rights are crucial because without them individuals must negotiate with large corporations.

Also involved in this issue are questions of safety. The standards in Canada will be dragged down to meet those in the United States. Not only is there the issue of workplace health and safety, there is the issue of salaries. Traditionally, it has been a great opportunity to work for a railroad in Canada. They have provided good and steady jobs. They are well paid jobs. With the type of cutthroat competition that this legislation will introduce into the railway system salaries will be driven down.

The workers of Canada will receive nothing but negative results from this legislation. The very security of their employment will be threatened by it. For if we have to move our goods on American railways then on what will our Canadian railroad system survive? I am reminded of recent proposals with respect to moving coal from British Columbia to Ontario so that Ontario Hydro can use a type of coal which reduces acid rain. In this way more employment can be created in our country. That of course assumes that the products are moved by rail. While this legislation will have many impacts,

the very major impact will be negative for the Canadian economy, for the railroads and for the people who work for the railroads.

I wish to wind up by saying that this legislation will have very serious implications for the country. We can sum up the implications of this legislation in a historical perspective by calling to mind Sir John A. Macdonald, Sir Wilfrid Laurier and the present Prime Minister (Mr. Mulroney). Sir John A. Macdonald had a vision for Canada. He had a national policy. He knew that if he wanted to tie the country together a transportation and communications system was needed. He had a dream and a vision which he pursued with vigour. Obviously, those of us who have studied our history know that there was a certain amount of scandal involved in the construction of the railway. But then contemporary Canadians would not be surprised that a Tory Government might be involved in the odd scandal. However, one of Sir John A. Macdonald's merits was that he had a dream of nationhood. On that dream he set about building a nation. Tories today have shopkeepers' mentalities. They want to know what price-tag to place on something. They think they are running a corner grocery store and not a country. They are trying to sell out quick because they know that they are going out of business.

In closing, I wish to move, seconded by the Hon. Member for Burnaby (Mr. Robinson):

That the debate be now adjourned.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Speaker: Call in the Members.

The House divided on the motion, which was negatived on the following division:

(Division No. 54)

YEAS

Members

Althouse	Blaikie	Finestone
Angus	Epp	Fulton
Baker	(Thunder Bay—Nipigon)	Gauthier
Benjamin		Grondin
Heap	Mitchell	Riis
Hovdebo	Murphy	Robinson
Keeper	Nunziata	Rodriguez
McCurdy	Nystrom	Toupin—22

NAYS

Members

Belsher	Guilbault (Drummond)	Pietz
Bernier	Gustafson	Plamondon
Bertrand	Halliday	Plourde
Blackburn (Jonquière)	Harvey	Redway
Blais	Hawkes	Reid
Blenkarn	Horner	Reimer
Blouin	Jacques	St-Julien
Bourgault	Jardine	Schellenberger (Wetaskiwin)
Brightwell	Jepson	Scott (Victoria—Haliburton)
Browes	Joncas	Scott (Hamilton—Wentworth)
Caldwell	Jourdenais	Scowen
Champagne (Champlain)	Kempling	Sparrow
Clark (Brandon—Souris)	Kilgour	Stevens
Cochrane	Lanthier	Suluk
Comeau	Lawrence	Tardif (Charlesbourg)
Cook	Layton	Taylor
Cooper	Lewis	Towers
Cossitt	MacDougall (Timiskaming)	Tremblay (Québec-Est)
Darling	Mailly	Van De Walle
Della Noce	Martin	Vankoughnet
Desrosiers	Mayer	Vincent
Fennell	Mazankowski	Warner
Fontaine	McCain	White
Fraleigh	McKnight	Witer—80
Fretz	Minaker	
Gagnon	Moore	
Gottselig	Nickerson	
	Nowlan	
	Oostrom	

• (2320)

Mr. Deputy Speaker: I declare the motion lost.

[*Translation*]

Mr. Prud'homme: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The Hon. Member for Saint-Denis (Mr. Prud'homme) on a point of order.

Mr. Prud'homme: I would like to point out that I was present during the vote, Mr. Speaker.

[*English*]

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, some people are asking why Parliament is sitting tonight, and it might be very worthwhile to remind Members of the House why we are here. Earlier this afternoon, the Deputy House Leader moved a motion that would dispose of all aspects of second reading stage of the Bill sometime this day. He did this despite the fact that we had spent only 17 hours and 58 minutes on the second reading debate of one of the most important Bills that has faced this session of Parliament. That is why the House is sitting late tonight. It is because the Hon. Member is not respecting the will of Parliament and the Canadian people and is not letting us have a fair hearing on a very important piece of legislation.

When the National Transportation Act was debated back in 1966, this House spent eight long days on second reading stage. After that, the Transport Committee went on the road and spent 16 days travelling across Canada hearing the points of view of ordinary Canadians.

Mr. Benjamin: Sixteen locations.

Mr. Nystrom: My colleague has reminded me that it was 16 locations and perhaps more than 16 days. I find it passing strange to see how members of the Conservative Party are acting now that they are in power when year after year they complained about the Liberal Government imposing closure and cutting off debate. When they are in power, they are worse than the Liberal Party of Canada.

I see across the way the chairman of the Transport Committee, a Member of the House for many years, sitting on his fanny letting the Deputy House Leader push him around like a meek little kitten afraid to open his mouth. He is a pussycat relegated to the back benches. A man who has a lot of experience in this House is now afraid to open his mouth as Chairman of the Transport Committee to speak up for ordinary Canadians and for the Conservative back-benchers who are afraid to say anything because of where they stand in the polls. I thought he was a man of courage. I thought he was a man of conviction. I thought he was a man who would not be pushed around by the Deputy House Leader, but apparently he is.

[*Translation*]

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the Minister of Finance.

Mr. Vincent: Mr. Speaker, I suggest the discussion should deal with the legislation now before the House, rather than with the history of the Canadian Parliament, as the Hon. Member is now doing.

[*English*]

Mr. Benjamin: Another amateur.

Mr. Blaikie: Why don't you get up and debate this?

Mr. Mazankowski: Why do you keep moving the adjournment of the debate if you want to discuss it so much?

Mr. Blaikie: Do we have to explain it to you?

Mr. Deputy Speaker: Order, please. The Hon. Member for Yorkton—Melville (Mr. Nystrom) has the floor.

Mr. Mazankowski: You made your bed, you have to lie in it.

An Hon. Member: You guys lie a lot.

Mr. Mazankowski: Oh, yeah?

Some Hon. Members: Oh, oh!

Mr. Blaikie: The new civility?

Mr. Benjamin: Say goodbye, Maz.

Mr. Nystrom: I never thought anyone could make Erik Nielsen look good.

Mr. Blaikie: It's called the Vegreville salute.

• (2330)

Mr. Nunziata: On a point of order, Mr. Speaker. It is with considerable regret that I rise on this point of order. Upon leaving the House, the Deputy Prime Minister (Mr. Mazankowski) made what I and other Members consider to be an unparliamentary gesture.

Some Hon. Members: Oh, oh!

Mr. Nunziata: I would ask that the Deputy Prime Minister stand in his place and apologize for such disgusting conduct unbecoming the Deputy Prime Minister.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Mr. Speaker, I want to apologize to the House for throwing a kiss at the Hon. Member for York South—Weston (Mr. Nunziata).

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The time is getting late. Can we please get back to the debate?

Mr. Benjamin: We have just started.

Mr. Deputy Speaker: I will give the floor to the Hon. Member for York South—Weston (Mr. Nunziata), as he said, on a question of privilege, but I would ask him if he could possibly make it short so we can get back on debate.

Mr. Nunziata: Mr. Speaker, the Deputy Prime Minister (Mr. Mazankowski) suggested he blew me a kiss.

Some Hon. Members: Oh, oh!

Mr. Blaikie: Politics makes for strange bedfellows.

Mr. Nunziata: Mr. Speaker, I did not know he cared!

Some Hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Could I ask the House to co-operate—

Mr. Benjamin: No!

Mr. Deputy Speaker: —and listen to the speech of the Hon. Member for Yorkton—Melville (Mr. Nystrom).

Some Hon. Members: Hear, hear!

Mr. McCurdy: On a point of order.

Mr. Deputy Speaker: I understand I have two points of order. The Hon. Member for Windsor—Walkerville (Mr.

McCurdy) first on a point of order, and then the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers).

Mr. McCurdy: Mr. Speaker, on the same point of order. Anyone who has sat in the House of Commons knows very well that the relationship between the Deputy Prime Minister (Mr. Mazankowski) and the previous speaker is not such as to motivate a kiss at a distance. It was clear to all of us that the Deputy Prime Minister stuck his tongue out at the Opposition.

Mr. Nunziata: It was a French kiss.

Some Hon. Members: Explain!

[*Translation*]

Mr. Desrosiers: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers) on a point of order.

Mr. Desrosiers: Mr. Speaker, I simply want to remind my colleagues who are throwing kisses at each other that they are not with the CBC. However, there would certainly be room for them if they want to continue using such language which I find unsuitable for this House.

Mr. Speaker, I would like to say that Canadian taxpayers are paying for this day and this evening. I hope that the Members of the NDP are aware of that. I would like to remind them of the old saying—I am nearly through, Mr. Speaker—to the effect that an asylum is always well kept up by its own patients.

Mr. Deputy Speaker: I thank the Hon. Member.

[*English*]

I would ask the Hon. Member for Yorkton—Melville (Mr. Nystrom) to go on.

Some Hon. Members: Hear, hear!

Mr. Benjamin: Start again.

Mr. Nystrom: Where was I, Mr. Speaker—

Some Hon. Members: In the House of Commons!

Mr. Nystrom: —before we saw the Vegreville kiss?

Mr. Lanthier: Keep on saying nothing.

Mr. Nystrom: I was saying that we have not spent a long time on this very important piece of legislation in second reading, just 17 hours and 58 minutes before the Government brought in closure. It is a shock to hear that from members of a Party who, when in opposition, complained about the Liberal Party bringing in closure time and time again. I remember very well that the Crow debate on second reading lasted 16 or 17 days. The flag debate went on for some 34 days. The Constitution debate went on day after day after day. Yet this debate lasted for some four days before the Government started complaining.

[*Translation*]

But where are the Members from Quebec? Why do they remain silent in this debate? Where are they? Have they become sheep? We have here one member from Quebec, the only one who has the wisdom to act according to his beliefs, and he will be speaking soon in this debate. But where are the others? Where are the Quebec members who are now in third place in Quebec with only 17 or 19 percent of support? The members of that party are all sheep.

[*English*]

Some Hon. Members: Keep going.

Mr. Nystrom: I thought someone was getting up on a question of privilege.

Mr. Blaikie: Just another Tory leaving.

Mr. Nystrom: Mr. Speaker, this is a very important legislation. It will allow American truckers and railroads to come into this country and destroy our transportation industry. What it does in the way of deregulation will hurt the western Canadian grain farmer and in effect sell them down the Mississippi River. Where is the Conservative Party when it comes to standing up for Canada? The Conservative Party has an image of this country as branch plant Canada. That is not good enough for me. It is about time we stood up for Canada and created a strong country from coast to coast. Where is the Conservative Party of Sir John A. Macdonald? Where is the Conservative Party which had a national dream?

Some Hon. Members: Dead and gone!

Mr. Nystrom: It was a nationalistic Party. Where is it?

Some Hon. Members: Dead and gone.

Mr. Nystrom: We now have a new conservatism in this country, the republicanism of Ronald Reagan and Margaret Thatcher. Where is the Conservative Party of John Diefenbaker?

Some Hon. Members: Hear, hear!

Mr. Nystrom: He was not afraid to stand up for Canada against American Presidents when he thought they were wrong as far as the national interests of this country were concerned. Where is the Conservative Party of John Diefenbaker?

Some Hon. Members: Gone.

Mr. Nystrom: More important, where are those Conservative MPs who used to be red Tories like my friend from Assiniboia? Why do they not get up and speak on behalf of Canada and a strong Canadian system of transportation? This Bill discriminates against Saskatchewan and the outlying areas of the country. Where are those Members of Parliament and why do they not stand and speak? Why is the Hon. Member for Annapolis Valley—Hants (Mr. Nowlan), chairman of the Standing Committee on Transport, silent? He used to be

known as a man of conviction who would stand up and speak his mind.

Mr. Blaikie: On a point of order, Mr. Speaker. The Hon. Member for Duvernay (Mr. Della Noce) keeps putting his notes up in front of the camera. I think that is something the Speaker should condemn. If Hon. Members on the government side are so afraid of what the Opposition is saying that they have to put their papers up in front of the cameras—

Some Hon. Members: Hear, hear!

Mr. Blaikie: I watched him do it twice and the third time I raised it.

Mr. Deputy Speaker: I did not see it. The Hon. Member for Yorkton—Melville (Mr. Nystrom) has the floor in debate.

[*Translation*]

Mr. Nystrom: Mr. Speaker, this is a very important debate. It deals with deregulation of transport in Canada. This is important for the future of Canada and for a region like my own. I represent a rural constituency where it is very difficult to obtain air, road and other transport services, just as in other remote regions of Canada. The only motive is profit. That is why we have to amend the Bill now before the House, Mr. Speaker.

• (2340)

[*English*]

I have an article from *The Globe and Mail*. The then President of the CNR predicted that they will abandon branch lines. That is what you get for deregulation. Mr. Bandeen said, "As I see it the railway of the future will not have any branch lines". He said, "Our mandate is to provide efficient, effective transportation service and the only measurement that we know of that performance is that of profit". The current president of CNR has the same motivation. The CNR and the CPR both want to abandon rail lines. If transport is deregulated, rail lines will be abandoned. In my riding many rail lines have been abandoned. If we pass this Bill, I fear for the small communities of the country. I fear for the outlying areas of Canada because there will be a cut-back in service and safety will be jeopardized.

I will end my remarks by saying—

[*Translation*]

—I urge the members of the Conservative Party not to act like sheep and to take part in the debate because they have been elected by the people of their own constituencies. Now is the time to act and to take part. That is why your Party is now in third place in the polls and you will no longer form the Government after the next federal elections.

[*English*]

Mr. Deputy Speaker: I will recognize the Hon. Member for Nickel Belt (Mr. Rodriguez) on debate.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise on a point of order. I move:

That the Hon. Member for York South—Weston be now heard.

Mr. Deputy Speaker: Order. When the Member for Nickel Belt (Mr. Rodriguez) rose the Member for York South—Weston (Mr. Nunziata) was not rising on debate. The Member for Nickel Belt has the floor for debate.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, this is a sad day for the House of Commons. As I listened to speakers tonight I kept wondering why we are here tonight, why Members of the House of Commons are being put through this process. Why?

Mr. Blaikie: Because Doug Lewis screwed up.

Mr. Rodriguez: You are right. Give this man a cigar. The Member for Simcoe North (Mr. Lewis) had no sense of the House of Commons.

Some Hon. Members: Hear, hear!

Mr. Rodriguez: This was the man who put himself forward to be our Speaker, to sit where you speak. You should have seen him oiling his way around the Chamber—

Mr. Deputy Speaker: Order, order!

[*Translation*]

Mr. Desrosiers: Mr. Speaker, I rise on a point of order.

Mr. Deputy Speaker: The Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers) on a point of order.

Mr. Desrosiers: I should like merely to remind my friend the Hon. Member for Nickel Belt (Mr. Rodriguez) that he should mind his high blood pressure. I think that, after his long illness, he should temper somewhat his enthusiasm. We are going to hear him just the same and he may add a few years more to his life. Take it easy and we will listen to you just the same.

Mr. Nystrom: Yes, doctor!

[*English*]

Mr. Rodriguez: Mr. Speaker, the Hon. Member should be more concerned about the health of his Government.

Some Hon. Members: Hear, hear!

Mr. Rodriguez: I think the Government needs a transfusion. Before I was interrupted—

Mr. Blaikie: Rudely interrupted.

Mr. Rodriguez: I would not be so unkind as to use such a nasty word as "rudely". Some of my colleagues may stoop so low, but I would not.

Mr. Benjamin: How about "dumb"?

Mr. Rodriguez: No, that is the word we were applying to the member who precipitated this fiasco, and it is a fiasco. As I was saying, when the Hon. Member for Simcoe North wanted to sit in your seat, Mr. Speaker, he oiled his way around the Chamber. He smiled. He even said hello to me.

Mr. Benjamin: And he wrote to us.

Mr. Deputy Speaker: Order, order!

Mr. Nystrom: He came to see me.

Mr. Deputy Speaker: The Hon. Member knows he should not bring the Speaker or the candidates who stood for the Speakership into the debate. I ask him not to do that.

Mr. Rodriguez: Mr. Speaker, I would not want to do that because the position of Speaker is a very honourable one. We are 30 members of the Opposition on this side of the House. We are debating one of the three most important issues to face this House. This one has to do with the deregulation of the transportation system of the country which will affect regional development and transportation services into the next century. The Member for Simcoe North thinks he knows all the rules of the House. He wants to show his colleagues how to deal with the Opposition. With their 200 members they are going to smash the Opposition. They want to use a sledgehammer on peanuts.

Mr. Nystrom: You're not peanuts.

Mr. Rodriguez: They are trying to squish and squash the Opposition as if we were threatening them. What does the Government have against reasonable debate? We were down to the short strokes. We were down to the 10 minute jobbies. The Member for Simcoe North could not contain his anxiety to show what a very effective Parliamentary Secretary to the President of the Privy Council he was. He was hoping for a call to Cabinet. After all, they are falling like flies out of the Cabinet.

Mr. Blaikie: Lots of vacancies.

Mr. Rodriguez: That reminds me of that quote from Shakespeare: "As flies to wanton boys, are we to the gods". They are falling and he saw the chance of grabbing one of those plums. He was going to impress his boss, the President of the Privy Council (Mr. Mazankowski). As a result, here we are, sitting extended hours. That Member wanted to be our referee.

Mr. Benjamin: Like a skunk in a chicken coop.

Mr. Rodriguez: As a matter of fact, I heard one of his colleagues when I was in the can. I heard a conversation through a closed door. Everyone will recognize him the minute I say this. One Member said, "My son, what are we doing here so late tonight?"

Mr. Deputy Speaker: The Hon. Member is a very experienced Member of Parliament. Could I ask him to get back to the motion.

Mr. Blaikie: The motion is to put the question.

Mr. Rodriguez: The motion is to put the question but I do not happen to agree with that motion. I am explaining why I am not in agreement with it. I am repeating for Hon. Members the kind of discussion that resulted from this fiasco tonight. I did not have my ear to the door, but this chap was saying: "Me son, why are we here tonight? It is that crazy Doug Lewis". He said: "Why do we not just close her up and let the NDPers go home?" I was tempted to shout: "You're right, let's go home", but at that moment there was a flushing sound and I could not be heard.

• (2350)

Some Hon. Members: Oh, oh!

Mr. Rodriguez: Why are we against this motion? We believe that enough time has not been taken to discuss the principle of this Bill properly.

I do not hobnob with presidents of large companies, so when the superintendent of CPR comes to see me and asks me to oppose a Bill, I suggest that the Tories have this all wrong. It is no wonder the Tories have problems, because not even their friends are standing with them.

The Government wants to send this Bill to a legislative committee. It is not even going to the Standing Committee on Transport—

Mr. Benjamin: It is now.

Mr. Rodriguez: I was looking forward to hearing the chairman of the Transport Committee speak to this Bill. He is a man who has always distinguished himself by his individuality and integrity. He is the type of person the Prime Minister (Mr. Mulroney) needs around him today. I urge him to participate in this debate. When the Member for Simcoe North (Mr. Lewis) has snatched away his right to speak, surely that ought to make him furious. Surely he ought to be upset because he was upset about unemployment insurance and the pension matter and about Christmas trees. Every time he spoke up on these issues he was on TV. This is a golden opportunity because there is an audience of millions watching tonight. Yet he stays in his seat.

I hear the Member for Mississauga South (Mr. Blenkarn).

Mr. Nystrom: He thinks he is the Prime Minister (Mr. Mulroney).

Mr. Rodriguez: He is sitting in the Prime Minister's seat. That is the ultimate. I heard his speech on this Bill. I think it

epitomizes the philosophy of the Tory Party that it only wants to see the major centres like Toronto, Montreal and Vancouver develop. They are not concerned with centres like Sudbury, Sault Ste. Marie, Yorkton or the hinterlands of this country.

I suggest to those Tories who sit there bleary-eyed that they had better stand up now and speak or this will haunt them for the rest of their lives. They will have nightmares about this night. I ask them to get up and participate in the debate.

[*Translation*]

Mr. Robert Toupin (Terrebonne): Thank you, Mr. Speaker. You will certainly recognize as will my hon. friends opposite that the remarkable eloquence of my predecessor is quite extraordinary, something I will readily admit. Having said that, Mr. Speaker, I shall be brief. The Hon. Member for Bellechasse (Mr. Blais) seems quite tired. I think he would prefer to stretch on his bed. That is why I will not unduly elaborate on this matter, Mr. Speaker.

Mr. Blais: Go on!

Mr. Toupin: If I may, Mr. Speaker, I should like to divide my remarks on Bill C-18 dealing with deregulation into three major points.

Mr. Blais: You don't know anything about it, for you did not attend a single caucus meeting—

Mr. Toupin: Having said that, Mr. Speaker, I should like first of all to indicate that Bill C-18 does not reflect the Canadian reality, the economic reality—

Mr. Blais: You know something about the Canadian reality? That is not what you were saying.

Mr. Nystrom: Sheep!

Mr. Deputy Speaker: Order, please! Two things: First of all, out of courtesy, could the House let the Hon. Member for Terrebonne (Mr. Toupin) make his speech? Second, the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers) rises on a point of order.

Mr. Desrosiers: Out of courtesy, Mr. Speaker, we could let our former colleague, the turncoat, speak. However, what I mean to say is that our dear colleague had failed to show up for a year in the House of Commons.

Some Hon. Members: Sit down!

Mr. Deputy Speaker: I am sorry, I must disallow this as a point of order. I ask the Hon. Member for Terrebonne to continue his remarks.

Mr. Toupin: Mr. Speaker, I note that my former colleagues are quite nervous—

An Hon. Member: Yes, they are nervous!

Mr. Toupin: —or still, as my other colleague would say, I would like to mention, Mr. Speaker—

Mr. Blais: We are not used to the sound of your voice!

Mr. Toupin: If my colleagues opposite will give me the chance of course, I would like to point out that my first comments on Bill C-18 concerning deregulation, as I said, did not deal with the Canadian reality from an economic, geographic and demographic point of view.

This Bill is based once again on the American reality and this is why I should like to make a comparison with the forthcoming tax reform in Canada. I sincerely hope that this forthcoming tax reform in Canada which is absolutely essential for the Canadian economy will be based on the Canadian reality and not become a poor imitation of the American reality and legislation.

Secondly, I also want to make the following comments. The effect of Bill C-18 in actual practice will be to reduce competition in Canada. Our smaller carriers, both in Quebec and in Canada, will be affected by the Bill for the benefit of big business. If you will allow me, I would like once again to draw a comparison with the Gulf Canada issue which my colleague opposite must very clearly remember. I should like to say that with the help of the Government of Canada, we have had a speculator, Olympia & York close a viable business in East end Montreal to reduce competition and give satisfaction to oil multinationals. Once again Quebec consumers and Canadian consumers as a whole will bear the brunt.

If Hon. Members opposite dare to suggest otherwise, it will be easy for me to provide evidence, Mr. Speaker, as I did in the past.

My third point is this, Mr. Speaker. Once again, this deregulation bill will have the following implications, including: first, a weakening of our Confederation; second, a greater concentration of transportation activities in the hands of a handful of big corporations. Once more, if I may, I would like to draw a parallel with the Gulf Canada issue and point out that with Gulf's shutdown, the result was a larger concentration in the hands of the oil multinationals, and we can reasonably conclude that in this case again the same thing will happen, a larger concentration among larger carriers and the multinationals in that industry, Mr. Speaker.

What we, in the New Democratic Party, want—Mr. Speaker, the Hon. Member opposite has been repeating the word "socialist" for months on end, if not years, without realizing that in Quebec, most people are fundamentally social democrats. What we want, in the New Democratic Party, Mr. Speaker, is a fair and just legislation, a legislation that will allow our smaller carriers, the Quebec and the Canadian SME's, to survive while respecting the Canadian reality on the economic and demographic levels. In concluding, Mr. Speaker, I believe the winner will then be the consumer, both in Quebec and in Canada.

And if I may, I would like to end my speech by quoting the Hon. Member for Regina West (Mr. Benjamin). I want to tell the Government that the New Democratic Party wants good regulation, because that is the real solution. The New Democratic Party wishes for Canada a viable and economic transportation industry which will meet the needs of Canadians across the land and not only where the market is good and profitable. Finally, Mr. Speaker, I will tell Hon. Members Opposite that the skeptics will be confounded and the incredulous will be convinced.

Mr. Deputy Speaker: The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart). Resuming debate.

The Hon. Member for Montreal—Sainte-Marie has the floor.

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, considering the absence of any comments from the Conservative side and the comments made by the former Conservative Member and brand new NDP Member, I will have to speak to Bill C-18 once more.

Mr. Speaker, the Conservative Members from Quebec were making a spectacle of themselves this evening. It was incredible. They were positively shaking in their boots, Mr. Speaker, when one of their former colleagues had the floor. I can imagine Conservative Members must be terrified there will be more revelations about people who were caught with their hand in the till. And I understand and agree with what was said by the new NDP Member and former Conservative Member regarding the disastrous impact of this Government's closing the Gulf refinery in Montreal East. Mr. Speaker, Bill C-18 will have a disastrous impact on the entire Quebec region, on areas far away from our major urban centres and on the whole country if it is adopted in its present form.

I agree, and my Party agrees with this position, and our official critic, the Hon. Member for Papineau (Mr. Ouellet), who has a lot more experience than some Members of this House, has stated that there will be very serious consequences if we accept the Government's proposal as is.

However, I would like to go back to what was said by the Hon. Member for Terrebonne (Mr. Toupin)—

Mr. Deputy Speaker: Excuse me. The Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers), on a point of order.

Mr. Desrosiers: Mr. Speaker, I simply want to point out to the Hon. Member for Montreal—Sainte Marie (Mr. Malépart) that the Hon. Member for Papineau (Mr. Ouellet) is still paying income tax in the Province of Ontario. I simply want to tell him—

Mr. Deputy Speaker: On the point of order raised by the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers), this is clearly not a point of order, and I shall therefore ask the Hon. Member from Montreal—Sainte Marie (Mr. Malépart) to continue his speech as if there had been no interruption. The Hon. Member for Winnipeg North Centre (Mr. Keeper), on a point of order.

• (2400)

[*English*]

Mr. Keeper: Mr. Speaker, there has been one particular Hon. Member rising on a number of false points of order this evening, at least six of them, and what I would like the Chair to do is give some guidance to the Hon. Member and let him know that if he chooses, he can stand up and participate in this debate—or don't recognize him for points of order.

[*Translation*]

Mr. Deputy Speaker: That is not a point of order either. The Hon. Member for Montreal—Sainte-Marie.

Mr. Malépart: Mr. Speaker, I shall have the wisdom not to reply to the nonsense of my colleague and neighbour from Hochelaga—Maisonneuve (Mr. Desrosiers), and if, in the future, he prefers to get involved in these issues, I shall invite him to follow my lead and we shall be able to do a lot to help people in Montreal and throughout Quebec, and Canada.

Mr. Speaker, to continue, I would like to reply to my colleague for Terrebonne (Mr. Toupin), who stated, falsely in my opinion, that Quebecers are Social Democrats. If we look at history, we find that Quebecers are liberals, and not only great Liberals in the political sense, but also in the true sense of the word, which means sharing, understanding, defending the rights of middle and low income people and respecting individual freedom and free enterprise.

This gives me an opportunity to explain the difference between the positions of the Conservatives, the NDP members and the Liberals on each of these Bills. In the case of this Bill and others, the Conservatives are for the private sector at any cost, for the law of the jungle, for the law of the strongest against the weakest, and the winners are always the wealthy. If we look at the Saint-Jean business and at other cases, we can see just what is going on and this is not only an empty accusation. There is evidence. However, if we look at the NDP position on other matters which concern us in Quebec, such as pharmaceutical products, we find the complete opposite. We have both extremes. One party is all for the private sector. The bosses are always right and the employees are always wrong. On the other side, we have the other extreme, the NDP members, who say that the union is always right. But we have the voice of wisdom, of the centre, of the middle road, the voice of those whom Canadians have always listened to as they will again when the election come and who defend the interests of real citizens. Whether you are a business or union leader, these two extremes who in this country have the right to defend freedoms, but the Liberal Party is there to fight for rights—

Mr. Deputy Speaker: I must regretfully interrupt the Hon. Member from Montreal—Sainte-Marie, but the Hon.

Member for Terrebonne (Mr. Toupin) rises on a point of order.

Mr. Toupin: Mr. Speaker, the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) is unfairly attacking the New Democratic Party in Quebec with his allegations. I should like simply to remind him that instead of playing partisan politics and expressing his fear of the NDP breakthrough in Quebec, he should behave like a gentleman.

Mr. Deputy Speaker: I do not think that this is a point of order, but rather a question for debate. The Hon. member for Montreal—Sainte-Marie has the floor.

Mr. Malépart: Mr. Speaker—

Mr. Deputy Speaker: I must regretfully interrupt the Hon. Member for Montreal—Sainte-Marie, but the Hon. Member for Winnipeg North Centre (Mr. Keeper) rises on a point of order.

Mr. Keeper: Mr. Speaker, I should like to know why the Hon. Member is attacking the NDP instead of explaining his own position on deregulation, for the Liberal Party was the first to initiate steps towards deregulation—

Mr. Deputy Speaker: I wish all Hon. Members to refrain from using points of order to take part in the debate. There is a debate on, and the Hon. Member for Montreal—Sainte-Marie has the floor.

Mr. Malépart: Being a nervous man, Mr. Speaker, I am all shaken up by the remarks of the Hon. Member for Terrebonne. I am shaken up by the NDP, Mr. Speaker, but I am prepared to confront them about anything anywhere in Quebec. I can say that the Liberal Party puts up an honest fight on behalf of early retirees, but in this case I could mention names. New Democratic Party Members are interested in nothing more than partisan politics when it comes to unionized workers, Mr. Speaker, and I am sure I was a source of division among them.

Mr. Speaker, we are dealing with Bill C-18 and the only reason for this exercise between the Conservative Party, the Liberal Party and the New Democratic Party is simply that we want the people who still have the courage to watch our proceedings at this late hour to see the difference between these people. The Hon. Member for Bellechasse (Mr. Blais) would like me to say that the Conservative Party is the Party of patronage and corruption. I will not say that, I know what he thinks, but that is a fact, Mr. Speaker, and I have no intention of raising that issue. Getting back to Bill C-18, Mr. Speaker, air transport deregulation will have very serious consequences such as the privatization of Air Canada. We would let foreign companies create a monopoly and take over all our air carriers. Quite simply, as a result of unfair competition the residents of remote areas such as Bellechasse, Saguenay—Lac-Saint-Jean, Abitibi and the north shore will be deprived of services because the airlines, more concerned about competition and profitability, will concentrate their operations in densely populated regions.

Second, Mr. Speaker, concerning changes in railway transportation versus motor vehicle transportation, small owners, small truckers once more will be on the losing end. As an example, currently there is a demand for the products of a business, let us say a business in Bellechasse, in the furniture industry, and since the Hon. Member is unable to defend his constituency, Mr. Speaker, we will look after it in preparation for next election. In the constituency of Bellechasse, there are industries that are really profitable, operated by competent workers. Right now, the tourist industry, the trucking industry have offers, markets for delivering goods for those people. With the legislation as it now stands, this means CN/CP will be able to get in touch with those people, hire $50,000 to $60,000-a-year specialists simply to go and steal the customers away from the smaller carriers, to offer rates below the table, and automatically motor vehicle carriers will lose not only their businesses, but truckers will lose their jobs. Those are the implications of the legislation.

Mr. Speaker, I hear Tory Members howling, not to say barking.

An Hon. member: Yapping.

Mr. Malépart: My colleague says yapping. But I think the Hon. Member for Bellechasse, if he is a brilliant man—the current one, we had a better one before, before the 1984 election—but if he is sincere, why does he not rise, Mr. Speaker, why does he not defend the interests of those people? Why is the Member for Abitibi (Mr. St. Julien) or the Member for LaSalle (Mr. Lanthier) not rising Mr. Speaker? Why are the Members of the Laval area not rising, to uphold the interests of those people? Mr. Speaker, is it merely, and I see the Hon. Member for La Prairie (Mr. Jourdenais), because they are only concerned with and interested in one thing, as Michel Vastel stated in *Le Devoir*, a system of patronage and corruption. Is it their sole concern in their political career?

Mr. Speaker, I see you signalling that I have only one minute left. I should like before concluding to remind Tory Members that they should do their homework and uphold the interests of their constituents, of Quebecers as well as Canadians They could also ask the NDP Members to be more moderate in their action and less ridiculous when dealing with an issue.

Mr. Toupin: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Terrebonne (Mr. Toupin) on a point of order.

Mr. Toupin: Mr. Speaker, the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) has been telling Conservative Members that they should defend the interests of their constituents. Here is my question: Where was he when the three refineries in East Montreal were closed?

Mr. Deputy Speaker: This is not a point of order. I don't think the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) has to answer.

• (2410)

[*English*]

Resuming debate. The Hon. Member for York South—Weston (Mr. Nunziata).

Mr. John Nunziata (York South—Weston): Mr. Speaker—

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise on a point of order. I move, seconded by the Hon. Member for Churchill (Mr. Murphy):

That the Hon. Member for Humboldt—Lake Centre be now heard.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

The House divided on the motion, which was negatived on the following division:

(*Division No. 55*)

YEAS

Members

Althouse	Fulton	Riis
Angus	Heap	Robinson
Benjamin	Hovdebo	Rodriguez
Blaikie	McCurdy	Toupin—16
Epp (Thunder Bay—Nipigon)	Mitchell	
	Murphy	
	Nystrom	

NAYS

Members

Attewell	Blenkarn	Comeau
Baker	Brightwell	Cook
Belsher	Browes	Cooper
Bertrand	Caldwell	Cossitt
Binns	Clark (Brandon—Souris)	Crosby (Halifax West)
Blackburn (Jonquière)	Cochrane	Darling
Blais	Della Noce	Lawrence
Desrosiers	Lewis	Scott (Victoria—Haliburton)
Fennell	MacDougall (Timiskaming)	Scott (Hamilton—Wentworth)
Finestone	Mailly	Scowen
Fontaine	Malépart	Sparrow
Fraleigh	Martin	Stevens
Fretz	Mayer	Tardif (Richmond—Wolfe)
Gagliano	Mazankowski	Tardif (Charlesbourg)
Gagnon	McCrossan	Taylor
Gass	McKnight	Towers
Gauthier	Minaker	Tremblay (Québec-Est)
Gottselig	Moore	Van De Walle
Grondin	Nickerson	Vankoughnet
Gustafson	Nowlan	Vincent
Halliday	Oostrom	Warner
Hawkes	Pietz	White
Horner	Plourde	Witer—80
Jacques	Redway	
Jardine	Reid	
Jepson	Reimer	
Jourdenais	Schellenberger (Wetaskiwin)	
Kempling		
Kilgour		
Lanthier		

• (2450)

[*Translation*]

Mr. Deputy Speaker: I declare the motion lost.

Mr. Gauthier: I rise on a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier), on a point of order.

Mr. Gauthier: Mr. Speaker, whereas the New Democratic Party has objected to the Member for York South-Weston (Mr. Nunziata) being heard, he has gone to bed and I think we would be intelligent people if we did likewise and also went to bed.

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Saint-Denis (Mr. Prud'homme), on a point of order.

Mr. Prud'homme: Mr. Speaker, I think that pretty soon I will go home to bed, but I would like to point out that I am still here and that I did not vote.

Mrs. Bourgault: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Argenteuil—Papineau (Mrs. Bourgault), on a point of order.

Mrs. Bourgault: Mr. Speaker, I just want to say, for the record, that I was unable to be present for the vote, and I also want to inform the House that I would have voted with the Government.

[*English*]

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Humboldt—Lake Centre (Mr. Althouse).

Mr. Jim Fulton (Skeena): Mr. Speaker, I rise on a point of order. I move:

That the Hon. Member for Burnaby be now heard.

Mr. Deputy Speaker: Order, please. Both the Hon. Member for Humboldt—Lake Centre (Mr. Althouse) and the Hon.

Member for Burnaby (Mr. Robinson) were rising when the Hon. Member for Skeena (Mr. Fulton) made his point of order. However, since they are both from the same political Party, could I ask the Hon. House Leader of that political Party or the Whip of that political Party to agree as to which of the two should speak at this time.

Some Hon. Members: Hear, hear!

Mr. Riis: Mr. Speaker, after many, many years of listening to both Hon. Members speak, recognizing their outstanding speaking abilities and knowing their valuable contributions to this debate, I think it is appropriate that Members of the House should decide who they feel would be the appropriate speaker to speak at this time.

Mr. Deputy Speaker: Would one of the two Hon. Members concerned, be it the Hon. Member for Burnaby or the Hon. Member for Humboldt—Lake Centre, be willing to yield his place to the other at this point?

Some Hon. Members: No.

Mr. Deputy Speaker: Then is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members. Is there unanimous consent to dispense with the bells?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: Then call in the Members.

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

(*Division No. 56*)

YEAS

Members

Angus	Fulton	Toupin—11
Benjamin	Heap	
Blaikie	Murphy	
Epp	Nystrom	
(Thunder Bay—	Riis	
Nipigon)	Rodriguez	

Mr. Deputy Speaker: I declare the motion carried. I recognize the Hon. Member for Burnaby on debate.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, it is a sorry night in Parliament when we see the Liberal Party of Canada in bed with the Conservative Party of Canada and the people of Canada are the losers. It took a while to flush the Liberals out. However, when the Liberal Party Whip came marching up the floor of Parliament hand in hand with the Conservative Party Whip, the people of Canada were finally told the truth. There they sit together, the Liberal Party Whip and the Conservative Party Whip, side by side, selling out the people of Canada on a Bill which is of fundamental importance to them.

• (0100)

Some Hon. Members: Hear, hear!

Mr. Robinson: Shame on the Liberal Party of Canada.

Some Hon. Members: Shame!

Mr. Robinson: Shame on the Liberal Party of Canada for their collaboration with people who are trying to muzzle Parliament, the Conservative Party of Canada.

We know where this anti-safety Bill came from in the first place. We know it was the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), as the Liberal Minister of Transport, who originated this Bill. Let us also talk for a moment or two about the role of the Parliamentary Secretary to the President of the Privy Council—

Mr. Lewis: Why not?

Mr. Robinson: —the Hon. Member for Simcoe North (Mr. Lewis). A few of his colleagues, like the Hon. Member for Peterborough (Mr. Domm) and some other hangers in the caucus, have a little gallows at the back and they are going to string up that member because of the nonsense he has subjected this Parliament to. Those are the people, and that is the Party, who spoke out against closure when the Liberals imposed it. Some of us remember that night in 1980 when the Liberal Government imposed closure on the Constitution. Some of us remember the storming of the Speaker's chair. Six members of the Conservative Opposition stormed the Speaker's chair demanding to be heard and shaking their fists. The Hon. Member for Calgary Centre (Mr. Andre) tried to cross the floor, shaking his fists and threatening to assault members on the government side. He had to be restrained by the Hon. Member for Burlington (Mr. Kempling). That was their view of closure. That was how strongly they felt about closure then.

What about the Deputy Prime Minister (Mr. Mazankowski)? What has he had to say about the kind of

closure the Government is implementing today on this Bill which is so important to the people of Canada? Here is what he had to say about that closure: "By virtue of a closure motion today we have a further contempt for and erosion of the spirit and privileges of this institution." He said: "I believe tyranny begins when parliamentary debate ends." What a bunch of phonies. What a bunch of hypocrites. What a bunch of double-talkers on that side of the House. When they are the victims of this kind of muzzling of Parliament they are the first to speak out. Yet now we have seen closure imposed in this Parliament with the highest frequency ever. That is to the shame of the Conservative Government which preaches parliamentary reform but muzzles the House.

Mr. Benjamin: Where is the Hon. Member for Bow River (Mr. Taylor) now? Remember how you complained, Gordon?

Mr. Robinson: We know about the contempt of the Conservative Government for Parliament. We know of its attempt to shut down not just this House on matters of fundamental significance like this legislation, but we know as well of the contempt shown for committees of this House. The Government shut down the committee which was looking at the postal service. The Government shut down the Standing Committee on Justice and Solicitor General when we tried to look into the waste of $42 million to build a prison in the Prime Minister's riding. That is the kind of contempt the Conservatives have shown for Parliament and the people of Canada. Because of that brazen contempt for Parliament and because of the outrageous denial of the right of Members of Parliament to debate this issue of fundamental significance, I move that the debate be now adjourned.

Mr. Murphy: Point of order.

Mr. Deputy Speaker: Order, please. My question is to the Hon. Member for Burnaby (Mr. Robinson). The seconder of the motion may not be someone who has already spoken in debate.

Mr. Murphy: I second it.

Mr. Deputy Speaker: The question is the following one. Moved by Mr. Robinson, seconded by Mr. Murphy:

That the debate do now adjourn.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

Some Hon. Members: We are here!

Mr. Deputy Speaker: The Whips are in.

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

(*Division No. 57*)

YEAS

Members

Althouse	Fulton	Robinson
Angus	Heap	Rodriguez
Benjamin	Hovdebo	Toupin—15
Blaikie	McCurdy	
Epp (Thunder Bay—Nipigon)	Mitchell	
	Murphy	
	Riis	

NAYS

Members

Attewell	Fretz	Redway
Belsher	Gottselig	Reid
Binns	Gustafson	Schellenberger (Wetaskiwin)
Blackburn (Jonquière)	Halliday	Scott (Victoria—Haliburton)
Blenkarn	Hawkes	Scott (Hamilton—Wentworth)
Bourgault	Jardine	Sparrow
Brightwell	Jepson	Stevens
Browes	Jourdenais	Tardif (Charlesbourg)
Clark (Brandon—Souris)	Kempling	Taylor
Cochrane	Kilgour	Towers
Cooper	Lanthier	Van De Walle
Cossitt	Lawrence	Vincent
Crosby (Halifax West)	Lewis	Warner
Darling	Mailly	White—55
Della Noce	Mayer	
Desrosiers	Mazankowski	
Fennell	McCrossan	
Fontaine	Moore	
Fraleigh	Nickerson	
	Oostrom	
	Pietz	
	Plourde	

● (0110)

I declare the motion lost.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Saint-Denis (Mr. Prud'homme), on a point of order.

Mr. Prud'homme: Mr. Speaker, this is not so much a point of order as to say that I was in the House, that I did not take part in the vote and that I am not impressed at all by the direction the debate is taking.

[*English*]

Mr. Angus: Mr. Speaker, I am a relatively new Member of the House. I would like to raise a very important point of order. Prior to you calling for the disposition of the matter at hand by a voice vote, as provided for in the Standing Orders, the Whips of the Government Party and the Official Opposition marched from one end of this House to the other as if anticipating a particular procedure. I ask that you consider the ramifications of the willingness, particularly of the Official Opposition, to eliminate further debate on this extremely important matter.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

Mr. Gauthier: Mr. Speaker, on a matter that is not a point of order, the Whips come before the Chair when they are ready to indicate that the House is prepared to vote on the matter before it. That is what we did. That is what the Standing Orders require and that is what we did.

In fact, Mr. Speaker, I may remind you that we were in the House. A number of members, including the Member for Montreal—Sainte Marie (Mr. Malépart) and the Member for Grander—Twillingate (Mr. Baker), did not take part in the vote because we figure it is a complete waste of time.

[*English*]

Mr. Robinson: Mr. Speaker, earlier this evening we saw the spectacle of the Deputy Prime Minister (Mr. Mazankowski) blowing kisses to the Liberals. Now that the relationship has been consummated, might I suggest that they formally move to the other side of the House.

Mr. Deputy Speaker: The Chair is, of course, always willing to entertain points of order, as long as they are points of order. I ask Hon. Members to raise what they consider to be real points of order.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Hochelaga—Maisonneuve on a point of order.

Mr. Desrosiers: Mr. Speaker, I think nobody understood what was meant, in either official language. Perhaps you might give me a very special permission to address the House in Italian. There might be some people who would understand us. So, if you will allow me, Mr. Speaker, I would like to speak to our friends of Italian origin, perhaps they will understand more easily.

Mr. Deputy Speaker: I regret—

An Hon. Member: In French!

Mr. Deputy Speaker: Order, please. I thank the Hon. Member for sitting down.

[*English*]

I will recognize the Hon. Member for Skeena (Mr. Fulton) to resume debate.

Mr. Rod Murphy (Churchill): I rise on a point of order. I move, seconded by the Member for Prince Albert (Mr. Hovdebo):

That the Hon. Member for Humboldt—Lake Centre be now heard.

Mr. Deputy Speaker: I know of the influence which the Hon. House Leader of the New Democratic Party has within his Party. I must ask him to try to convince one of his colleagues to yield the floor to the other.

Mr. Blaikie: Let the House decide.

Mr. Riis: Mr. Speaker, you are very kind to suggest that I have any influence over what happens within my caucus tonight. I believe it would be recognized that both the Hon. Member for Humboldt—Lake Centre (Mr. Althouse) and the Hon. Member for Skeena (Mr. Fulton) are distinguished Members of this House. I believe it is only appropriate that Members of the House decide which Member they would prefer to hear first in debate.

Mr. Deputy Speaker: I will try again with the Whip of the New Democratic Party. This is the third time that this has happened tonight. Perhaps the Hon. Member for Churchill (Mr. Murphy) will settle the matter for us.

Mr. Murphy: Mr. Speaker, you recognized, as is your right, the Hon. Member who got up at the same time as the Hon. Member for Humboldt—Lake Centre (Mr. Althouse). I believe that the Hon. Member for Humboldt—Lake Centre has expressed his interest this evening, on a continuing basis, to speak in this debate. Since both members have expressed an interest, I believe that the House should make the decision.

Mr. Blenkarn: Mr. Speaker, I rise on a point of order. I believe that if you check with your Table officers you will find that it is impossible for a member who rises on a point of order to move a motion. The Hon. Member for Churchill (Mr. Murphy) rose on a point of order and then moved a motion. I suggest to you, therefore, Sir, that the motion moved by the Hon. Member for Churchill is out of order and cannot be put.

Mr. Deputy Speaker: The Hon. Member for Mississauga South (Mr. Blenkarn) is correct with regard to practically all motions except this one. In this particular case it is allowable. The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

(Division No. 58)

YEAS

Members

Althouse	Fulton	Rodriguez
Angus	Heap	Toupin—14
Benjamin	Hovdebo	
Blaikie	McCurdy	
Epp (Thunder Bay—Nipigon)	Murphy	
	Riis	
	Robinson	

• (0150)

Mr. Deputy Speaker: I declare the motion carried.

Mr. Riis: Mr. Speaker, I rise on a point of order. I wonder if it would be appropriate to seek the unanimous consent of the House to allow the pages to retire for the day.

Some Hon. Members: No.

Some Hon. Members: Hear, hear!

Mr. Deputy Speaker: There is not unanimous consent.

Resuming debate with the Hon. Member for Humboldt—Lake Centre (Mr. Althouse).

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have been some time attempting to get the floor of the House. On a number of occasions the Chamber has rejected my efforts to be recognized. I am pleased now that 14 of my colleagues have decided that I should speak.

If there are any people left who are watching television they may be wondering about the procedural activities that have been going on this evening. It began with the Deputy Government House Leader who moved a motion to end the debate this evening, after having extended the hours of the House in an unlimited amount after the normal adjournment. On a number of occasions, as part of showing our displeasure at those activities, members of our group and one or two others in the House have moved to adjourn the debate. The objective is to give the people in the country who object to Bill C-18 a little more time to make their case to the Government. Bill C-18 is the National Transportation Act that has been put forward by the Government to deregulate transportation. Many groups and individuals are opposed to the proposals for deregulation that appear in this Bill, but their message does not seem to have penetrated through the ears of the government Members.

I wish to review the whole process towards deregulation that has been initiated by the Government. It has been an initiative copied from Margaret Thatcher and Ronald Reagan. There were some signals picked up in Canada back in the 1979 election, and the Rhinoceros Party also had a program and a platform for deregulation. It was proposing to take away the tightrope that people were being made to walk, the straitjacket of rules. It was part of their platform to deregulate automobile and highway traffic. It did not want to go too far in one fell swoop, so for a start it was proposing to put the trucks on the left side of the road.

That is about the success that deregulation is having, given the history, the geography, and the social structures that we have in Canada. Deregulation of the air, the ground, and the water has meant less service, more costly service, and less safe serice for a great many small communities outside of the central two provinces, the central triangle from Montreal to Toronto, and the Niagara horseshoe.

When we asked the government Members to defend the Bill, some of them have responded. They talked about competition and what a great thing competition will be when airlines, trucking companies, or other transportation services do not have to go before a regulatory body to get a licence to service certain communities. The Government sees this as a great boon to the consumer. It cites examples in the United States where rates have fallen. In fact, there may be some rates that fall as a result of deregulation. In fact, it may result in lower fares between the large metropolitan areas. Consumers living in Vancouver, Montreal, or Toronto might receive some advantage from deregulation. We are talking about metropolitan areas with several millions of people in them. Most of the Members of this House represent areas that do not have two or three million people. They represent the Atlantic provinces, the prairie provinces, and the hinterland of British Columbia, which is most of British Columbia, and they represent the North. Those areas do not receive any advantage from deregulation. In fact, they will be badly hurt by deregulation.

I speak as a member representing a riding on the Prairies. The type of regulated transport that we have had has served us reasonably well in a small province like Saskatchewan with a large area and only a million people. We have jet service at two of our major cities, Saskatoon and Regina. We have been able to count on DC-9 or 727 service to those cities, simply because in order to hold the licence to transport people from west to east, the airlines have been required to stop at Saskatoon and Regina. The load is never enough to make it economically feasible to make that stop at either Saskatoon or Regina. There are very few times when enough people get off and on to pay for the fuel to lift and take off with the load.

It is not just population movement that is important to the Prairies. Even more important to the farm communities that I represent is that link to machine parts. I do not know if most members realize how vital the supply of machinery parts for

combines, tractors, and mining equipment is to the economy of the Prairies. The system that we have developed is that parts are not warehoused on the Prairies—very few parts are kept there. Most of the machinery companies keep their main warehousing of parts right at the factory. They hook into the factory by computer. Even when you go to the smallest of equipment dealers these days, the parts are checked through a computer, and the availability is investigated within the Province of Saskatchewan. If there are no parts there, they immediately go further afield. For most parts they have to go back to the factory. That means a plane with connecting bus service for farmers who are waiting for that part. Generally speaking we can count upon delivery of the part in 24 hours and occasionally in 48 hours. If we are not certain of the air service into those centres and we allow service to occur willy-nilly, with a new operator jumping in at the last minute to provide service, taking away what little patronage exists, to the point where the existing service has to quit, it does not bode well for the security of the farming community, potash miners, uranium miners, or coal miners, for that matter.

• (0200)

It is vital for our communities that we do not have deregulation and we continue with existing regulations which guarantee that small communities or sparsely populated areas obtain service similar to that offered in metropolitan areas. We were able to achieve that in Canada with regulation and, to some extent, with forced cross-subsidization of lighter density centres so that they too could have service, be part of Canada, and participate in our economy.

With deregulation we would be permitting so-called free market forces to proliferate. We would be simply setting up an economic system which guarantees the growth of metropolitan areas and makes certain that rural areas, including most of Atlantic Canada, most of the Prairies, most of British Columbia north, northern Ontario, and Quebec, will no longer be guaranteed those services. People will begin to drift away, and the economy of those regions will suffer. We will end up with very little infrastructure to hold the country together.

Because of the procedures the Government chose to use to force this debate and to force this policy on the country, and because we have been attempting to find ways and means of slowing down the debate to give the Canadian population a chance to get its message through to the Government, I move, seconded by the Hon. Member for Prince Albert (Mr. Hovdebo):

That the debate on this motion be now adjourned.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

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

(*Division No. 59*)

YEAS

Members

Althouse	Fulton	Rodriguez
Angus	Heap	Toupin—14
Benjamin	Hovdebo	
Blaikie	McCurdy	
Epp	Murphy	
(Thunder Bay—Nipigon)	Riis	
	Robinson	

NAYS

Members

Attewell	Gustafson	Pietz
Belsher	Halliday	Plourde
Binns	Hawkes	Redway
Blais	Horner	Reid
Blenkarn	Jacques	Reimer
Brightwell	Jardine	Schellenberger (Wetaskiwin)
Browes	Jepson	Scott (Victoria—Haliburton)
Caldwell	Jourdenais	Scowen
Clark (Brandon—Souris)	Kempling	Sparrow
Cochrane	Kilgour	Tardif (Charlesbourg)
Comeau	Lanthier	Taylor
Cook	Lawrence	Towers
Cooper	Lewis	Van De Walle
Cossitt	MacDougall (Timiskaming)	Vankoughnet
Crosby (Halifax West)	Mailly	Vincent
Della Noce	Martin	Warner
Desrosiers	Mayer	White
Fennell	Mazankowski	Witer—67
Fontaine	McCrossan	
Fraleigh	McKnight	
Fretz	Minaker	
Gagnon	Moore	
Gass	Nickerson	
Gottselig	Nowlan	
	Oostrom	

• (0230)

Mr. Deputy Speaker: I declare the motion lost.

[*Translation*]

Mr. Prud'homme: A point of order, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Saint-Denis (Mr. Prud'homme) on a point of order.

Mr. Prud'homme: Mr. Speaker, I should like to point out that the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), the Hon. Member for Gander—Twillingate (Mr. Baker) and I are present, but we decided to refrain from voting.

[*English*]

Mr. Deputy Speaker: Debate.

Mr. Jim Fulton (Skeena): Mr. Speaker, we have learned a couple of things in the debate this evening, first in relation to the inability of the Government to run the affairs of the House of Commons in a reasonable fashion. We learned that the Hon. Member for Simcoe North (Mr. Lewis) took this opportunity after only 17 hours of debate, four short days on a piece of legislation which will affect 750,000 transportation workers, to cut it off. That was enough when the Government wanted to move this off the public agenda so the public would not really know what it was all about. I have taken the time to see the kind of flim-flam that Tory Members of this House are putting out to Canadians. About the only thing consistent in what they are putting out is that this is going to bring about lower air fares. They do not talk about all the negative things that are going to come with deregulation.

The other thing we learned, and I think it is important for Canadians to have learned it today, is that the lemming Liberals have proven once and for all that when their feet are held to the fire on the issue of deregulation in the airline industry, in rail, road and marine transport, they sit on the government side of the fence 100 per cent. We learned that as they supinely acquiesced up the centre of this House this evening. I must say that I will make sure to keep my back to the wall whenever there is a lemming Liberal wandering around in this place during the rest of this Parliament.

Some Hon. Members: Hear, hear!

Mr. Fulton: Let me deal for a moment with Bill C-18 because, as most Canadians know, less than a handful of Tories have had the guts to speak to it. Even the Chairman of the Standing Committee on Transport does not have the guts to get up and say what is good about this Bill. He wants to pretend that it is good, but it is an act of deception by an entire Government. No government Members are rising to talk about what is in the Bill. No government Members bother to go through it and say, well, this will be good for my constituents. We know where this Bill came from. We know those shark-suited suckers from the big corporations were in the Prime Minister's Office. We know they were in the Minister of Transport's office. We know that same crowd with the shark-skin suits and the snake-skin shoes have been hanging out with the Prime Minister (Mr. Mulroney). We know about the Oerlikon affair. We know the only way you get the kind of legislation you want is by getting in and cosying up with that so-called Prime Minister. We know how many of those 211 Tories will be left in this House if they are not in the penitentiary in Port-Cartier. They will not be in this House of Commons, that is one thing we certainly know, after the kind of activities they have been involved in.

Let us look for a moment at what has happened in the U.S. The Tories do not like to hear the truth, but there are Canadians out there, 750,000 Canadian workers, who want to know what the effects of this Bill will be. We can look at what is happening in the U.S. We know what the effects of four years of deregulation have been in the U.S. Listen to the howling jackals. Listen to them over there. You give them a few facts and they start to howl. Look at them, they are deranged. The Deputy Prime Minister (Mr. Mazankowski) is standing around sticking his tongue out and blowing kisses to the Liberals. The Liberals are dragging their bottoms up and down the floor.

What we know is that in the U.S. 40,000 airline workers were jettisoned out the door. Here we have the architects taking the same idiocy from the U.S. Republicans and trying to drag it up here. What happened to rail workers in the U.S? Some 150,000 rail workers were jettisoned out the door. Oh, Conservative Members say, "No, we worry about Canadians". The pathetic Conservatives worry about Canadians. The only thing they are interested in is getting themselves to the trough. That is what Tories are all about in this country.

What about road transportation in the U.S? One-third of the truckers in the U.S. have lost their jobs in four years. What will come out of this kind of legislation is an increase in monopolies. On the north-south routes in British Columbia we have only Pacific Western. These brain donkeys say that there will be more competition. There is already a monopoly on the northern CN line.

• (0240)

The Deputy Prime Minister was part of the troop of Tories which went across western Canada saying they would restore VIA Rail after the Liberals destroyed it for years. Instead, they are leasing cars to Mexico and other countries. They are closing all the VIA stations, throwing shop workers and machinists out of work and laying off red caps across the country. So much for the great Tory promise to bring back VIA Rail.

This piece of legislation is a blueprint for idiocy. It is anti-sovereignty, anti-safety and anti-competition. Everything the Tories claimed to stand for is being jettisoned. The Tories are doing it because Ronnie is doing it and Richard Nixon did it so it must be good. Not a single Tory could stand at a public meeting and debate that which is good in this Bill. They will not get up here. They try to choke off debate. The Member for Simcoe North should hang his head because the debate on Bill C-18 and C-19 is just beginning.

This legislation is a licence to cut service and abandon branch lines. It is a licence for a monopoly everywhere south of 55 in B.C. and in most of the rest of the country. They say that if you live in Dease Lake or Telegraph Creek in British

Columbia or in Fort Smith in the Northwest Territories, you will have a little bit of regulation.

Under Bill C-18, if you have a plane, a licence, insurance, and are willing to fly, you can cutthroat on any line you want. In committee, my colleague, the Member for Thunder Bay—Atikokan (Mr. Angus), asked the owner of a small Alberta airline how safe the last passengers on the last flight of a bankrupt airline would be under this legislation. The answer was, "Not safe at all". That is the guts of this Bill in terms of air transport in many small rural areas such as my entire constituency.

I have received a note which indicates that the Chairman of the Transport Committee is interested in joining in this debate this evening. I will certainly be interested to see him get up and howl on his hind legs and tell people in Annapolis Valley why Bill C-18 will be good with regard to rail, rubber, air and marine. As they lose their jobs they will remember that they have the Tories to thank for it. Of course, the Member for Winnipeg—Fort Garry (Mr. Axworthy) started this. The Tory excuse for everything is that the Liberals started it and they are just trying to fix it up a little bit.

Let us look at what will happen over-all in air, rail, rubber and marine transport. This is an offer for the lowest possible quality of service for the public at the lowest cost and the highest profit to the corporate interests. Who will really get the benefit? Big shippers will get some benefit. What about small business?

Mr. Benjamin: Bull shippers.

Mr. Fulton: Bull shippers may get a little benefit, but the Tories have probably spoken to them already. Small business will not benefit from this. With regard to individual passengers, we already know that the Tory promise on VIA was nothing. As a matter of fact, we are reverting to the stone age with regard to passenger rail service and airline service.

We want good regulations which will ensure that small communities receive regular quality airline service at a reasonable fare structure. Instead, we will see the total elimination of public convenience. In Clause 4 of the Bill the Government has defined public interest as follows: "public interest that is consistent with" cabinet policy. The Cabinet will decide what is public convenience and necessity for Canada.

This is a sad day on which debate has been choked off by the Member for Simcoe North. He will live to regret it. The Tories will live to regret it. The people of Canada are starting to awaken to the fact that tens of thousands of jobs are on the line as well as the quality of service and their communities. They have been led down a rocky road by a Government that is openly deceiving the people of Canada. It is a sad day.

Some Hon. Members: Hear, hear!

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, we have been around here a long time. We have learned that a Government which forgets the principles on which it based its campaign cannot be trusted. A Government which abandons the principles which are expected of it by the people of Canada will abandon the whole country.

Some Hon. Members: Hear, hear!

Mr. Hovdebo: One would think that members of the Government would be embarrassed by this farce of a debate. It is a farce because the people of the country are not being informed of what is in this Bill. This is not the only farce which the Government has perpetrated on the people of Canada and this House. In the last few weeks there were hearings on the Post Office which were supposed to inform the people of Canada of what is happening within the Post Office. Instead, the hearings were cut off almost before they began. Even the hearings on patent legislation are being restricted. People who wish to appear at those hearings are not being allowed to do so. This Government spent days telling us how it would allow the people of Canada to be heard. Now it has spent its time in the House restricting the ability of people to be heard in the House. Even the softwood lumber hearings were a farce.

Let us talk about transportation policy. Historically transportation legislation and regulation has attempted to create equality between the regions of the country. That has been the basis of transportation legislation ever since the time of John A. Macdonald and probably before. In the past it gave, to some extent, every area of the country an opportunity to compete in domestic and foreign markets. It attempted to require all Canadians to share in the cost of transporting products to domestic as well as foreign markets. It has done that for the last hundred years. That was the dream of John A. Macdonald. It was the dream of Borden and John Diefenbaker. Obviously it is not the dream of the Government. The political ideology that transportation should become the key to development of the country did not come about inadvertently. It was established by the Leaders of various Parties who believed that a transportation system that united every part of the country was needed to provide equal opportunity for the development of Canada.

• (0250)

Through the years, various Governments have established transportation legislation. This includes the Crowsnest Pass agreement, statutory grain rates, Maritime freight rates, the at and east rates and the Atlantic provinces assistance rates. That legislation was established by Parliaments like this, with parliamentarians who believed it was necessary to have such a transportation policy in order for Canada to become a great country.

That legislation still exists, although legislation such as the Crowsnest Pass rate was changed to the Western Grain Transportation Act. However, those programs which have protected the kind of transportation which has made this

country great are now at risk. This Bill is the first step toward eliminating that transportation structure.

The motivation for this Bill is the belief in the supremacy of the market-place. If that ideology is applied to all modes of transportation in Canada, I suggest that those who provide those transportation services will not give the best service unless they must. If the purpose of those in the transportation industry is to make the best possible profit, and there are no regulations to ensure safety, understandably they will make as much money as possible without regard to safety. Furthermore, the carriers will gravitate toward the largest and most lucrative markets, for which they cannot be blamed, as my hon. colleague, the Member for Regina West (Mr. Benjamin) said on several occasions. Therefore, the lack of profitability for regions like Prince Albert and isolated parts of the country will mean declining services. This process began with the previous Government and is being continued by the present Government. Air service in many cities has been cut, but costs remain as high and even higher.

Let us consider rail service. Branch lines have been cut in areas where they are necessary. When a branch line is removed from a farming area, farmers must haul their grain long distances, up to 70 kilometres and more, to rail points. Their farms become less viable and this ensures ultimate failure. In the Peace River area and the Big River area near Prince Albert, farms are becoming less viable because of the greater cost of transportation. This situation will increase if this Bill is passed.

This Bill decimates the service to which we have become accustomed. We will have to pay for that service, yet production in many areas will not support that cost. For example, such a user-pay philosophy in northern Saskatchewan would create a transportation cost that is far greater than it is at present.

Second, this Bill will lead toward the elimination of sovereignty in this country.

Third, no matter how much the Government espouses the philosophy of competition, this Bill will not increase competition but eliminate it in certain areas. If the Government wants to act in the best interests of Canada it will send this Bill back for more study.

Mr. Rod Murphy (Churchill): Mr. Speaker, the purpose of the legislation before us this evening is to help increase competition in this country. Events in the last two years have proven that competition is not increasing but decreasing it. Furthermore, the Government has refused to act when competition has decreased. For example, the Government failed to act when Pacific Western attempted to form a joint management strategy with ComAir in northern Manitoba with which it was theoretically competing. As a result of the Government allowing that to happen, northern communities have received less service.

When Pacific Western Airlines decided to take over Canadian Pacific and again reduce the level of competition in this country, the Government refused to act.

What is the purpose of deregulation legislation if the very people who are presently in the transportation industries are reducing the level of service?

The number of carriers and the level of service is being reduced. The Government, which advocates an increase in competition and providing greater options to consumers has proven by its own inaction on the PWA and CP question that it has no intention of really increasing competition in this country.

The net result of this legislation will be a move from public control through government regulation to private control through monopoly. In other words, those who want to use air service, rail service, trucking and other transportation services will no longer have the Government to act on their behalf. There will be private carriers who may take over their theoretical competition and make decisions previously made by the Government.

Currently, PWA competes with CP in the community of Whitehorse. However, what competition exists now that PWA owns CP? Perhaps if there were a Member in the House from Yukon, that Member could speak on this issue. However, since there is not, those people have now had their effective competition destroyed because the Government refused to act.

• (0300)

I have been told that PWA today has actually applied to cancel service to Whitehorse. Why was that done? The reason is obvious. This Government allowed PWA to take over Canadian Pacific and it does not want to compete with its own company.

Ms. Jacques: It is the best Canada ever had in its life.

Mr. Murphy: I hear someone rapping and yapping away. I do not know what she is saying because she will not rise in her place in the House and speak. Let me say that I do not know what she is saying because we cannot hear her, but she is obviously in opposition to my attempt to defend the people of Whitehorse who want to maintain the competition they have at the present time.

Right now this Government has allowed competition to be reduced and this legislation will allow that to happen even more. The attempt by the assistant to the House Leader to cut off the debate today after only 17 hours of debate is a very unfortunate act which will result in less co-operation in this House from now on. I have worked with the assistant to the House Leader before and I have worked with the House Leader and the Government Whip in attempting to ensure some legislation gets through this House in an orderly manner. However, for the Government at the beginning of February to attempt to keep this House going for all hours in order to quickly pass legislation works against the very concept of

parliamentary reform. It was an unnecessary and stupid act. It is an act which tells us that the Government of Canada is not concerned with having reasoned debate at reasoned hours when the public is in a position to hear what is going on. This was an unnecessary act, a brutal act against the whole concept of parliamentary reform, and this Government will suffer as a result.

It is ironic that today, February 4, is the two and a half year anniversary of this Government. It is half way through its term and it is certainly a one-term Government. Never in the history of this country have we had a Government which is running in third place. That is because it cannot be trusted to represent Canadians. Does it represent the fishermen in Atlantic Canada? No. Does it represent Manitobans? No. Does it represent Albertans? No. It just ruined the competition in Whitehorse and those Hon. Members sit there and smile. They have ruined parliamentary reform and democracy in this country and they sit here at three o'clock in the morning and pretend that the Prime Minister (Mr. Mulroney) and the Deputy Prime Minister (Mr. Mazankowski) are working toward parliamentary reform.

The Government House Leader knows that this kind of thing destroys co-operation among the Parties. He knows this is not the way reasoned debate should take place. He knows that his Government has lost the trust of Canadians. Half way through its mandate and there is no trust in the Government. I heard someone from Alberta saying that is not true. The great debate in Alberta right now is whether it is "Masse" or "Maz, speaking for the Government. Who speaks for Syncrude? Is it the Minister of Energy, Mines and Resources (Mr. Masse)? Is it the Deputy Government House Leader? No one knows. That is the problem faced by the Government.

This legislation is something which was introduced by the former Minister of Transport, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy). It was a Liberal attempt to deregulate the transportation industry. Certain Members of the Conservative Party from Atlantic Canada who have not spoken tonight spoke against the actions of the Hon. Member for Winnipeg—Fort Garry when he was Minister of Transport in the former Government. They used to rise in this House and say the legislation was no good. When the Liberals introduced this legislation, which would have resulted in less facilities, less transportation and less competition in Atlantic Canada, the Conservatives were against it. Now they are silent. They refuse to work in the interests of their constituents.

An Hon. Member: Murphy, you are a joke.

Mr. Murphy: I do not know which one of the backbenchers made that remark. I am not a joke. It is this Government which is a joke. I can tell you, Mr. Speaker, there is no trust that this Government has any sense of fairness. There is no expectation that the Government is going to make sure there is adequate transportation services. There is no trust that the regions will be represented by the Government. There is no trust in the credibility of the Prime Minister. There is no trust that the Government will do anything to protect the interests of average Canadians. Did the Government discuss the fishing treaty with Atlantic Canadians? No. Did it really give Manitobans a fair chance with the CF-18 contract? No. Did it give any sense of fairness to the farmers in western Canada? No.

Some Hon. Members: Oh, oh!

Mr. Deputy Speaker: Order.

Mr. Murphy: As I said, this Government is half way through its term and I think the motion tonight to cut off debate has proven yet again that Canadians cannot trust this Government, and that will result in the Government losing its mandate as soon as it has the courage to face the public.

Mr. Riis: Mr. Speaker, I rise on a point of order. We have had a prolonged debate on this issue tonight. We have heard from a great number of Hon. Members. I suggest, in order to expedite the business of the House and get on with debating political issues—we have the motion now—that we vote on the second reading motion at this point.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is as follows: Mr. Lewis, seconded by Mr. Kilgour, moved that the question be now put. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

And the division bells having rung:

Mr. Fennell: Mr. Speaker, under Standing Order 13(4)(a), and following discussion with the Liberal Whip earlier this day in your presence, it was agreed that the division tonight would be taken tomorrow at 3 p.m.

Mr. Deputy Speaker: Pursuant to Standing Order 13(4)(a), I have been requested by the chief Government Whip to defer the division to a later time. Accordingly, the division on the question now before the House stands deferred until three o'clock p.m. later this day, at which time the bells to call in the Members will be sounded for 15 minutes.

It being 3.08 a.m., this House stands adjourned until tomorrow at two o'clock, pursuant to Standing Order 3(1).

The House adjourned at 3.08 a.m.

HOUSE OF COMMONS

Wednesday, February 4, 1987

The House met at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

STUDY'S DISCLOSURE OF ECONOMIC BENEFITS FLOWING FROM LAW TO CURB ACID RAIN

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the United States' economy would get a multi-billion dollar stimulus if Congress passed a law to curb acid rain, says Management Information Services, a research company in the U.S. The annual net gain to the U.S. economy would range from $7.5 billion to $13 billion. The economy would gain even though such industries as coal mining would probably lose jobs and sales.

The boost would come from spending to clean up emissions from coal-fired industrial and utility boilers. Most utilities that would be affected by acid rain controls are in the Midwest. But the study states that this region would also benefit because it has the basic heavy industry to make much of the expensive emissions cleaning equipment. Across the United States there would be a net gain of 100,000 to 194,000 jobs, depending on the shape of the final legislation.

The acid rain issue in pure dollars and cents may be the language President Reagan and those in Congress opposed to a control program understand. Will the Canadian Government make good use of this information?

* * *

NATIONAL PARKS

GRASSY ISLAND NATIONAL PARK—DEVELOPMENT FUNDING

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, I want to take this opportunity to urge Parks Canada to confirm the amount of money it will contribute to the development of Grassy Island National Park at Canso. I would also like to know when this money will be flowing.

Grassy Island is the site of North America's first fishing fort. It is situated off Canso, Guysborough County.

In addition to recognizing the historical importance of this site, the development will greatly contribute to economic development in the area. Grassy Island National Park will be a tourist attraction drawing thousands of people into this area. It will greatly enhance attempts to diversify the economic base of the area.

In response to directions from Parks Canada to obtain local funding, I have worked with community groups, the MLA for Guysborough, Dr. Chuck MacNeil, and the Mayor of Canso, Raymond White, to do just that. In this respect we are close to reaching our objective.

I now want Parks Canada to outline the details of its commitment which is to supplement the local contribution and to effect full development of Grassy Island National Park.

* * *

• (1405)

HOUSE OF COMMONS

EXTENSION OF SITTING HOURS TO DEBATE BILL C-18

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, yesterday in the House we witnessed a blatant abuse of parliamentary procedure and tradition when the Government called to extend the hours of debate into the evening and until 3 a.m. in an effort to close off debate on Bill C-18. It knew full well that many members of the Opposition were fulfilling their duties and responsibilities on standing committees or legislative committees, and could not be in the House to oppose this closure tactic when it was introduced by the Government late in the afternoon.

This thoughtless, naive, bullying tactic by the Government flies in the face of our parliamentary reforms. It demonstrates a lack of respect for and appreciation of the role and responsibility of opposition Members, and it shows a disregard and contempt for Parliament, its history, and its traditions.

The Government's thoughtless and crass manipulation of parliamentary procedure encourages divisiveness between Members. This does nothing to encourage or enhance the level of civility in Parliament.

I ask the Government House Leader (Mr. Mazankowski) to intervene immediately to enact changes to the Standing Orders so that this blatant abuse of Parliament does not occur in the future. After all, the Government through its actions and attitudes ultimately sets the tone and mood of the House.

S.O. 21

THE LATE NORMAN MCLAREN

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I am sure all Members will join me in paying tribute to Canadian filmmaker, Norman McLaren, who died last week at the age of 72. His 45-year career, mostly in the service of the National Film Board, produced over 60 films which stand as international landmarks of our culture. McLaren explored the frontiers of filmmaking. He pioneered a wide range of production techniques, including pixillation, which joins disparate images to create continuous action, and is now in wide use.

[*Translation*]

Norman McLaren also led the way by developing a technique for direct recording on the sound track. Throughout the world Norman McLaren was awarded more than 200 prizes for his films, including Cannes' *Palme d'or*, yet he did not seek recognition as a film producer.

[*English*]

When informed that *Neighbors*, his hauntingly simple allegory for the nuclear age had won an Oscar he replied, "But who is Oscar?"

For all but two years of his prolific career as a filmmaker, Norman McLaren was a civil servant. As we reflect on his passing and celebrate his work, we have reason to be proud of our National Film Board.

* * *

[*Translation*]

CANADA POST CORPORATION

IDENTICAL SERVICES REQUIRED FOR ALL CITIZENS

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Last Saturday, Mr. Speaker, I had the opportunity to attend a Rural Dignity meeting in Agassiz in British Columbia's Fraser Valley East riding. Six hundred people were at the meeting, and their message was loud and clear: We do not want to be consulted only to be told that you are going to close our post offices. What do we want? To be first class citizens. All Canadians want to keep their post offices.

Mr. Speaker, the Hon. Member for Fraser Valley East (Mr. Belsher) was present at the Monday meeting. He asked the question to the Minister and assured us we would be consulted. Consultation is not what people want. Again today we read in the newspapers that the Minister responsible for Canada Post is repeating his promise to consult people before closing post offices. Mr. Speaker, this is ridiculous, an insult to all Canadians. Rural residents will no longer accept to be treated as second class citizens. They want the same postal services throughout Canada.

[*English*]

CANADIAN NATIONAL RAILWAYS

LAY-OFFS AT MONCTON SHOPS—CALL FOR EFFORT TO ATTRACT NEW INDUSTRY

Mr. Dennis H. Cochrane (Moncton): Mr. Speaker, yesterday CN Rail announced that a further 449 jobs will disappear from the Moncton main shops by year end, 279 of which will be completely lost to the local economy.

The Government must give this matter its immediate attention. I urge that a co-ordinated effort by all government Departments be undertaken to identify and attract new industry to Moncton which will help to offset the CN decision. In addition, CN management must identify these lay-offs as technological, organizational or operational change, not work related, and have appropriate benefits applied.

I would urge that those CN unions that refuse to ratify the special agreement between Canadian General Electric and CN to employ some 578 persons at the Moncton shops, reconsider the decision and its effect on their fellow workers in Moncton. All levels of government, CN, and the unions must live up to their respective responsibilities in an effort to lessen the effects on the Moncton economy.

* * *

• (1410)

DISARMAMENT

EFFECT OF RESUMPTION OF UNITED STATES' NUCLEAR TESTS

Mr. Derek Blackburn (Brant): Mr. Speaker, yesterday the United States exploded its first nuclear test of 1987. In so doing it set back the chance of a comprehensive test ban for at least five years.

The Soviet Union has given notice that its moratorium on testing would end if the United States conducted another test. The Americans have given it every reason to resume testing. They show no interest in serious immediate negotiations to ban nuclear tests.

The Americans used to argue that a comprehensive test ban could not be concluded because it could not be verified. However, when the Soviets became willing to discuss verification, the U.S. shifted ground. It argued that testing was necessary to maintain confidence in its nuclear deterrent.

However, there is another reason. American nuclear tests are also part of the Strategic Defence Initiative. Star wars already threatens the Anti-Ballistic Missile Treaty, and American deployments are eroding SALT II. President Reagan's reliance on such unilateral action shows that we will have to wait for a change of U.S. administration before any progress can be made toward a comprehensive test ban.

[*Translation*]

LABOUR RELATIONS

END OF DISPUTE AT PORT OF QUEBEC

Mr. Marcel R. Tremblay (Québec East): Mr. Speaker, I welcome this opportunity to announce to the House today that an agreement in principle was accepted by the International Longshoremen's Association this morning at 7.10 a.m., which would end the labour dispute at the Port of Quebec City.

The union executive will present this memorandum of agreement to its members on Friday, in the hope that it will be accepted and that work at the Port of Quebec will be able to start as soon as possible, perhaps this Sunday.

I would also like to take this opportunity to congratulate all those who took part in the negotiations, and who dedicated their time and effort to settling this dispute so that the federal Government would not have to pass back-to-work legislation.

Union representatives and management have taken very seriously the advice of various intervenors in the industry who warned the two parties about the precarious situation in which the Port of Quebec finds itself today, and as a result, the parties negotiated in good faith in order to reach an agreement that would be satisfactory to both sides.

Mr. Speaker, I am confident that the agreement concluded today will be ratified this Friday, which will be very good news for the people of Quebec.

* * *

[*English*]

REFUGEES

INTRODUCTION OF NEW POLICY—CRITICISM OF DELAY

Mr. Sergio Marchi (York West): Mr. Speaker, it is a crying shame that the Government has failed to produce its long awaited refugee policy. Former Ministers of Immigration have promised for two years that the Parliament of Canada would have a new and revamped refugee policy. The last Throne Speech promised that it would be a priority and a commitment of the Government. The current Minister said that last fall was the date. Then he changed his mind and it was to be the end of 1986. Then it was to be the beginning of 1987, and we still have no revamped refugee policy.

Rabbi Gunther Plaut did a landmark report on the current status of refugees in Canada. An immigration committee has studied the matter patiently and has produced a number of reports on the subject. Communities, churches, and various coalitions across the country have mobilized. They are now saying that they are frustrated at the lack of action on the part of the Government in terms of refugee policy.

It is time that we stop promises and rhetoric. The evidence is in. There is a new phenomenon in respect of refugees. We are no longer going abroad to recruit a quota of candidates from refugee camps. People arrive at our shores claiming refugee status. We need a policy which comprehends the new reality and is fair to refugees. Let us have this policy so that all Canadians can be proud of our record in years gone by.

* * *

HOUSE OF COMMONS

EXTENDED SITTING—CONDUCT OF NEW DEMOCRATIC PARTY MEMBERS

Mr. Gordon Taylor (Bow River): Mr. Speaker, the rules of the House have evolved over the years and are designed to give every Member of Parliament and every Party an opportunity to support or oppose any measure through sound debate, showing full respect for the views of others.

Last night and early this morning we saw one of the most disgraceful performances which ever took place in this hallowed Chamber. For nine hours members of the NDP abused the rules and played silly games among themselves. They were so undisciplined that they would not even respect the sensible suggestions made by the Deputy Speaker who displayed remarkable patience and restraint.

During the whole period NDP speakers, instead of dealing with the merits or demerits of the Bill, just spewed hatred and ridicule on the heads of other Members of Parliament.

It was a mockery of Parliament and a complete waste of Parliament's time when so many urgent matters of concern to Canadians need attention. Then, just after 3 a.m., the House Leader of the NDP stood up and moved that second reading of the Bill take place, the very thing the NDP prevented during the whole nine hours. Who can understand a socialist?

* * *

• (1415)

SHIPBUILDING

PROPOSED POLAR 8 ICE-BREAKER CONTRACT

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, Canadians generally, and western Canadians in particular, are anxious about the long promised Polar 8 ice-breaker contract. They have been told that the original proposal for a $450 million vessel built to Coast Guard standards was rejected because it cost too much. People recognize that a competing Canadian bid to build a cheaper vessel to commercial standards encouraged that rejection. They became concerned when they heard that the Coast Guard did not like this alternative. They were especially concerned to learn that a foreign company was working to satisfy the Coast Guard.

Western Canadians generally, and Conservative Members of Parliament specifically, became very anxious when they learned that the foreign company had invited Lavalin Inc. of Montreal to serve as project manager for construction of the Polar 8 ice-breaker. Is Montreal to become the ice-breaker design centre of Canada as well as the aerospace centre? Have western Canadian interests in Calgary and Vancouver been bypassed in the competition? The award of the Polar 8 contract is becoming another political football for the Mulroney Government.

* * *

CANADA PENSION PLAN

INCREASED DISABILITY BENEFITS—REDUCTIONS MADE BY GOVERNMENT OF ONTARIO

Mr. W. Paul McCrossan (York-Scarborough): Mr. Speaker, last June 26 this House unanimously passed major improvements to the Canada Pension Plan. CPP disability benefits were increased by at least $136 per month beginning in January, 1987.

I rise today to report the theft by the Ontario Government of these disability benefits from the people who all Parties agreed were the neediest in society. When the new increased disability cheques were sent out in January, the Ontario Government, apparently alone among all provinces in Canada, reduced the provincial payments to the disabled by a corresponding amount. Not only does this mean that the disabled in Ontario do not benefit from the disability pension increase, but the richest province in Canada used the money we provided for the poor to reduce its deficit. People could be even worse off because reductions in provincial payment levels could eliminate their provincial drug cards.

The Ontario Liberal Government is a minority Government. This unjustified and miserly action must be reversed. Members of all Parties should contact their provincial counterparts to reverse this heartless action.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—TERMS OF 1972 TREATY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Prime Minister and relates to his fish deal with France. Yesterday he waved the treaty around. Let me say to him that he is once again playing fast and loose with the facts. Surely there can be nothing more pathetic, Mr. Speaker, than a Prime Minister trying to justify his own actions by attempting to rewrite history.

The facts are these. In 1972 Canada had a recognized 12-mile limit. This treaty by Article 3 would have had the French out of the Gulf under that 12-mile limit by May 15, 1986; last year. In 1977, Don Jamieson, a great Newfoundlander, as the Minister of Transport will agree, negotiated a 200-mile limit. In 1980 Romeo LeBlanc negotiated the French out of that limit by May 15, 1986. What has happened is absolutely the responsibility of this Government.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Why did the Prime Minister undo the great work of the late Don Jamieson on behalf of Canada and on behalf of Newfoundland?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the treaty has been tabled. It speaks for itself. There is no doubt as to what the treaty contains. It is very clear that in the absence of an interim arrangement there was a reversion to the provisions therein—

Mr. Tobin: Where is the 1980 agreement?

Mr. Mulroney: —which provided, under the Liberals, for unquantified, perpetual rights to the French—

Mr. Rompkey: Not so.

Mr. Mulroney: —to fish in Canada's zone. What we are in the process of doing, with the leadership of the distinguished Minister of Transport who is the representative of Newfoundland and Labrador in the federal Cabinet—

Mr. Blackburn (Brant): He was.

Mr. Axworthy: He is in his last term.

Mr. Mulroney: —is a process that will protect the historic fishing rights of the people of Newfoundland and Labrador. We are most of all concerned about the rights of Newfoundlanders before anything else. We have recognized the complexity of this problem, but we know the rights of Newfoundlanders are central to any solution to it.

OFFICIALS' ACTIONS—PRIME MINISTER'S POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister is right that the treaty speaks for itself, but he misinterpreted that treaty today. Article 3 makes it quite clear that the French were to be out of the Gulf by May 15, 1986.

Some Hon. Members: Hear, hear!

• (1420)

Mr. Turner (Vancouver Quadra): I am surprised that the Prime Minister did not try to reach back to 1713 to the time of the first treaty on fisheries, the Treaty of Utrecht. The Prime Minister, in dealing with the French, had an option. He could have said no to the French and he did not.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Why did the Prime Minister's officials from his office and the officials from the Department of External Affairs overrule the Canadian negotiators and make a quick sell-out to the French?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in regard to both the preamble and the essence of the question, my right hon. friend knows full well that the information on which he bases his question is completely erroneous. I am being very polite. It is an absolute falsehood. It is false from beginning to end. The fact of the matter is that when confronted with a dilemma we were faced with the sell-out of the Liberal Party, the Government of which he was a member, and I will allow the Canadian people to make up their minds about the true import of a treaty which had grave consequences for the people of Newfoundland and Labrador and Canada. That is why the Government of Canada, in co-operation with the fishermen of Newfoundland and Labrador, is working so hard to get out of this problem created by the Liberals.

Some Hon. Members: Hear, hear!

REQUEST THAT PRIME MINISTER CANCEL AGREEMENT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, that treaty certainly speaks for itself. It does not support the position advanced by the Prime Minister. If the Prime Minister wants to rewrite history and rely on past Liberal administrations, I can tell him that we would not have sold out on lumber, we would not have sold out on the farmers, and we would not have sold out on fish. When will the Prime Minister quit selling out Canadians? Will the Prime Minister cancel the agreement he made with France, today?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is interesting that a former Prime Minister of Canada would allow himself to succumb to such easy and remarkable jingoism as that expressed by him.

Some Hon. Members: Oh, oh!

Mr. Mulroney: Here the NDP is sending in the navy, and the Leader of the Opposition is repudiating the traditional Liberal position, while the only position the Government of Canada has adopted is one that is desirous of trying, having been stuck with this mess, to help the fishermen of Newfoundland and Labrador out of one hell of a mess that was created by the Liberal Party.

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please. The Chair should observe that long questions invite long replies.

EFFECT OF AGREEMENT ON NEWFOUNDLAND FISHERMEN

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Prime Minister, the resident expert on jingoism in this House.

Some Hon. Members: Oh, oh!

Mr. Tobin: I have just come back from a week of travelling the great northern peninsula of Newfoundland, a great, historic fishing area. I want to tell the Prime Minister that the people of Newfoundland—

Mr. Speaker: The Hon. Member has a number of ways of telling other Hon. Members things but they are not really in the preamble to a question. I would ask the Hon. Member to put his question. The Hon. Member is very good at doing so and he may do it in a direct way.

Mr. Tobin: Mr. Speaker, the people of Newfoundland do not want excuses, apologies, or ill-conceived distractions. They want justice, nothing more and nothing less.

Given that this agreement was reached and signed behind the backs of Newfoundland fishermen, how can the Prime Minister insist on imposing an agreement on Newfoundland fishermen that will take bread and butter off their plates, an agreement on which we were not consulted and an agreement to which we will never agree?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as has been repeated numerous times in this House, the fishermen of Newfoundland, the industrial representatives of Atlantic Canada, and the Province of Newfoundland were fully consulted on all of the elements of the agreement. All of those elements were fully explained to them in detail prior to the conclusion of an agreement which does not give away one codfish to France beyond the present year in which they are fishing according to normal arrangements.

• (1425)

Mr. Tobin: Mr. Speaker, to use the Prime Minister's obviously acceptable language, that is an absolute falsehood! It does not give away a single fish, it gives away thousands of metric tonnes of fish they did not have before.

REQUEST FOR CANCELLATION OF AGREEMENT

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, does the Minister of Fisheries and Oceans not realize that unless this deal is declared null and void he will never again enjoy the confidence of fishermen, and his Government—

Some Hon. Members: Louder!

Mr. Tobin: —will never enjoy the confidence of fishermen? Cancel this deal now.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, this malicious attempt to sow fear and misunderstanding in the hearts of the people of the province which the Hon. Member purports to represent is part of the serious problem we are trying to rectify.

If there was any giveaway one could read Article 2 of the Treaty of 1972 which stated: "In return the Canadian Government undertakes, in the event of a modification to the juridical regime relating to the waters situated beyond the present limits—to recognize the right of French nationals to fish in these waters." That was confirmed by a Liberal Government without terms and in perpetuity.

NEWFOUNDLAND PREMIER'S PRESS CONFERENCE

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I have some questions to direct to the Prime Minister on the same subject. They are very direct questions and I will put them in my usual quiet and very precise way.

At a press conference this morning the Premier of Newfoundland, Brian Peckford, is quoted as saying that for the first time in nine years of negotiations Newfoundland has been cut out of the process. He stated further that he believed this was a deliberate action on the part of the federal Government. I want to give the Prime Minister the opportunity to stand and tell the people of Newfoundland, the people of Atlantic Canada, and this House, that he will can this agreement and do it the right way.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Province of Newfoundland has been cut out of nothing. The agreement signed in Paris two weeks ago provides for a parallel set of negotiations between now and the end of December in which the Province of Newfoundland and all other Atlantic provinces, and the representatives of the industry, will be fully involved. Those discussions commence this Thursday in St. John's.

FEDERAL-PROVINCIAL RELATIONS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, at the press conference this morning Premier Peckford pointed out that he has the support of all Atlantic Premiers. He was on the telephone to Premier Getty to call a First Ministers' Conference to indicate their support for the position of Newfoundland with respect to this agreement between Canada and France. This is a major crisis in federal-provincial relations. I ask the Prime Minister, do we really need this kind of conflict? I thought we had left behind the Liberal days of bad feelings between federal and provincial Governments. Is he now prepared to admit that a mistake was made and he will start the process over again?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the sole purpose of this agreement—

Some Hon. Members: Cod!

Mr. Siddon: All varieties of Atlantic fish, if you like—was to protect the interests of the fishermen of Atlantic Canada in the face of massive overfishing by France in the disputed zone known as 3PS, and to bring under control once and for all the French fishing in Canadian waters by negotiating a set of interim arrangements.

• (1430)

As the Prime Minister has said, the Hon. Minister of Transport, who represents the interests of Newfoundland in outstanding fashion in the Cabinet, will continue to represent those interests and ensure that no fish are given up if it will in any way jeopardize the economic status of Newfoundlanders.

PRIME MINISTER'S POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my final supplementary question is directed to the Prime Minister. Other regions of Canada are starting to recognize that cod is to Newfoundland as wheat is to the Prairies, as lumber is to British Columbia, and as nickel is to the Sudbury area. Does the Prime Minister not recognize that those involved intimately in the exploitation of these resources should be part of the negotiating process from beginning to end?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I share the enthusiasm of the Hon. Member in his defence of the legitimate rights of Newfoundlanders with regard to their resources and their capacity to build their future. That is why one of the first things we did as a new Government was to sit down, on an urgent basis, with Premier Peckford and the Government of Newfoundland, pursuant to good counsel and leadership provided by the Minister of Transport, and negotiate a solution to a historic injustice which had been inflicted upon the people of Newfoundland and Labrador by the Liberals with regard to offshore oil. The Government was motivated by a sense of fairness and openness with regard to the people of Newfoundland.

Mr. Tobin: You sold us out.

Mr. Mulroney: That Newfoundlander over there should be ashamed of himself. He sat in silence—

Some Hon. Members: Oh, oh!

Mr. Tobin: You sold us out! Let's go to Newfoundland and debate it.

REQUEST THAT PRIME MINISTER CANCEL AGREEMENT

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is for the Prime Minister. He has made much of national reconciliation and co-operative federalism. That is a main plank in the Prime Minister's platform. How can he square those very noble ambitions with the fact that Newfoundland was not consulted about this deal? In fact, the overwhelming opinion in the province, the Atlantic region, and across the country is that

this deal smells. If the Prime Minister really wants to treat Newfoundlanders with fairness, as he just said, will he now listen to the very clear voice which is coming from Newfoundland and cancel this deal?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the position taken by members of the Opposition is puzzling in that it seems to suggest that we should not attempt to improve the lot of the fishermen of Newfoundland and Labrador. This agreement does not give away one codfish beyond this year. That is exactly what this agreement is designed to do. Representatives of the Government will be in St. John's on Thursday and Friday and on an ongoing basis to ensure that we look after the interests and rights of the people of Newfoundland above all else.

VIEW OF CONSERVATIVE MEMBER

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, the Minister of Fisheries and Oceans says that Members on this side are speaking with confused voices. A respected member of the Conservative caucus, the Member for Bonavista—Trinity—Conception, a respected fishing captain, speaks for all Newfoundlanders and ourselves when he says "cancel this deal". If the Minister of Fisheries wishes to retain any credibility, he will do just that.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, it is the route of cowards to cancel a deal which grants Canada, Newfoundland and Labrador an opportunity to discuss, in a civilized, helpful way, once and for all, a serious irritant, the resolution of which will bring benefit to the fishermen of Atlantic Canada.

TERMS OF ATLANTIC ACCORD

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is also addressed to the Prime Minister. In his answer to the Member for Nickel Belt he pointed out the Atlantic Accord. Under the Atlantic Accord provincial Governments have a right to be consulted and must be a part of the decision-making process. Why did his Government not do the same thing with regard to the loss of cod?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, there are those who might have criticized any effort to negotiate the Atlantic Accord. In the face of difficult circumstances and much misunderstanding, it is a mark of leadership and courage to sit down, as the Government is doing, to negotiate a lasting, positive and beneficial solution to a problem such as this. This is the essence of leadership, not of opposition.

Mr. Murphy: Mr. Speaker, I am sure that former Prime Minister Trudeau could not have said it better.

NEWFOUNDLAND PREMIER'S REQUEST

Mr. Rod Murphy (Churchill): I will address my supplementary question to the Prime Minister. Why is the province not being consulted on this very important issue? Why is he not agreeing to the request of the Premier of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as I have said at least twice in the House this afternoon, representatives of the Government and officials of the Departments of External Affairs and Fisheries and Oceans will engage in discussions for a period of several months, starting this Thursday, with a view to resolving, in an amiable, harmonious fashion, a serious problem for which the Opposition offers no solution other than to confront or ignore.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—TERMS OF PROPOSED UNITED STATES STEEL IMPORT LEGISLATION

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question, too, is for the Prime Minister. I have in my hand a copy of the U.S. Senate Steel Import Stabilization Act which is currently before the U.S. Senate. It threatens 50,000 Canadian steel jobs. I would like to ask the Prime Minister, given the mess he has made of the fishing deal, given the mess he has made of softwood lumber, given the mess he has made of shakes and shingles, and given the mess he has made of the drug Bill, at the very least will he be prepared to state today that the free trade talks cannot continue as long as this threat to Canadian steel jobs remains on the U.S. Senate table?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, on the contrary, this points out very clearly why we need a comprehensive trade agreement with the United States. The Opposition seems to want to take the cowardly way and walk away from everything. I cannot understand their stand on these issues.

Ms. Copps: Mr. Speaker, the reference to "cowardly" was made by the Member. I asked the Prime Minister what he thought about the steel issue. He will remember that during the last election campaign he sent a letter to every constituent in the riding of Hamilton East promising that he personally was going to protect steel jobs.

REQUEST FOR WITHDRAWAL OF BILL FROM U. S. SENATE

Ms. Sheila Copps (Hamilton East): Mr. Speaker, given that the Prime Minister has already sacrificed shakes and shingles, he has sacrificed lumber, he is sacrificing drugs, will he at the very least—

Mr. Speaker: Order, order. The Chair, of course, must sometimes give some latitude on preambles. However, when a second preamble is, for all practical purposes, a complete repetition of the first, I know the Hon. Member would want to put her question.

Ms. Copps: Mr. Speaker, will the Prime Minister let the U.S. Senate know, in no uncertain terms, that this Bill must be pulled from its agenda or we will pull out from the free trade talks?

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, the Prime Minister has been keeping his commitment to the steel industry. We have had quarterly meetings with the United States Government, the latest of which was last Thursday. Those meetings have been very productive. Our steel producers have been restraining themselves on exports. We deal in free trade in steel.

Ms. Copps: You don't have to tell us about steel.

Mr. McDermid: If the Hon. Member will give me a chance, I will respond. We will stand by the program which is in place now. We are fair traders in steel. We do not believe that this Bill will reach a final conclusion in the Senate.

CANADIAN CULTURAL ISSUES

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is directed to the Prime Minister and is with regard to the free trade talks. Will the Prime Minister tell the Americans that *Anne of Green Gables* is not a threat to American culture? Will he tell them that even if we beam *The Beachcombers* reruns to them non-stop that American culture will not be at risk? In short, will he undertake to explain the facts of cultural life to the Americans, that with their population ten times ours the economy of scale is ten times in their favour and the risk is tenfold against us?

• (1440)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I assume the Hon. Member is referring to a comment by Mr. Yeutter. In my judgment, his comments betray a stunning ignorance of Canada.

Some Hon. Members: Hear, hear!

Mr. Mulroney: His remarks are completely insensitive and totally unacceptable to the Government and the people of Canada.

CULTURAL SOVEREIGNTY

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, will the Prime Minister help put an end to the ignorance of the Americans about what is meant by cultural sovereignty, specifically by naming the cultural industries not on the negotiating table, which are broadcasting, film, music, and publishing? Will he unequivocally state that those industries are not up for grabs?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, if my hon. friend will take the opportunity to consult a speech that I made in this regard at the University of Chicago, she will see it indicated among other things that:

> If we and our American partners cannot strike a deal that will achieve these goals, a deal will not be struck. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character—these are the essence of Canada.
>
> They are not at issue in these negotiations.

UNITED STATES OFFICIAL'S COMMENTS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Prime Minister. To coin the old expression: "We are looking for action, not words". Will the Prime Minister take action against what he has properly stated as the unacceptable statements by Mr. Yeutter? Is he prepared to send a diplomatic note to the President of the United States protesting the statement by Mr. Yeutter and clearly state, so there is no mistake whatsoever in the administration, that our cultural industries and identity are not negotiable? Will he take that specific action today so that there will be no misapprehension on the American side?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have conveyed that view repeatedly to President Reagan, to the public of the United States, to the administration and, most recently, to Vice-President Bush and Secretary Baker. If Mr. Yeutter or anyone else would care to entertain their own view, I suppose it is a free country. However, our position is very much the one I have stated, from which there has been no change at all. If the Hon. Member wants my view of Mr. Yeutter's comments, I have already given it.

PRIME MINISTER'S POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I think the Prime Minister understands full well that Clayton Yeutter is not a private citizen expressing his own view but a senior trade spokesperson for the United States Government. I believe that it requires action on the part of the Government to react clearly and officially to the declaration made by Mr. Yeutter and say that it is unacceptable. It should clearly state all the specific items that we will not negotiate and not put at risk.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is exactly what I just said. That is my position and the position of the Government of Canada. It is very clear and has been consistent throughout the piece. Let me quote from an article on December 1, 1986, dealing with this issue and involving my hon. friend. It states:

> "We want to trade around the world with every nation of the world. We don't want to lock ourselves in (with the United States)", yelled Axworthy from one microphone.
>
> Screamed Johnston from another: "If you want to protect cultural industries, you do so through bilateral agreements with the United States".

That is the position of the Liberal Party. Our position is that they are not up for grabs.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF JUSTICE AND ATTORNEY GENERAL OF THE PROVINCE OF NEWFOUNDLAND.

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of the Hon. Lynn Verge, Minister of Justice and Attorney General of the Province of Newfoundland.

Some Hon. Members: Hear, hear!

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CANADA PENSION PLAN

INCREASED DISABILITY BENEFITS—REDUCTION IN PAYMENTS BY GOVERNMENT OF ONTARIO

Mr. Jim Jepson (London East): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. I commend the Minister for recently increasing the CPP disability pension benefits by approximately $140. Unfortunately, the Ontario provincial Government has chosen to be the benefactor of this federal increase by reducing its payments by almost the same amount, thereby negating any benefit to disabled pensioners in Ontario. In fact some of them even risk losing their disabled pensioner's drug card.

Disabled pensioners are frustrated and confused by the Ontario Government's expression of concern for the poor on the one hand, while taking money from them with the other. Will the Minister clarify this for the House?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I think it should be clearly understood that on January 1 this year the changes that were brought about by negotiations with the federal Government and the provinces resulted in disability beneficiaries receiving a maximum increase of $150.89 a month. Prior to the implementation of those disability benefits, I wrote to every province indicating that it would be the federal Government's position that, while the provinces have the responsibility of setting social assistance rates, it would be our position that we would expect the amount of increase of disability would be passed on directly to those who needed that benefit, namely, the disabled of Canada.

An Hon. Member: Will you table those?

Mr. Epp (Provencher): Yes, I am willing to table those letters. I have had responses from some provinces. I have also said that I would be interested that these people would not lose what is otherwise known as non-financial benefits such as drug cards or health cards.

I say to the Province of Ontario today that I have very clearly expressed that in a letter. I hope it will find its way through to passing on the money to the disabled, as was the intention of Parliament.

TRADE

CANADA-UNITED STATES NEGOTIATIONS—INTRODUCTION OF U. S. STEEL IMPORT LEGISLATION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. He will know that the Bill that has been introduced in the American Senate will have a very negative impact on our steel industry by restricting steel exports to the United States by one-third. Will the Prime Minister indicate if he and his Government are prepared to stand up for the Canadian steel industry and, if so, will he be precise in what steps the Government plans to take?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have very clearly conveyed the views of the Government and the people of Canada on that specific measure, most recently to Vice-President Bush and Secretary Baker. There is no doubt that our view is that this is an unacceptable piece of legislation and ought never to apply to Canada. We are fair traders in steel and this should never impact on us.

Mr. Riis: That response makes me tremble because it is the exact same response the Prime Minister, the Minister for International Trade, and the Secretary of State for External Affairs made in the House when questions were put about the softwood threat. They said that there was nothing to worry about because they made their representations and sent letters. That was exactly what was said over the last few months, and we know what happened to softwood.

CANADIAN POSITION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, in light of how the Government caved in on the softwood issue and the impact it is having on Canada, with the present threat to the Canadian steel industry, what precise steps does the Government plan to take to ensure that this legislation does not proceed through the American Senate?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I already indicated the extent to which we view this seriously and will act properly in that regard.

Mr. Riis: Please don't send Pat Carney.

Mr. Mulroney: My hon. friend raises questions about softwood. I understand that he is from the Province of British Columbia.

Mr. Fulton: You guys were incompetent. Let's get that straight.

Mr. Mulroney: I understand that the Government's position on softwood was endorsed by the IWA, by the Government of British Columbia, by Premier Vander Zalm and many members of the NDP in British Columbia because clearly it

was a solution designed to help British Columbians keep money in the pockets of the people of British Columbia—

Mr. Riis: If you acted sooner you would not have needed that silliness.

Mr. Mulroney: —rather than send that money to the United States. You wanted a sell-out to the United States. We are protecting Canadian interests.

* * *

THE ADMINISTRATION

OERLIKON AFFAIR—REQUEST FOR PUBLIC INQUIRY

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, my question is directed to the Prime Minister. Does he not agree that there are sufficient grounds for a public inquiry into the Oerlikon affair in light of recent reports in *The Globe and Mail* that Raymond Lette of Lette and Associates related to an acquaintance that Oerlikon informed him that the company had been told to deal with Mr. Bazin, a long-time Progressive Conservative and friend of Mr. Mulroney? The source went on to say: "We have been lawyers for Oerlikon for many years and we got this call saying 'Raymond, we are sorry about this but the one time—".

• (1450)

Mr. Speaker: Order, please. There have to be reasonable limits on Members reading newspapers to each other. The Hon. Member will put his question, please.

Some Hon. Members: Hear, hear!

Mr. Frith: Mr. Speaker, I am just finishing the quote—

Mr. Speaker: Order, please. The Hon. Member will put his question.

Mr. Frith: Will the Prime Minister therefore grant the public inquiry?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think all Members of the House, and indeed all members of the public, are rather startled at the stunning conversion that has taken place in the mind of the Hon. Member. He was quoted on CTV as saying: "My personal feeling now, Pamela, is that we should probably await the results of an RCMP investigation".

Some Hon. Members: Oh, oh!

Mr. Mazankowski: Mr. Speaker, we have a new position flowing from this Member every day, depending upon which newspaper he reads or what bit of innuendo and flack he can pick up.

GOVERNMENT POSITION

Hon. Douglas C. Frith (Sudbury): Mr. Speaker, I am prepared to go before a public inquiry—

Some Hon. Members: Oh, oh!

Mr. Frith: —to defend the statements I have made. I have nothing to hide. Is the Government prepared to order a public inquiry into the Oerlikon affair?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think what Hon. Members will be wondering is what set of statements the Hon. Member is prepared to defend. He has been all over the map on this issue so he will have a lot of latitude to defend any one that he may very selectively choose.

* * *

INVESTMENT CANADA

SALE OF WEST KOOTENAY POWER AND LIGHT COMPANY

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is for the Prime Minister who, a few moments ago, expressed a willingness or a wish to keep money in the pockets of the people of British Columbia and not send it to the United States. My question is about the potential sale of West Kootenay Power and Light to American interests.

The Prime Minister should know that under American law it would be illegal for a foreign country to take ownership of such an American utility. Will the Prime Minister tell the people of British Columbia why his Government is taking such a donothing attitude on this question? Why does it seem to be misreading public opinion? Will he not admit that if this were a takeover of, say, part of Ontario Hydro or Hydro-Quebec by an American utility there would be a hell of an outcry and the Government would never permit such a thing?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that question was fully answered in the House yesterday by the Minister of Regional Industrial Expansion. I invite the Hon. Member to read it.

REQUEST FOR RE-EXAMINATION OF DECISION

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, since the Investment Canada decision valiantly announced on Christmas Eve, the people of the Kootenays and the southern interior of British Columbia have brought new evidence before the B.C. Utilities Commission, including the fact that the American company was gouging ratepayers at home. Given that this is new evidence that Investment Canada has not heard, is the Government prepared to listen to the people and have another look at this takeover decision?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member knows that the Public Utilities Commission of the Province of British Columbia is looking into this matter and it certainly has an interest. I understand it is a public hearing. I also understand that some members of the New Democratic Party in British Columbia support this issue—

Mr. Waddell: It is not true!

Mr. Fulton: That was a straight lie, and you should not keep saying it.

Mr. Mazankowski: Mr. Speaker, that is what the suggestion was yesterday—

Mr. Riis: Well, he lied.

Mr. Waddell: That is a lie. Withdraw!

Mr. Speaker: The Hon. Member for York Centre.

* * *

[*Translation*]

THE ADMINISTRATION

OERLIKON AFFAIR—ALLEGED CONTRADICTIONS CONCERNING ROLE OF SENATOR BAZIN

Hon. Bob Kaplan (York Centre): Mr. Speaker, my question is directed to the Prime Minister. The Minister of Consumer and Corporate Affairs has flatly contradicted what Senator Bazin and the Prime Minister had to say about the role the Senator played in obtaining the contrat for Oerlikon. The Prime Minister and the Senator deny there was any lobbying nor any other activity before August 1, 1986. The Minister of Consumer and Corporate Affairs, however, has acknowledged that he received representations from Mr. Bazin regarding Oerlikon on March 14 and May 1, 1986. This is a flat contradiction, not of what the media reported but of what they themselves said. So which is the correct version?

[*English*]

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, my understanding from what the Minister of Consumer and Corporate Affairs said is that the only dealing he had with Senator Bazin was when Senator Bazin was acting in his capacity as lawyer for Oerlikon. Is that inappropriate? I do not know what the Hon. Member is trying to pursue. The question was fully answered yesterday.

Mr. Frith: Have an inquiry.

REPRESENTATIONS TO MINISTER

Hon. Bob Kaplan (York Centre): Mr. Speaker, the Minister is wrong. In his press release Senator Bazin stated that he began his work on August 1. The representations, which the Minister admits he received, were on March 14 and on May 1. I direct my question to the Prime Minister. Which of these versions is correct? Who is telling the truth?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, it is abundantly clear that any lawyer has a right to represent his client to the Government or to other people if he wishes. The real issue which is before the House today is which allegation made by the Liberals is the truth and what story do they stand by today.

* * *

EMPLOYMENT

WINNIPEG CANADA PACKERS PLANT LAY-OFFS—RETRAINING OF WORKERS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct my question to the Minister of Employment and Immigration. The people of Manitoba are angry with the Government because of the awarding of the CF-18 contract to Montreal instead of Winnipeg. They watched in disbelief the fact that—

Mr. Speaker: The Chair has had some indication from Hon. Members that, perhaps, we are not getting enough questions in during the Question Period. I have to say that part of the reason is that there are long preambles which invite long answers. I would ask the Hon. Member, who I know has an important matter, to put his question.

Mr. Orlikow: Mr. Speaker, as a result of a grant to build a hog processing plant in Neepawa, the Canada Packers plant in Winnipeg will implement a reduction in its staff. It will lay off 450 people on April 1. Since this plant has been in existence for more than 50 years will the Minister instruct his senior officials to meet with the Government of Manitoba, Canada Packers, and the union to see what can be done to help these workers with retraining programs and not just leave them to the mercies of unemployment insurance benefits? Many of these people have worked 20 or more years for the company.

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the question of my colleague is important because it relates to the problem faced by laid-off employees when plants close down.

As a rule Department of Employment and Immigration officers set up an assistance process whenever a large number of workers are to be laid off by a company. I am sure that in this case the Winnipeg employment centres and the Manitoba Government have taken action and are working with us and doing their utmost to establish Government programs or other measures designed to find jobs for the workers laid off by the company involved.

[*English*]

REQUEST THAT DEPUTY PRIME MINISTER HELP SITUATION IN WINNIPEG

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I direct my supplementary question to the Deputy Prime Minister who we understand is in charge of organizing a plan to rebuild the western economy. Is the Minister prepared to meet with the Manitoba Government to discuss what is happening in the city of Winnipeg and to help devise plans jointly so that the manufacturing sector in Winnipeg, which has been so successful in the past, can be revitalized?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the Hon. Member's concern. Naturally we will be working with the Government of Manitoba, and all Governments in Canada, to address issues such as the one the Hon. Member has raised. I remind the Hon. Member that our Ministers are meeting with government officials on an ongoing basis. I will certainly take the Hon. Member's suggestion into consideration and follow up on it.

* * *

CANADIAN NATIONAL RAILWAYS

LAY-OFFS AT MONCTON SHOPS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, my question is directed to the Prime Minister. Yesterday CN announced a further downsizing of 449 workers at the Moncton Shops. The Prime Minister is aware that both New Brunswick Ministers have done absolutely nothing on the shops issue, nor has the present Minister of Transport or the previous one who assured us that there would be no massive lay-offs in Moncton. Will the Prime Minister intervene now and instruct CN not to proceed with the massive lay-offs announced yesterday?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, there was no new announcement yesterday that announced anything that has not been known since the end of last June. The announcement yesterday was in response to union requests for information about the future of the shops.

The reason that these lay-offs have to go into effect is that two unions, the union of machinists and the union of boiler-makers, continue to be obdurate in preventing Canadian General Electric from going ahead with its plans in the Moncton area which would re-employ 303 employees.

In response to the question for information, CN has given information on how the lay-offs will take place. We regret this. We have done everything we can to ameliorate it. But these two obdurate unions refuse to listen to anyone's pleas in connection with these 303 jobs in Moncton.

Mr. Speaker: The Hon. Member for Westmorland—Kent. A short supplementary, please.

[*Translation*]

REQUET THAT MONCTON SHOPS BE KEPT OPEN

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, what is happening in Moncton now is scandalous and shameful, all the more so because the Government does not want to do anything. If the Prime Minister is sincere when he states that he wants to offset regional disparities in this country, why does he not direct CN management not to transfer it work load to other shops, but to maintain operations at the CN shops in Moncton?

• (1500)

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, at least the Hon. Member should be fair and realize the problem. CN has to stand on its own feet to comply with the directive of past administrations which we continue to apply. It must be allowed to conduct its affairs in a business-like manner. It will still have a payroll of approximately $90 million annually in Moncton. It has just opened the new Maritimes intermodal terminal, which is a $17 million facility.

We will continue to do everything we can with a special $4 million fund that has been provided, including $2 million from CN, to ensure that Moncton continues to expand, and that other jobs are provided.

That is what we are doing. What are you doing?

Mr. Speaker: The Hon. Member for Windsor—Walkerville. One question, please.

* * *

[*Translation*]

YOUTH

ECONOMIC SITUATION OF THE YOUNG

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Minister of State (Youth). For a year now we have been waiting for the Government's youth policy.

According to yesterday's press reports, if they want to make ends meet, young Quebecers who are unemployed or on social welfare have to act as guinea pigs for Sainte-Anne-de-Bellevue biological researchers. Are we to conclude from these facts that the Government policy is to let young people be used as lab specimens if they want to survive?

Hon. Jean Charest (Minister of State (Youth)): Mr. Speaker, I am aware of the article mentioned by the Hon. Member for Windsor—Walkerville and, like many other people, I deplore the fact that Canadian youths should be

forced into such a situation. I would point out that it is the kind of economic problem which dates back to a number of years. Since then we have set up, among other things, an entrepreneurship program, and in the not too distant future I hope that my provincial colleagues and I will be in a position to unveil new initiatives designed to come to grips with youth unemployment problems.

[*English*]

Mr. Speaker: In view of the time, I did ask the Hon. Member to keep it to one question. A very short supplementary, please.

MINISTER'S POSITION

Mr. Howard McCurdy (Windsor—Walkerville): Is it the response of the Minister of State for Youth to youth who are on social assistance, who are uneducated and unemployed, that they enter into business?

Hon. Jean J. Charest (Minister of State (Youth)): No, it's not. Let me advise the Hon. Member for Windsor—Walkerville that the problems he is referring to certainly did not happen overnight. The Hon. Member knows that. If he is sincere—

Mr. McCurdy: Where is your youth program?

Mr. Charest: Please let me answer.

If the Hon. Member is sincere, he will recognize that the solutions will not come overnight. But this Minister is committed to finding long-term real solutions and getting out of the rhetoric that we have been hearing from the other side of the House.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): You have been giving him coaching lessons.

Mr. Hnatyshyn: He went to the George Baker school of acting.

Some Hon. Members: Oh, oh!

Mr. Speaker: It is my duty to advise that Question Period has come to an end, and that includes informal questions back and forth.

* * *

NATIONAL TRANSPORTATION ACT, 1986

MEASURE TO ENACT

On the Order: Deferred division pursuant to Standing Order 13(4)(a):

February 3, 1987—Consideration of the motion of the Minister of Transport for the second reading and reference to the Standing Committee on Transport of

Bill C-18, An Act respecting national transportation, and on the motion of Mr. Lewis, That this question be now put.

Mr. Speaker: It being three o'clock p.m. pursuant to Standing Order 13(4)(a) the House will now proceed to the taking of the deferred division on the motion of Mr. Lewis to the previous question in relation to Bill C-18.

Call in the Members.

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

• (1510)

(*Division No. 60*)

YEAS

Members

Andre
Attewell
Beatty
Bertrand
Binns
Blackburn (Jonquière)
Blais
Blais-Grenier
Blenkarn
Blouin
Bosley
Bouchard
Bourgault
Bradley
Brightwell
Browes
Cadieux
Caldwell
Cardiff
Charest
Clark (Brandon—Souris)
Clinch
Cochrane
Collins
Comeau
Cook
Cossitt
Crofton
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Darling
de Cotret
Della Noce
Desjardins
Desrosiers
Domm
Duguay
Edwards
Ellis
Fennell
Fontaine
Forrestall
Fraleigh
Gagnon
Gass
Gérin
Gervais
Girard
Gormley
Gottselig
Graham
Gravel
Gray (Bonaventure—Îles-de-la-Madeleine)
Greenaway
Grisé
Guilbault (Drummond)
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hicks
Hnatyshyn
Hockin
Horner
Howie
Jacques
James
Jardine
Jelinek
Joncas
Jourdenais
Kelleher
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
La Salle
Layton
Lewis
MacKay
Mailly
Malone
Mantha
Martin
Mayer
Mazankowski
McCain
McCrossan
McDermid
McDougall (St. Paul's)
McInnes
McKenzie
McKinnon
McKnight
Merrithew
Minaker
Moore
Nickerson
Nowlan
Oberle
O'Neil
Peterson
Pietz
Plamondon
Plourde
Porter
Price
Redway
Reid
Reimer
Roman
Schellenberger (Wetaskiwin)
Scott (Victoria—Haliburton)
Scott (Hamilton—Wentworth)
Scowen
Siddon
Sparrow
Stackhouse
Stevens
Tardif (Charlesbourg)
Taylor
Thacker
Towers
Tremblay (Québec-Est)
Tremblay (Lotbinière)
Turner (Ottawa—Carleton)
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
White
Wilson (Etobicoke Centre)
Witer—139

National Transportation Act, 1986

NAYS

Members

Allmand
Althouse
Angus
Benjamin
Blackburn
(Brant)
Boudria
Caccia
Cassidy
de Jong
Dingwall
Epp
(Thunder Bay—
Nipigon)
Finestone
Fulton
Gagliano
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Heap
Henderson
Hovdebo
Isabelle
Jewett
Kaplan
Keeper
Killens
MacLellan
Marchi
Mitchell
Murphy
Nicholson
(Trinity)
Nystrom
Orlikow
Ouellet
Penner
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Rossi
Toupin
Waddell
Young —46

● (1530)

Mr. Deputy Speaker: I declare the motion carried.

Accordingly, the next question is as follows: Mr. Crosbie, seconded by Mr. Mazankowski, moves that Bill C-18, an Act respecting national transportation, be read the second time and referred to the Standing Committee on Transport.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Shall we dispense with the ringing of the bells?

Some Hon. Members: Agreed.

Some Hon. Members: No.

[*Translation*]

Mr. Ouellet: Mr. Speaker, until the McGrath report's proposal for installing an electronic voting system is accepted, I intend to object from now on.

[*English*]

Mr. Deputy Speaker: Call in the Members.

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

(*Division No. 61*)

YEAS

Members

Andre
Attewell
Beatty
Bertrand
Binns
Blackburn
(Jonquière)
Blais
Blais-Grenier
Blouin
Bosley
Bouchard
Bourgault
Bradley
Brightwell
Browes
Cadieux
Caldwell
Cardiff
Charest
Clark
(Brandon—Souris)
Clinch
Cochrane
Collins
Comeau
Cook
Cossitt
Crofton
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Darling
de Cotret
Della Noce
Desjardins
Desrosiers
Domm
Duguay
Edwards
Ellis
Fennell
Fontaine
Forrestall
Fraleigh
Gagnon
Gass
Gérin
Gervais
Girard
Gormley
Gottselig
Graham
Gravel
Gray
(Bonaventure—Îles-de-
la-Madeleine)
Greenaway
Grisé
Guilbault
(Drummond)
Halliday
Hamilton
Hardey
Harvey
Hawkes
Hicks
Hnatyshyn
Hockin
Horner
Howie
Jacques
James
Jardine
Jelinek
Joncas
Jourdenais
Kelleher
Kempling
Kilgour
Kindy
King
Ladouceur
Landry
Lanthier
La Salle
Layton
Lewis
MacKay
Mailly
Malone
Mantha
Martin
Mayer
Mazankowski
McCain
McCrossan
McDermid
McDougall
(St. Paul's)
McInnes
McKenzie
McKinnon
McKnight
Merrithew
Minaker
Moore
Nickerson
Nowlan
Oberle
O'Neil
Peterson
Pietz
Plamondon
Plourde
Porter
Price
Redway
Reid
Reimer
Roman
Schellenberger
(Wetaskiwin)
Scott
(Victoria—Haliburton)
Scott
(Hamilton—Wentworth)
Scowen
Siddon
Sparrow
Stackhouse
Stevens
Tardif
(Charlesbourg)
Taylor
Thacker
Towers
Tremblay
(Québec-Est)
Tremblay
(Lotbinière)
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Vézina
Vincent
Warner
White
Wilson
(Etobicoke Centre)
Witer—138

NAYS

Members

Allmand
Althouse
Angus
Axworthy
Benjamin
Blackburn
(Brant)
Boudria
Caccia
Cassidy
de Jong
Dingwall
Epp
(Thunder Bay—
Nipigon)
Finestone
Fulton
Gagliano
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Heap
Henderson
Hovdebo
Isabelle
Jewett
Kaplan
Keeper
Killens
MacLellan
Malépart
Marchi
McCurdy
Mitchell

Murphy	Pépin	Toupin
Nicholson (Trinity)	Prud'homme	Waddell
Nunziata	Riis	Young —51
Nystrom	Robichaud	
Orlikow	Robinson	
Ouellet	Rodriguez	
Penner	Rompkey	
	Rossi	

• (1540)

Mr. Deputy Speaker: I declare the motion carried.

Bill read the second time and referred to the Standing Committee on Transport.

Ms. Copps: Point of order, Mr. Speaker. I was late for the vote and I am very sorry because I would love to have put two votes together with my Party.

ROUTINE PROCEEDINGS

[*Translation*]

INCOME TAX

TABLING OF ORDER IN COUNCIL ON CODICIL BETWEEN CANADA AND FRANCE ON DOUBLE TAXATION AND TAX EVASION

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, pursuant to Chapter 104, Section 11 of the Statutes of Canada 1974-75-76 and Standing Order 67(2), I wish to table, in both official languages, two copies of the Order in Council on the Protocol to the Taxation Convention between the Government of Canada and the Government of the French Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital.

* * *

[*English*]

GOVERNMENT OPERATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Cyril Keeper (Winnipeg North Centre) moved:

That the first report of the Standing Committee on government operations, presented to the House on Monday, December 5, 1986, be concurred in.

He said: Mr. Speaker, I rise to deal with this motion because I believe the Post Office plan should go back to committee. The report card on this plan given to the Minister responsible for the Post Office has an F on it.

Mr. Marchi: F plus.

Mr. Keeper: F minus. The Post Office plan is a failure, both in its process and its politics. The plan must go back to committee so we can hear witnesses other than the President of the Post Office. The committee must be able to travel and hear the views of ordinary Canadians concerning this plan.

I want to deal with three aspects of the plan. I want to deal with the service implications, the poor service the plan implies. I want to deal with high postal rates. I also want to deal with the undemocratic way in which this plan was developed.

[*Translation*]

Mr. Speaker, this is not a good plan, in fact it is a failure. It is not good for Canadians. This plan should be returned to committee and the average Canadian consulted. The committee should receive testimony from the public as well as from the Post Office.

Mr. Speaker, I would like to comment on post office services as far as the plan is concerned and on the plan's development strategy.

[*English*]

People are fed up with the lousy service they get from the Post Office. It has been deteriorating for probably 10 or 20 years under both Liberal and Conservative Governments, and it has to be turned around. People in rural areas feel threatened by the Post Office plan. Their fears are not assuaged by the reassurances that the Minister gives regarding rural post offices. He knows people are worried about the possibility of their post office being closed, but what does he say? He does not stand up and forthrightly say there will be no post office closures and we will improve post office service. What he says is there will be no post office closures in rural areas without consultation. We will hear what you have to say for 90 days. That does not reassure people because their experience with the Post Office has been that it is like talking to a deaf person, or a brick wall; you cannot get information out or opinion in. People have no confidence in a process of consultation involving the Post Office. When they hear the Minister give them assurances of consultation before their post offices close, what they hear is that their post office is going to be closed, because that has been their experience.

• (1550)

The Government plans to close rural post offices. The privatization of rural post offices is referred to as the turnover from the public to the private sector. This will involve a reduction of service. The Government talks of the amalgamation of post offices which will result in the closure of post offices. In fact, the President of the Post Office admitted in the Government Operations Committee that hundreds of post offices will be closed. He would not say when or where. People will not be told until it has already been decided that their post office is to be closed. They will have 90 days to complain about it.

Rather than taking that approach, the Government should consult with people on the over-all policy of the Post Office. The Government should ask people whether they want the national deficit reduced through cut-backs in postal service or whether they want a good postal service.

The supermailbox is the Conservative answer to door-to-door service in suburban communities. It is unjust that some

people must use supermailboxes while their neighbours get door-to-door delivery. It is a bull-headed policy which the Government cannot maintain over the long term. It is also politically stupid and insensitive. It is astounding that a Government, which is in third place in some public opinion polls, would alienate its base of support, the people in middle income suburban communities who have paid $150,000 or $200,000 for their homes. Those people pay the same taxes as everyone else but receive less service. In addition to being unjust, that is politically stupid.

After bull-headedly deciding to go ahead with the super mailboxes the Government mounted a $1 million advertising campaign. However, the boxes did not work. The $1 million spent on advertising was a complete waste. It was shown on the national news that one key would open many compartments. That is the image which was created for the boxes. Every dollar spent trying to create a positive image was completely wasted. The Government tried to foist these boxes on rural communities as well.

Mail service began to deteriorate under the past Liberal Government and has gone steadily down hill under the present Government. The most aggravating aspect is the slow delivery. I have mailed notices of meetings in my riding to businessmen and community people, as have my colleagues. These notices were mailed a couple of weeks in advance, in compliance with the published standards of the Post Office, but arrived too late. Ordinary citizens have the same complaint. It can take eight days or a couple of weeks for a letter to be delivered from one side of Winnipeg to the other. Letters sent from Vancouver to Winnipeg can take two weeks to be delivered rather than three or four days.

These aggravating delays in mail delivery turn people off. The small business community has been turned off as well by the Post Office's inability to deliver on time and efficiently. People have turned to courier services for which they pay much more. Conservative ideologues like to threaten the Post Office with privatization. However, in many respects the Post Office has already been privatized because people are paying for courier service to avoid the poor service of the Post Office. As a result, the public service is losing revenue.

Poor service impacts on the people who work at the Post Office. It results in job loss, salary cuts, and being driven into poverty. Many people believe that postal workers are overpaid. I would use as an example the cleaners at the Post Office. They used to be public servants and earned around $10 per hour. Due to contracting out they are now paid only $5 per hour. For even a single person to live on that wage in Toronto is to live below the poverty line. The policy of privatizing existing public service jobs is driving people into poverty. That is an abominable policy. I wish the Government would become aware of what it is doing and consider the consequences of its own policies.

People are not willing to accept increases in postal rates because they are getting poorer and poorer service. Until the Post Office is turned around, no one will be willing to pay increased postal rates. People are aggravated by rising rates when service is decreasing. Rates have risen considerably. The Post Office has, in effect, requested an annual rate of increase. It will be coming back every year for a rate increase. It will be like the Chinese water torture. The drops will fall one at a time and it will drive you out of your mind. The Post Office must improve its service before it can justify increased rates.

The cost of many postal services other than first-class stamps has increased. Small business has rejected these rate increases because they threaten their economic survival. If there is one sector that is dependent upon the Post Office it is small business, and the rate increase for small business is a much higher percentage.

• (1600)

Let us consider the impact of these increases on Canadian culture which only yesterday was threatened by the American representative who demanded that Canadian culture be put on the free trade bargaining table.

Mr. Gormley: Do you know his name?

Mr. Keeper: Mr. Yeutter. He is threatening to strip Canada of its cultural sovereignty because he wants it on the bargaining table.

The Post Office policy affects Canadian culture with respect to magazines, such as *Maclean's*, the Canadian counterpart to *Time*, as well as other cultural and intellectual magazines and periodicals published by non-profit organizations or churches. They have subsidized rates, and increased rates threaten the existence of these magazines. Ordinary Canadians, small business and Canadian cultural industries reject the rate increases.

I want to comment on the development of the Post Office policy. This policy was formulated behind closed doors with no opportunity for public input. The Committee refused to hear public witnesses, but we intend to continue to exert pressure until it hears public witnesses. The Committee and the Minister have refused to travel. It is no wonder that the policy failed in its development and its delivery of service.

The Government's basic strategy toward Post Office policy is wrong-headed. The Post Office cannot deliver mail on time with a policy that operates on the barest minimum. We need a full service Post Office so that it can compete in revenue-generating areas and provide cross-subsidization to those aspects of the Post Office that are costly.

In conclusion, this plan must go back to committee because it is a failure. There must be public consultation through travelling committees so that ordinary Canadians can have their say.

[*Translation*]

Mr. Speaker, I have to say that this plan for our post offices is a failure. It is a bad plan, and it should be sent back to committee so the public can give its opinion. It is a failure

because it involves a reduction in services in rural areas, in the suburbs and poor mail delivery generally.

Mr. Speaker, we must take another look at our post offices. The Minister should look at the substance and the strategy and not just the rhetoric Canada Post is spouting, if he wants to give people the assurance that nothing is going to happen, at a time when post offices continue their service reduction. This plan is inadequate and should go back to committee so that the public may be heard.

[*English*]

Mr. de Jong: Mr. Speaker, I listened with great interest to my colleague. All Members of Parliament have received numerous representations about the Post Office from their constituents. I have received hundreds of phone calls and letters from people in Regina East, lodging various complaints about such things as the supermailbox and its implementation. One constituent told me that the Post Office informed him that it would place a mailbox in a certain location but ultimately installed a different box directly below the bay window of his new home. That certainly created much inconvenience for him and his family.

Throughout most of the fall we heard various questions put to the Minister in charge of the Post Office. The Minister frequently said that these very interesting representations may be valid complaints which the Committee should consider fully. That is why I was surprised to hear that the majority Conservative members on the Committee essentially shut it down and refused to allow full and open hearings. The Committee certainly did not invite Canadians to make representations and it certainly did not travel across the country.

Many of the letters I received contained suggestions which the Committee could have considered had it been allowed to travel. Perhaps it could have arrived at a consensus which would have developed a program and policy for the Post Office that would meet the needs and desires of Canadians. Yet the majority Conservative members on the Committee simply shut it down.

Will the Hon. Member explain how this occurred? Was he aware as an opposition Member on that committee that the majority Conservative members would shut it down? What were the reasons given to him for shutting down the Committee?

It is important that we remember that the House was supposed to have gone through a process of parliamentary reform in which the Committees would have greater independence and individual Members of Parliament could represent the views of their constituents rather than those of their respective parties. There was a hope that parliamentary reform would give Canadians better legislation resulting from a consensus rather than confrontation. It is obvious that when the Conservatives shut down the Committee dealing with the Post Office they kicked sand in the face of parliamentary reform. Will my colleague give us his opinion about that?

Mr. Keeper: Mr. Speaker, without trying to take partisan advantage of the opportunity, let me simply say that the Committee failed to live up to its responsibility to examine the plan that was presented to us. We heard from the President of the Post Office at some four meetings, but there were no public representations. For example, the Consumers Association of Canada was not invited to speak to the Committee, nor was the Canadian Federation of Independent Business or ordinary citizens. I wanted to hear their representations because I knew the plan had been developed in private, without public input.

After the back-bench revolt by the Tory Party when the Post Office plan was first revealed to them, it is my understanding that the Conservative members of the Committee essentially helped the Minister save face by taking the plan to committee. Then they sounded off about their own complaints. But they did not bring forward any substantive recommendations that would change the direction of the plan. That is where the failure lies. In addition, the failure lies with consulting people. So the hearings were token hearings. We needed more time to continue with them. We needed to involve the public.

• (1610)

Mr. Angus: Mr. Speaker, I wish to ask my friend to report to the House on a tour he made up in my part of the country, which is northern Ontario. He came up at the invitation of the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) and myself and he visited some communities with us. We met with residents in both urban and rural areas. Can the Hon. Member tell us what those people said to him? What message did they ask him to bring back to the House of Commons?

Mr. Keeper: Mr. Speaker, I remember these meetings in northwestern Ontario very vividly. One was in an urban area and one was in a rural area. In the rural area the community involved was small. I went with my colleagues expecting perhaps a handful of people to show up. The meeting was scheduled during the day, and if I remember correctly it was a Friday afternoon. The turn-out was tremendous. I would say there were 30 or 40 people who attended the meeting in a small rural setting. Perhaps one-third of the entire population was in attendance. They felt that the post office was part of their community. The person who ran the library was there. She pointed out that the library could not function without deliveries from the post office. Small business people dependent on the post office attended the meeting. People active in local activities relating to the area of forestry were in attendance. Their concern was with respect to the repair of their machinery and that sort of thing. They depend upon the post office.

When we were in the urban area we had an enormous turnout. I do not want Hon. Members to think that I am exaggerating when I say this, but there were hundreds of people in attendance. They were angry about the inadequate service the post office was delivering and about the threat of continued reductions in service. These people came out in force in a small

urban northwestern Ontario community to let us know in no uncertain terms that they felt that the post office provides an essential service and that it was an abomination to try to turn it into a profit-making enterprise.

Essentially, these people recognize that it is a public service for which they have to pay through their taxes, and for its maintenance. They were enraged that they were not receiving good postal service.

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, it is a pleasure to speak today on this particular motion. Perhaps I should rephrase my remarks by saying, I am never sure when speaking about the Post Office if that is any more a pleasure than speaking in defence of borrowing Bills, death or taxes. I will endeavour to respond to a few of the concerns that my friend from the New Democratic Party has raised.

I would like to begin by saying that in my capacity as the deputy chairman of the Government Operations Committee, which has been studying the Post Office corporate plan, I am sometimes struck by the great divergence of views, and in the way in which they come together in the House of Commons. I know Members opposite are well-intentioned on matters concerning postal service, and they have very good concerns. But when I hear them talk about the proceedings of these committee meetings it is almost as if we were at different meetings. It is almost as if we were not dealing with the same issue. I hope to put some light on this particular committee report that explains to Canadians many of the challenges that face the Government, and all of us, in terms of postal service and what Canada Post wants to do.

By way of background, the Government first received the Post Office corporate plan in November. In what the Opposition and the media are fond of calling the back-bench revolt, and as a revolting back-bencher—or perhaps better stated, a back-bencher who did have some concerns about the issue—I was pleased when the Minister looked at what the Post Office corporate plan proposed and said, "I think we should give parliamentarians an opportunity to review this in the light of what they know as representatives of the people of Canada".

I think if members of the Opposition would be fair—and I do not want to accuse anyone of politicizing the matter—they would admit that, given the responsibility of Members of Parliament, in reviewing postal service we speak for Canadians. The Progressive Conservative Party is the Government. It is the Party with the greatest number of rural seats, and it certainly speaks well for rural Canadians. But members of the Opposition have asked, why don't we call witnesses? In a standing committee that is a very valid concern.

We pointed out to the NDP in particular that the Marchment Committee had issued its report. The Marchment Committee was the committee appointed by the Minister to investigate Canada Post. In fact, many of the recommendations of the Marchment Committee Report found their way into the Canada Post corporate plan. I know all Members of Parliament have read the Marchment Report, at least if they are concerned about postal service in Canada. The appendix to the Marchment Report sets out quite clearly the number of groups with whom the authors of the report met. They met with unions, users and consumer groups. In nation-wide hearings they left not one group unheard. The report was tabled just a few months before the Canada Post corporate plan was tabled.

Let us have a look at what Canada Post is proposing. We have an in-depth report based on interviews with witnesses in hearings across the country. In the spirit of parliamentary reform, and having all of this documented evidence, why must we go back and do it again? I am a rural western Canadian. I know what my constituents want. They did not want many of the things proposed by Canada Post. So what did we do about it? The committee held lengthy hearings, some of which lasted well in excess of three hours. There were a series of meetings in which we brought the technical officials of Canada Post before us. We asked them very difficult and specific questions. Members of Parliament were able to conclude from the questions and the answers that we had some concerns about what Canada Post was proposing.

I came across as what could be known as the heavy in all of this. After hearing repetitive answers from Canada Post executives I came to the conclusion in December that I did not believe we should meet much more as a committee. I say that because the issues were far too important to let stretch out any longer. My concern was that we issue a report that was thoughtful, concise and exact. We did just that. In our report we put forward a series of recommendations. I will read them for the record and for the people who are viewing this debate. Based on that, I think everyone will agree that many of these are balanced and fair recommendations.

The opposition Parties were justifiably concerned. They said that we should travel the country and hear witnesses. I think we were faced with the problem of trying to act quickly and effectively to ensure that Canadians are protected. We had to act so as not to make it an overly-politicized exercise in rhetoric, talk and vituperative condemnation which, God knows, this place already has too much of.

So we issued our committee report. The committee report touched on a few central issues. As a western Canadian I am perhaps showing a bias in my input. The changes proposed in rural mail delivery, the changes proposed in rural post offices, and the reductions in subsidies for weekly newspapers and periodicals are the three points that most concern me. We also had some thoughts on other issues; the delivery service in new subdivisions, the technical deficiencies of the supermailboxes, and reliability of service.

• (1620)

We made a series of recommendations, and the Government responded to them very quickly. In so doing, the Government and Canada Post responded in a fair and balanced manner. The qualifier that I wish to add at this juncture is that I am

not pleased with what Canada Post has done in response to at least one recommendation. That is why as a Saskatchewan Member of Parliament on the government side I have been working very hard with the Minister and Canada Post to ensure that we will see compliance, and beyond, with that one recommendation. That recommendation involves rural post offices.

I will digress and run through the committee recommendations. The committee recommended that the present pattern of rural mail delivery not be changed. We came to this conclusion as rural Members of Parliament. In many areas rural route service has been decimated by Canada Post over the last three, four, five years, and it cannot withstand any further reductions.

Generally, I do not overly politicize things in the House, but I will allow myself one political observation. Members of all three Parties had the opportunity of appearing before the committee. The hours were intentionally kept long and the forum open for as many thoughtful Members of Parliament as possible to come and cross-examine Mr. Donald Lander, the Chief Executive Officer of Canada Post, and grill some of his technical officials.

Committee records will bear out that we had so many Progressive Conservative government Members that often the meetings went on very long, and questions had to be limited because of the overwhelming degree of interest in this process. There were Members from new subdivisions, and Progressive Conservative Members from the cities talked about supermailboxes, mail delivery, and general levels of service. Rural Progressive Conservatives talked about rural post offices, rural routes, and those concerns.

The lamentable lack, particularly of Liberal Party Members, and New Democratic Party Members, was indeed disgraceful. The opposition Parties represent a significant number of Canadians. All told between the two Parties they were able to muster five Members of Parliament for an exhausting grilling on something as fundamentally important as postal service. I will leave the politics aside, but I think that Canadians should know—

Mr. Keeper: Mr. Speaker, I rise on a point of order. The Hon. Member said that he did not wish to politicize things. Would he acknowledge that during each of these committee meetings not only myself as a New Democrat was there—

Mr. Gormley: That's a point of fact.

Mr. Keeper: The Hon. Member made an accusation—

Mr. Deputy Speaker: I think the Hon. Member is engaging in debate. He will have the opportunity to ask questions of the Member in a few minutes.

Mr. Keeper: The Hon. Member is misleading the House at this point.

Mr. Deputy Speaker: The Member for the Battlefords—Meadow Lake (Mr. Gormley).

Mr. Gormley: I appreciate the feeble bleatings, I was going to say, but that may be political. It is very important that we do put on the record the type of concern that government Members had on this issue.

An Hon. Member: So much good it did.

Mr. Keeper: Myself and others were at each one and you cut off the time in the end.

Mr. de Jong: How come you guys backed out on the committee?

Mr. Gormley: The committee made the recommendation that the present rural delivery pattern—Mr. Speaker, I must ask your indulgence. The NDP are indulging in name calling and trying to yell me down. I ask your indulgence to call for order.

Mr. Heap: Why don't you just tell the truth?

Mr. de Jong: If they were honest truths and honest points.

Mr. Gormley: I am attempting to make a few points. It is very difficult when the NDP are back to their old games. I cannot hear myself think amidst this NDP heckling and complaining.

Rural route service would not be interrupted. That was our recommendation. The Minister rose in the House and said that because of the effects on rural route service to many Canadians, who are already justifiably feeling like second-class citizens with postal delivery, there would be no further closures of rural route service.

As the deputy chairman, and as a rural Canadian, I feel vindicated by that. That was the first opportunity to say no to something that I did not feel was right for rural Canadians.

The second point we made was that Canada Post would not implement wholesale closure of rural post offices. We went on to say that, prior to any considered closures, Canada Post devise and provide the committee with more specific guidelies regarding the closure of rural post offices. These should reflect regional differences and needs.

Canada Post, as part of its corporate plan, tabled a mathematical formula involving proximity between communities, number of boxes affected, and that type of variable. To those of us who live in western Canada, and rural Canada, it is impossible to establish with one formula a system for post offices that will work in Newfoundland, Saskatchewan, rural British Columbia, or Ontario. The committee made that recommendation in good faith. That recommendation was made to tell Canada Post to come back to us and let us see its plans. This was the recommendation that I had the most concern about.

In his acceptance the Minister wrote to our chairman and stated:

> Although there will be cases where post offices are amalgamated and alternate postal service will be offered, this will be done over a ten year period. Canada Post does not intend to implement wholesale closures of rural post offices.

He further stated:

> On the subject of the possible amalgamation of some rural post offices, I am in agreement, and so is the Corporation, with the point made by the Committee that a simple amalgamation formula cannot be imposed arbitrarily and uniformly on a country as broad and as diverse as Canada.
>
> Canada Post recognizes the need to be sensitive to local concerns that vary from community to community. During the hearings, the President of Canada Post made the commitment that there would be no amalgamations without local consultation, and that in future a 90-day notice will be given of proposed service changes to permit this process to take place.

On the face of that, the Minister has made the commitment that our committee did make a valuable contribution. I am very concerned when I hear officials from Canada Post say that they plan on retaining essentially the same formula for amalgamating and franchising rural post offices. Obviously, Canadians and committee members will not accept having it both ways. Either Canada Post should report back to the committee before it plans any further action, or it goes ahead with what it was going to do. I do not believe that is good enough.

A number of government Members have been dealing with the Minister and we plan to have the committee again hear about this specific subject of rural post offices within the next several weeks. We are very concerned with what has happened in terms of this particular recommendation.

I know that I am taking a long time on rural service, but that is the area of particular concern to me as a western Canadian government Member of Parliament.

Other recommendations were made, for example, that the subsidies for weekly newspapers not be reduced, and that religious publications not lose their second-class mailing status.

The Minister wrote to us as follows:

> The subject of second-class mail privileges for newspapers, periodicals and books is part of the larger issue of cultural subsidies for which my colleague the Minister of Communications is responsible. I should point out that the Government is presently paying more than 70 per cent of the cost of sending publications through the mail.
>
> This particular approach has not been revisited since 1969 and, accordingly, the Department of Communications with the assistance of Treasury Board and Canada Post will be consulting with the publishing industry on this issue over the next several months.

The Minister goes on to explain that he believes that the issue of second-class mailing rates for newspapers and periodicals should not be dramatically altered. I think all of us as Canadians agree with that, but there is a difficulty which I should like to bring to the attention of members of the NDP. I was about to get political. I was going to call them the friends of free enterprise, but I will not get political. We have concessionary mailing rates for periodicals which range from very large newspapers and periodicals, such as *Maclean's* magazine, on down to the *Meadowlake Progress*, the *Maidstone Mirror*, and the *Spiritwood Herald*, newspapers which I read in my constituency.

• (1630)

Mr. Waddell: *The New York Times.*

Mr. Gormley: I hear an NDP Member who invests heavily in the stock-market informing me that he reads the *The New York Times.*

Should taxpayers be subsidizing the profits of very large, successful enterprises, or should they continue on a cultural needs basis to subsidize small weekly newspapers? I know of no Canadian who would agree with small weekly newspapers being adversely affected. If the taxpayers of Canada are paying 70 per cent of present subsidies, I would like to have another look at some of the larger publications.

We made the recommendation that religious periodicals should not lose their second-class mailing privileges. It is self-evident, obvious, and sensible. For several months Canada Post—in fact it pre-dates the corporate postal plan—has been in disagreement with several religious publications over what it calls "sufficient content". As a government Member representing people who regularly read *The Lutheran* magazine, *The Presbyterian Record*, and such periodicals, I do not find that to be an acceptable excuse on behalf of Canada Post. Many religious publishers and editors have pointed out the concern about other periodicals receiving a subsidy and their periodicals not being able to receive some kind of mailing assistance.

In this context the Minister of Communications (Miss MacDonald) and the Minister responsible for Canada Post have made it clear that these issues will be dealt with. We have seen *The Presbyterian Record* regain its full mailing status. We have seen the statement by the Minister that on a case by case basis we will look at magazines and that those which are bona fide religious publications will receive mailing privileges. Unfortunately, it is not sexy, it does not sell a lot of papers, and it does not get a lot of headlines to talk about an eminent, reasonable, and sensible position.

The Opposition gets carried away with the issue and refers to girlie magazines receiving subsidies whereas religious publications do not. If that were the case it would be unacceptable. If we review what the Minister has done and what he instructed Canada Post to do, we see that the method is being dealt with reasonably.

Mr. Keeper: But *The Lutheran* magazine does not get it.

Mr. Gormley: I hear the Hon. Member. I am aware of that. In fact, I was just in Radisson the other morning, a very good community in the heart of my constituency, to meet with a number of people from the Lutheran congregation. We spoke at some length about the matter, and I gave them my personal assurance that we would be bringing this case to the attention of the Minister. I am hopeful that upon review of *The*

Lutheran publication there will be no doubt about whether it should receive a subsidy.

I see Mr. Speaker signalling that my time is up. I have not touched upon five or six recommendations. I also have a few thoughts on the status of Canada Post as a Crown corporation as opposed to a government Department. I have a number of comments I wanted to make dealing with general service to Canadians. Unfortunately time constrains all of us. In the helpful, hopeful, and constructive way of which I know NDP Members are capable, perhaps they will ask some good questions and I will have a chance to clarify a few of their concerns.

Mr. Waddell: Mr. Speaker, the Hon. Member should not have apologized to the House for being political. That is what this House is all about. I remember the comments of Robert Thompson. I think he was a Social Credit Member from Alberta and then he became a Conservative Member for a Fraser Valley riding in British Columbia. He became so frustrated in the House that he said: "Mr. Speaker, this House is becoming a political arena".

Mr. Rodriguez: Keep politics out of the House!

Mr. Waddell: Yes. Surely that was the quote of the decade in that this House is a political arena.

I was amused when the Hon. Member for The Battlefords—Meadowlake (Mr. Gormley) described Conservative Members going to the committee one after the other and presenting their views. It sort of sounded like lemmings going to the sea, lemmings jumping into the sea. Perhaps it is a sort of beginning for the next election. Conservative Members will be as scarce as are Beothuks now in Newfoundland.

Mr. Gormley: Do you have a question?

Mr. Waddell: Yes. I received a letter dated January 21, 1987 from the general manager of the Post Office in Vancouver. It was addressed to me as his Member of Parliament. He indicated that in order to streamline and enhance mail collection, they would be relocating street letterboxes. He went on to indicate that to minimize any customer inconvenience, they would be posting blue notice forms on any box being relocated or removed. The notices will inform people of the location of the nearest mailbox. Any box which does not have a notice form will remain in the same location. They expect to complete the project by February 28, 1987. If a senior citizen runs down to post a letter, she will see a blue notice posted for her convenience saying "sorry, you had better go to the other box" which could be half a mile away.

When will the Conservatives stop destroying the Post Office in Canada? They are to get rid of post office boxes in the streets of an urban riding.

Mr. Gormley: It is the pick-up boxes.

Mr. Waddell: The letter said that they will be posting blue notices on the boxes to be relocated. They are to cut down on the number of boxes in the streets, the red boxes, the symbol of the Post Office.

When will they stop? How far will they cut back in postal service? In this urban area they are to get rid of mailboxes, which will inconvenience people. If we think they are mad at the Post Office now, wait until they go to mail a letter and they are faced with not being able to get the box open and a blue notice telling them to go down the street a mile. It is ridiculous.

Is this Tory blue? Is this *les bleus*? Is this what we are to get from the Tories—blue notices on mailboxes? When will it stop? When will they stop cutting back in the Post Office and start thinking about the convenience of ordinary Canadians?

Mr. Gormley: Mr. Speaker, I think the intent of the question was concern. As usual, NDP Members phrase "when did you stop beating your wife" questions. Obviously I will not respond to the tenor of the question, the usual partisan rhetoric of which they are capable. However, I think the Hon. Member's concern stems from the whole question of urban service, particularly the so-called superboxes. I know that they are a concern in the newer subdivisions of Vancouver.

When the committee undertook its study, it found that as early as 1974 Canada Post began the group pick-up box concept in subdivisions. Of course that fact made opposition Members go loony because they keep calling it the "Conservative postal plan".

Canada Post is a Crown corporation. It has undertaken some service reductions. We must weigh these service reductions in the context of door-to-door service, for example, whether taxpayers of Canada will pay for a cost of some $500 million. Will urban dwellers pay $500 million to have services extended to new subdivisions? I know that is the concern.

In respect of his specific question on the relocating of red mailboxes, obviously I cannot comment upon the specific case. As a good Member of Parliament I know he would have found out exactly why it was being done. As part of the group pick-up box concept in newer areas, Canada Post is ensuring that so-called superboxes will actually be closer than the old green group boxes which many people have had in their subdivisions since 1974.

Specifically referring to his question, I obviously do not know what they are doing in Vancouver, but I know the Hon. Member would make the appropriate inquiries.

Mr. Gagliano: Mr. Speaker, last Saturday I was in Agassiz in the riding of Fraser Valley East. After having listened to the Hon. Member's speech, I am wondering whether the Hon. Member for Fraser Valley East (Mr. Belsher) spoke to the Vice-Chairman of the Standing Committee on Government Operations. He said he would speak to government Members upon returning to Ottawa to tell them the exact message of the people of Agassiz. These 600 people in this rural area indicated to him and to all other Members who were there that the message was clear. "We do not want you to come here to tell

us how you are going to close the post offices. We want to hear that this plan is being thrown away and that the post offices in rural Canada remain".

• (1640)

The gentleman said that we had every chance to ask questions at the committee. I was the Member at the time questioning the Chairman or the President of the Post Office. We had only two witnesses. At that time the motion was proposed to shut off the committee. How can the Hon. Member say that we had asked all the questions? I had only started that day and I asked two questions because I had no right to ask further questions. Why did the Member last week walk away from the committee when the Member from Winnipeg asked the Chairman of the committee to reconvene so that we could ask questions again on the Post Office's plan? How can the Member say that we had all the time to ask questions? How can the Member say that he listens to people and knows the problems of rural Canada, and yet when he is in committee he does something else?

Mr. Gormley: Mr. Speaker, I will answer those questions with pleasure. First, the Rural Dignity movement is a very worthy group. I applaud the organizers of Rural Dignity in doing what they have done. It is a broad-based coalition made up of many of my friends from rural municipalities, villages, rural postmasters and postmistresses. Yes, I think they are getting the message across. They are reinforcing, along with the help of the entire rural caucus of the Progressive Conservative Government, the importance of ensuring a way of life in rural Canada. No one speaks for rural Canada like our Party speaks. Because of that I can say, without giving away too much, that the Hon. Member will find that rural post offices are safe as long as our Government and our Members are looking after that concern.

With respect to the committee, Mr. Speaker, it is lamentable what the Member, who was at some of the meetings, has said. Why did he read the drivel in *Canadian Press* from that little reporter who came to the committee hearings and twisted and distorted the things that I did? I am a former journalist. I know that journalists have their bad days. I will not comment on the little worm from *Canadian Press* who for some reason believes he has to malign my actions personally.

With regard to the particular committee to which the Hon. Member is referring, we had a motion at the beginning of the meeting to revert immediately to the rural postal service when just days before we had had a steering committee meeting and, by unanimous consent, made the decision to wait for another week or two before getting on to Canada Post. Why did I walk away, Mr. Speaker? I was in another committee meeting at the time. I was called and was told that this motion was coming up. I came to the meeting and I spoke to the motion. I said the same thing I am saying here, that the motion was needless because we had already agreed to another committee date. That is what I said. I said it. I left. Again, the little termite from *Canadian Press* decided, for whatever reason, perhaps having a rough day, that somehow I had done something wrong. The Hon. Member was there and he should not be believing what he is reading in the paper when he saw and heard my explanation with his own ears.

Mr. Young: Mr. Speaker, I have a comment based on the question which my colleague, the Hon. Member for Vancouver—Kingsway (Mr. Waddell) already raised, namely, Canada Post's action in removing pick-up mailboxes in Toronto. I understand Canada Post is proposing to do the same thing in Vancouver and in other major centres. The reason that Canada Post is apparently doing this—at least the explanations I have received—were twofold: First, that Canada Post wanted to improve service, and second, that pick-up boxes on street corners were no longer used the way they were in the past because most people mail letters and other mail from office buildings. That is fine if you happen to work in an office building, but if you happen to live in a residential urban community, such as mine, which has a tremendously high population of senior citizens, I fail to see how that can possibly improve the service for people who want to use that service. But the removal of pick-up boxes is causing tremendous difficulties for a lot of people. In one area of my riding, Kingston Road, which is about two or three miles long, Canada Post sent a truck right along the whole thoroughfare and removed every mailbox. While I understand that this committee did not really study or take evidence on that particular aspect of Canada Post's operation, I certainly think it is something the committee may want to take a look at. Lack of mail boxes presents great difficulties to elderly people or to people who have mobility problems, especially in winter months if they are expected to walk an additional 10 or 20 blocks to mail a letter which, very often, you will appreciate, Mr. Speaker, is their only contact with their own family or the outside world. It is an extremely important question to them.

Mr. Gormley: I think that is an excellent question, Mr. Speaker. I realized in the cross-examination of Canada Post's executives the very interesting changes that took place in demographics, in work and in life habits. I think the Member would agree that, yes, most mail is now mailed from downtown office buildings, which is something I did not know or did not think of. That certainly does not diminish the importance for senior citizens of having accessible facilities where they can drop a letter in the post box. I think Canada Post should be aware of that. I know that in the areas where there are supermailboxes with the mail slots they are not going any further than 200 yards from any dwelling. If Canada Post is moving red boxes and if, in fact, someone must walk a great distance as a senior citizen, I do not think that is fair. I would hope that the Hon. Member for the Beaches (Mr. Young) with the help of all Members would get to Canada Post and make it aware of that and have the situation changed.

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Saint-Léonard-Anjou (Mr. Gagliano).

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I would like to start by recalling what happened a few days ago in the House when the Minister responsible for Canada Post, and I think it was last Thursday, clearly said there would be no post office closures, and all Government Members gave him a standing ovation. Outside the House a few minutes later, we heard that was not exactly what he meant.

Again this morning, Mr. Speaker, in an article in the Montreal *La Presse*, the Minister said, and I quote:

Canada Post still intends to close several hundred of our 1,700 small rural post offices across this country and to privatize 3,500 more, the Minister responsible for Canada Post, Mr. Michel Côté, confirmed yesterday.

I would like to repeat verbatim what the Minister said, and I quote:

That is probably what will happen— But what is important is how it will be done.

In other words, Mr. Speaker, it means they are going to close some post offices. That is clear. The Minister said so to Canadian Press, and here is the text: Canada Post is going to close post offices. But it is all in how they will do it, which means they are going to wait and consult with us first. Mr. Speaker, this is really not consultation but information. They are going to inform Canadians in rural areas that one, two or three months from now, according to Canada Post's schedule, their post offices will be closed down. Why not tell it exactly like it is instead of playing with words, which is what the Minister has been doing for a whole week?

Mr. Speaker, the Liberals share the legitimate concerns of all Canadians about the present state of the postal services in this country. By establishing the Canada Post Corporation in 1981, the Liberal Government recognized the fact that postal services in Canada were an essential public service. That is why it gave Canada Post a balanced mandate, which included improving labour management relations. Mr. Speaker, I might point out that since then we have not had a major postal strike, and that Canada Post has been given a mandate to boost productivity, improve services and reduce the deficit.

• (1650)

Canadians have noticed some progress in recent years. Employer-employee relations are better and, as predicted, the Canada Post operating deficit has declined sharply, from $588 million in 1981-82 to $347 million in 1984-85, and to $184 million in 1985-86. Sadly, Mr. Speaker, improvements in productivity and service quality are not as promising, and the Liberals feel that their efforts should now be directed towards that objective.

Our approach is the exact opposite of the course set by the Government in the February 1985 Budget when the Minister of Finance made it clear that the priority of Canada Post was to reduce its operating deficit. Mr. Speaker, the situation did improve to a certain extent over five years and planning was beginning to bear fruits. In its report the Marchment Commission recommended that Canada Post be given at least five more years to wipe out the deficit. But in his February Budget the Minister of Finance said: No way, you have until 1988 to get out of the red. Canada Post management turned around and said: We are taking the necessary steps to balance our books. Obviously, these measures involve closing rural post offices, while home delivery will be only to the so-called superboxes, easy to open and impossible to close! A few months ago we saw some truly incredible scenes when Canada Post was in a great hurry to introduce this new system. It was acting on the new plan before the Minister had a chance to table it in the House. The superboxes were not introduced by Canada Post on November 5. We have been talking about the boxes for about a year, and we pointed out to the Minister responsible for Canada Post that Canadians didn't want the boxes and that they were poorly designed. But the Minister kept answering: Be patient, there is a comprehensive plan for our postal system.

Mr. Speaker, over a year ago, Canada Post started closing down rural post offices. In 1985-86 alone, 114 rural post offices were closed. Mr. Speaker, this means that on November 5, the Minister responsible for Canada Post was telling us what we already knew and what the Minister never wanted to admit before tabling the plan.

I also want to talk about consultation. The Conservative Member who spoke earlier said that the Minister was generous in allowing Hon. Members to have a discussion with Canada Post and to consult on this plan, a plan which as I said before was already implemented. Not only that, Mr. Speaker. It was a last minute arrangement. The Minister had no intention of consulting the House, but when he presented the plan to his own caucus, it probably caused a minor revolt, and that is why at the last minute, as you will recall, presentation of the plan had to be delayed because the Minister had to make some concessions and refer the plan to a committee. The committee did not sit for very long and heard only two witnesses: the President of Canada Post and the President of the Board of Directors of Canada Post. The morning when the Conservative Members decided to end committee proceedings by moving a motion to prevent us from asking more questions and hearing more witnesses so as to begin drafting our report forthwith, Opposition Members were there and prepared to ask questions, but so were a number of Government Members and they too had questions to ask. We were not given any opportunity to do so. We were convened to produce the report with which you are familiar. If I may, perhaps I should refer to this report and indicate to Hon. Members and all Canadians the points of the report on which we disagree and why. First, Mr. Speaker, we reject the Canada Post recommendation—endorsed by the committee—to implement a permanent policy aimed at delivering mail in community superboxes as a substitute for direct home delivery for all new housing projects in suburban areas.

Mr. Speaker, the action plan of the Canada Post Corporation clearly states that, from now on, which means that this is

permanent and not temporary, all new residential sectors will receive their mail in superboxes.

Mr. Speaker, this decision means that we have created two classes of citizens. One class with home delivery and another with delivery to a postal box. However, Mr. Speaker, these people pay the same taxes and the same price for their stamps. Why should they not be entitled to the same service?

As for the other recommendation, we reject what Canada Post has proposed. In this case also, to meet the deficit reduction objective of the Minister of Finance (Mr. Wilson), Canada Post wants to change the postal service received in rural areas and replace individual services on rural routes by a service of community superboxes at major intersections.

As I said earlier, Mr. Speaker, I was able to attend a meeting organized by *Rural Dignity*, a group which is putting pressure on the Government to cancel this plan and to ensure that rural post offices will remain open. One Saturday afternoon, 600 people met in Agassiz, in the Fraser Valley-East constituency of British Columbia. There were all kinds of people. There were parish priests, mayors, city counsellors, citizens, farmers, professionals—everybody in the area attended the meeting. Their message to the Hon. Member for Fraser Valley East (Mr. Belsher) was clear: We do not want to be consulted. We want our post offices to remain as they are. For those people, the post office is a national presence within their community. There was even someone who rose to tell us that closing down the post office does not just mean closing down the post office—the postmaster will not be the only one losing his job. Small businesses could also close down. Because by forcing rural citizens to travel to another, more distant town to have access to postal services, they might then do their shopping in that other place. This means small businesses—the stores, the shops that are in that small town are unhappy about their post office shutting down. They may even be forced to quit themselves.

That is how the shutdown of a rural post office can cause the loss not just of one or two jobs within the post office itself, but also many other jobs in the area's economy. It means there is a social economic impact and the Government must realize what Canadians want where postal service is concerned. Why are Canadians not in agreement with that proposal? Because, Mr. Speaker, the Government, the committee that looked into that, and we hope to be able tomorrow to convince it to reopen the matter within the committee, can travel across the land and actually listen to those Canadians who are faced with a situation they find unacceptable, and rightly so, Mr. Speaker.

We cannot accept either the recommendation made by Canada Post and adopted by the Committee concerning the implementation of a rural post office franchising policy. Mr. Speaker, they are now talking about amalgamation. Well, amalgamation means closing, for if you amalgamate two post offices, each in a different village, one of them will have to close. Therefore, amalgamation means closing.

If they implement the franchising policy, we are certainly not going to keep all the post offices we have now.

Mr. Speaker, I feel the Government should be transparent concerning the Canada Post Corporation and tell Canadians exactly where it stands on this issue. In fact, through franchising of a post office under the responsibility of a postmaster which may be paid $12 an hour, it is seeking ways to have someone do part of the job for $4.50. Mr. Speaker, what Canada Post is trying to do in 1987 is to use cheap labour. Is that acceptable, Mr. Speaker?

Another recommendation. We agree with the solution proposed by the Committee which recommends that the rebates on postal rates should not be reduced and that weekly and religious magazines should not lose their second class mail status. I think it is important that Canadians should be able to receive certain magazines and newspapers at home. Our culture is at stake, and we agree with the committee that asked Canada Post to maintain the privileges enjoyed by periodicals, local newspapers and magazines. It is probably not the responsibility of Canada Post to subsidize culture. It is up to the responsible department, and it would be better if we had some kind of policy as soon as possible, because if the Government wants Canada Post to balance its books, Canada Post has to take care of delivering the mail and providing postal services, not culture. So I hope we will soon be advised of the Government's policy on cultural subsidies for the delivery of these papers and journals.

Mr. Speaker, we certainly cannot support the recommendation made by Canada Post and adopted by the committee that Canada Post be authorized to publish the proposed rate increases, in the *Canada Gazette*: an increase of 2 cents for first class mail and 9 per cent of the average rate applied to businesses. Mr. Speaker, we have a situation where services are being cut, home delivery is being phased out, post offices are being closed, and now they want to take away second-class mail privileges for certain types of newspapers.

First class mail will cost 2 cents more and the increase for all other postal services will be almost 10 per cent. In fact, Mr. Speaker, what is happening? It will cost more for reduced services. We object to that, and should the Government go to the trouble of consulting Canadians, Mr. Speaker—not information but meaningful consultation—it will find out that Canadians are quite prepared to pay a little more for service, for home delivery, for the assurance that rural post offices will remain open and that the postal service will really be up to par.

You are indicating that my time is up. Thank you, Mr. Speaker.

• (1700)

Mr. Deputy Speaker: The Hon. Member for Richmond—Wolfe, for a question or comment.

Mr. Tardif (Richmond—Wolfe): Mr. Speaker, first, I wish to congratulate my colleague for Saint-Léonard—Anjou (Mr. Gagliano) who has done a quite remarkable job in the last few

months. He has travelled extensively and consulted many people to collect all these protests against the initiative of the Government.

I have been in politics for eight years and I do not think that any issue has provoked us many comments, letters and articles. I receive every day at my Ottawa office very emotional messages from senior citizens and people who live in remote areas and who are very worried about the Government's initiative. Naturally, as my colleague has pointed out, the Minister has said on a few occasions that no post office will be closed. However, he very quickly corrected or modified his statement by saying that some post offices would close, but only after consultation. He also added: We shall go to the regions and consult the people because we want to know what they think. He concluded by saying: In any case, we shall give them adequate notice. In fact, this process is not really consultation, but simply an exercise in telling these people that they will lose within a very short time the essential services they now enjoy.

In closing, Mr. Speaker, I would like to ask a question to my colleague who has so eloquently expressed the many concerns of Canadians. During all his travels and at all those meetings, how are the people reacting to the possibility that the existing service will be considerably reduced? In addition, as I am aware of his concern for small businesses, I would like him to explain what tragic consequences the Government initiative could have on many small businesses in Canada.

Mr. Gagliano: Mr. Speaker, I thank the Hon. Member for his question, and I would like to answer immediately the second part of that question which concerns small businesses. This afternoon indeed—and of course until this morning we did not know this debate would take place—I had scheduled a meeting with the Canadian Federation of Independent Business to discuss that postal problem. Of course, all Hon. Members received from the Canadian Federation of Independent Business a letter in October strongly opposing any postal rate increases. We are as much aware of course as the Federation that we have a deficit problem, so we must reduce it, and this is why this afternoon we met probably to discuss and find the means to eliminate that deficit problem, not only by reducing services, but perhaps also to find means of increasing revenues without thereby increasing the burden for users of postal services.

Concerning what people say whenever there are meetings, as I said earlier, I already was in Vancouver; Monday I will be in Toronto, and I have already met groups in Montreal. In Montreal, for instance, there are at least sixteen postal urban areas. Those are people who protest, and they are people who had a chance to save their money and buy new homes. And now, because they bought new homes, they are penalized and will not be able to get home delivery as other people do who bought their homes perhaps four or five years ago. This is something of course that people do not accept. They feel they are second-class citizens. There are even people who feel court action should be taken, and they are talking about having groups formed to take legal action under the Canadian Charter of Rights. They feel this is discrimination. Why should someone who has a home on Montreal Island, especially in the Montreal area, not far away, three or four blocks away, get home delivery? Why have it on one street and not two or three blocks away, even for new homes? I know that in Toronto and Vancouver the same problem exists.

There are, for instance, people who write or phone us saying that upon coming home after work to the beautiful houses they just bought with beautiful lawns, they find holes in which Canada Post, without notice, has started pouring concrete in order to put up the famous superboxes, which as we know, Mr. Speaker, are easily forced open. The keys are no good, or one key will open them all. Of course people are mad at the way Canada Post has wasted money on those superboxes. A contract was signed without even a guarantee on those boxes.

When one figures out that the difference between home delivery and superbox delivery is $30 per house, it is no wonder people do not accept that. Without dwelling too much on rural areas, I think I already stated how, for instance, people in Agassiz, in Fraser Valley East, are concerned about those measures.

Mr. Nystrom: Mr. Speaker, I have a question for my friend the post office critic for the Liberal Party. I know very well that the Liberal Party is always most progressive when in the Opposition, but what is the difference between the present Liberal policy on post office and the policy of this Government? If I remember correctly, the Liberal Party introduced the green boxes a long time ago, eleven or twelve years back, and now we have the superboxes. What difference is there? Also, if the Liberal Party were in power, what would have been the difference between the Liberal Party and this Government now?

Mr. Gagliano: Mr. Speaker, I thank the Hon. Member from the New Democratic Party for that question, because it gives me an opportunity to explain the difference. Yes, there is a difference. Let us start with the urban areas. It is a fact that under the Liberal administration Canada Post or the Post Office Department put up green boxes. We never denied that. But it was a temporary measure, until let us say, that community would be organized and the postal service would be gradually provided. I can say that in my own city, and this is the argument, I already had a discussion with the Minister who said: This has been a Liberal policy since 1974. Saint-Léonard, Ville d'Anjou, in my constituency of Saint-Léonard—Anjou, are cities that developed over the last ten years. Still, we all have home delivery, except smaller sections which had remained undeveloped but were developed after 1984 and which get their mail through postal boxes. At that time, we could get organized. But since November, people know very well they no longer will have a chance or the possibility of getting home delivery. So, the difference is that this Tory Government authorized Canada Post mail delivery to postal

boxes as a permanent policy. So, from now on, Canadians no longer can hope that six months perhaps down the road they will have home delivery, unless the Minister in charge of Canada Post drops that corporate plan.

As far as rural areas are concerned, I think Hon. Members can check the record, because I believe under the previous Liberal administration we did not close down post offices, we opened new ones.

• (1710)

[*English*]

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I am very pleased to have the opportunity to participate in this debate. I would like to begin by thanking my colleague, the Member for Winnipeg North Centre (Mr. Keeper), for giving us the opportunity to have this relatively short discussion in the House of Commons on a matter of interest to thousands of Canadians. I would like to thank him for his perseverance in committee, as well as in the villages, towns, and cities of Canada, in keeping the concerns of Canadians alive. He has fought against the actions of Canada Post which were precipitated by the policies of the Conservative Government of Canada.

We keep thinking that we finally have an unequivocal commitment that this will not happen. Then, lo and behold, the Minister goes out of the House and says something slightly different. He leaves the door open and seeds confusion about what will happen.

I was interested in the speech of the Member for The Battlefords—Meadow Lake (Mr. Gormley). He indicated that in a couple of weeks the matter of whether or not rural post offices will be closed or merged will be brought before committee. I was pleased to hear that because it means that my colleague, the Member for Winnipeg North Centre, has successfully badgered the Conservative Members of that committee into coming to their senses. He has planted a seed, which is now germinating, into another hearing on this very vital issue. At the end of my comments I would like to assist Conservative Members in that continuing review.

I have spent a fair amount of my time on this issue along with my colleague, the Member for Thunder Bay—Nipigon (Mr. Epp), and the Member for Kenora—Rainy River (Mr. Parry). Together we represent all of northwestern Ontario. Many of our citizens rely on the mail for the vast majority of their communications. Regardless of whether they live in isolated homes along the highway or in small villages, they count on the postal service. It is essential for them. The Member for Winnipeg North Centre has been to Hurkett, Kakabeka Village, and Thunder Bay to hear the concerns of citizens, consumers, business people and unions with regard to the operations of Canada Post. It was very clear that there was no demand for cut-back in service. In fact, there was a demand for increased service because people recognize the essential nature of the service which Canada Post should provide.

Part of our job in this House is to pass along to our colleagues the thoughts and words of citizens of the country with regard to Canada Post and its services. Let me begin by quoting from a letter and resolution by the municipality of Neebing within the riding of Thunder Bay—Atikokan. This letter, which was sent to Mr. Lander, President of Canada Post Corporation, states:

Re: Reduction in Rural Mail Service

Enclosed please find a copy of a resolution passed by our Council regarding proposed reductions in postal service in the rural areas.

Members of Council wish to express their concern to Canada Post Corporation that the suggested changes will not only serve to isolate rural residents, but will also impose undue hardship on those individuals who will be forced to travel 25 to 30 miles (each way) to obtain their mail.

It is hoped that Canada Post will attempt to develop more practical approaches in reducing its costs of operation, that will not impair the quality mail service to rural residents.

• (1720)

Many citizens of my riding have written to me to express their concern about what the Government and Canada Post may or may not do with postal service, and also to indicate their support for a postal system.

I will read a few excerpts from letters without naming individuals because I do not have their permission to do so in the House of Commons. However, I know they will be pleased that I have taken the opportunity to read their concerns into the record. First:

As a rural resident and a user of the Nolalu Post Office—

A small village Post Office in the rural part of my riding:

—I am quite angry at the proposed closure.

We have been told that the reason for the closure is that the Post Office is not creating enough revenue. Since when is the Canadian postal service a money-making business? Is it not a service supplied to the public, paid for by the public?

Has any of the government officials involved in the decision of closing the Post Offices lived in a rural area and used them? Perhaps if they did they would understand our situation.

We, the public, have been told that we will have to use the Post Office in Kakabeka Falls. This office is 24 kilometers from here. Most families, in this area, only have one vehicle. How can we use the Post Office when the hours are not suitable. Most people work and cannot get their mail between 9 and 5. What happens when our bills come late and we are charged interest because we can't get to the post office on time? I will certainly not pay the interest when it is not my fault.

Another letter comes from a gentleman who is widely known in all of northwestern Ontario. He is an elderly gentleman who writes:

Our postal service at Nolalu is being discontinued. Because of a severe cardiac problem I am unable to come and go.

Could you and your Government see fit to continue this service to we who do not live in 'favoured' places.

These letters show varying concerns of people in rural communities. Another letter states:

I am writing to you and other members of Government who were put in office to represent our needs, that I myself and other residents of my township are not in favour of having our Post Office closed, and therefore bringing this matter (our needs) to your attention for help in saving our Post Office.

Our employees of our Post Offices have volunteered to stagger their hours of working to meet the needs of our residents to enable them to have access to the Post Office, but the Government dictates the hours for the Post Office. Therefore, the residents of the community can't use our Post Office, and therefore the Post Office is not meeting its revenue. Most of the residents of our community work Monday through Friday from 8 a.m. to 5 p.m. We are at least a good 30 miles plus out from town, so therefore many residents are leaving for work at 6.30 a.m. to 7 a.m., and not returning back home until 6 p.m. to 6.30 p.m. at night. The hours of our Post Office are Monday through Friday 8 a.m. to 2.30 p.m., and closed on Saturdays. My question is, how are we supposed to put money into our Post Office with those hours? Why can't the Post Office have the hours to meet the needs of the residents of our community?

I could on and on to talk about letters, cards and phone calls. Next to questions about unemployment insurance cheques, the largest complaint in my constituency concerns the level of service by Canada Post. People are unhappy about the delay in mail delivery. They are unhappy about the possibility of losing services.

They tell me that they do not want supermailboxes because it will not provide anything new to them in the rural area. They already receive those services and more, with mail being dropped off at the end of their driveways.

People have told me that while it may not be authorized, they can leave money in the mailbox so that the mail deliverer can put a stamp on the letter and leave change in the mailbox. A supermailbox cannot provide that service.

I want to talk about central post offices in communities where there are no rural routes. These post offices, which are within a reasonable distance for those in the community, become a focal point for activity. We hear about campaigning and canvassing at small community Post Offices which open at ten o'clock in the morning because citizens congregate there to pick up their mail and conduct community business. That activity will be destroyed if rural post offices are eliminated.

While we thought the issue had been resolved, the Minister re-opened it as a result of comments he made in the House recently. The Minister of Regional Industrial Expansion (Mr. Côté) said, as quoted at page 2979 of *Hansard* on February 2:

—I can give the Hon Member the assurance that there will be no closures or service changes at the Canada Post Corporation and its rural Post Offices until the recommendations proposed by the Committee are acted upon. Mr. Speaker, the recommendation referred to a period of consultation with the Canadian people on the post offices that might be affected.

Clearly the inference is that the Government will consult and talk to local MPs and others but will make the ultimate decision. There is nothing in the Minister's response to indicate categorically that not a single rural post office will be closed. The Minister is talking about a process that is not new because before this information was revealed Canada Post had been sending letters to my constituents saying that it would stop their particular routes. That was its method of consultation, but it quickly backtracked once we became organized.

Mr. Forrestall: That is rot-gut, and you know it.

Mr. Angus: The Hon. Member says: "That is rot-gut".

Mr. Forrestall: Table the letters.

Mr. Angus: Perhaps he would like to see the letters that were delivered.

Mr. Forrestall: Send one over to me.

Mr. Angus: I do not have them here but I will give the Hon. Member a copy of the information. It was very clearly a retraction by Canada Post when it realized it had been caught. Is that the Government's version of consultation? Our experience leads us on this side of the House to believe that the Government will attack post offices one at a time until they are closed down.

Mr. Forrestall: Stop spreading fear.

Mr. Angus: The Government will close them down one by one in its blind devotion to making the Post Office break even. I wish it had a blind devotion to making it work better because people would then have more faith in the Post Office and begin using it more often.

I invite the Hon. Member to participate in the debate. Perhaps he could tell us why mail that is destined for Thunder Bay or leaving Thunder Bay must go to Winnipeg to be sorted? The result is that some of our mail ends up in northern Manitoba and we receive mail belonging in northern Manitoba. This adds many days to our delivery service. Rather than using the plant in Thunder Bay to process mail efficiently, Canada Post is so concerned about cost recovery that it goes to obscene lengths in an attempt to squeeze every nickel and dime out of the system. It should focus on improving the service.

• (1730)

Why was there the development of an independent parcel delivery system in Canada? It was not because of this Government but because the previous one did not put enough emphasis on quality of service to ensure that there was no need for a private parcel service. Because that was not emphasized, one now exists. It is competing with Canada Post and taking revenues away from it.

Why did the Government intervene at Canada Post when it was experimenting with a mail order shopping service which would have allowed people in small communities to buy items through catalogue shopping, thus increasing the revenue of the Post Office? Why did the Government quash that? Was it again as a result of blind devotion to ideology as opposed to a willingness to garner enough revenue for Canada Post to provide those services? That is the real question that has to be considered.

Tomorrow, at the appropriate time, I wish to table in the House a petition signed by residents from the South Gillies, Nalalu, and the Kakabeka Falls areas, residents who are concerned about their postal service. The petition is clear. It was written by the petitioners. It was not something we provided a thousand copies of and said: "Go out and fill this and we will raise it in the House of Commons". They initiated it. They clarified the preamble and the prayer to ensure that it

conformed with the rules of the House of Commons. This petition is from an organization of concerned citizens who want to ensure that their post office is saved.

This is not a matter on which we will be silent. My colleagues and I will continue to press the issue. We recognize that the main problem is not with Canada Post. It has to abide by the mandate that the Government of the day gives it. Clearly, what we have to do is change that mandate. It is simple. The only real way to change that mandate is to turf out the Government. We must then put in place a Government which believes in service to the people and not cut-backs, not squeezing. We must put in place people who believe in efficiency with quality care and quality service.

I feel the matter needs more airing. It is important that we heed the words of the Hon. Member who spoke on behalf of the Conservative Party earlier in the debate with respect to the need to continue the dialogue. Therefore, I move, seconded by the Hon. Member for Burnaby (Mr. Robinson):

That the motion be amended by deleting all the words after the word "that" and substituting the following therefor:

the first report of the Standing Committee on Government Operations presented to the House on Monday, December 15, 1986, be not now concurred in but that it be recommitted to the committee for further consideration.

Mr. Deputy Speaker: I find that the Hon. Member's motion is in order. We will now proceed to the 10 minute question and comment period.

Mr. Forrestall: Mr. Speaker, I wonder if the Hon. Member who just spoke, who played along with what appears to be current New Democratic policy, which is to frustrate the objectives of Government in getting on with the business of the House, and who joins with and is strengthened and comforted by his companions in sometimes questionable law, could respond to three or four points which I wish to make.

The NDP voted with the Liberals and ourselves to create a Crown corporation. I ask the Hon. Member to respond to the following questions. Why did they do that at that time? Why did his Party participate in that decision at that time? We were seeking self-sufficiency for the proposed Crown corporation within five years. Why has the Hon. Member now changed his mind? Why are he and the members of his Party now going down another road? Why are they now playing another tune? To what fiddler are they dancing now?

As I suggested, they advocated and supported a Crown corporation which would be self-sufficient in five years. Yet, today, they are advocating positions that would add six cents to ten cents or more to the cost of mailing a letter in Canada. Why have they gone in that direction? Can the Hon. Member answer that question? What philosophy is the Hon. Member serving? He is a socialist, and I accept that. I work with him. He is a hell of a nice fellow, but he is inconsistent.

Mr. Nystrom: Don't accuse him of being a Tory. That's like being a Progressive Conservative.

Mr. Forrestall: Socialists like the Hon. Member for Yorkton—Melville (Mr. Nystrom) are opposed to the use of the private sector in any context whatsoever.

Mr. Waddell: What are you talking about?

Mr. Forrestall: I sit here and listen to you day in and day out, year in and year out. I accused the Hon. Member a bit earlier of being sophistic in his argument, and he was. Sophistry is not becoming to Members of Parliament. The Hon. Member knows that. I tell you to be careful. If we throw out Mr. Lander you will have no postal service whatsoever in Canada. You foster and you breed in the rural areas of the country a mistrust and uncertainty that is not becoming the Parliament of this country. You are using unfounded arguments. You are supporting your unions. Your unions are supporting you in fostering this unrest.

Mr. Boudria: Mr. Speaker, I rise on a point of order. I have heard on approximately 10 different occasions over the course of the last few minutes the Hon. Member refer to another Hon. Member with the word "you". "You" is usually referred to when one is addressing the Speaker, as I am sure you are aware, Mr. Speaker. I trust Your Honour will bring my colleague across the way to order and have him address the Chair in the way that is customary in this House.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary has the floor.

Mr. Forrestall: Mr. Speaker, I apologize to the Chair. Of course I have been around here long enough to be fully aware that I must address you, Mr. Speaker. In the past I have been accused of asking the Speaker whether or not he would ask an Hon. Member why he feels he can be sophistic.

I would ask the Hon. Member why it is that he and the members of his Party find it so convenient today to take a position that such a short time ago they did not take. Does the Hon. Member not want the Crown corporation to be efficient? Does he want to support the unions in trying to bring down the efforts of the Crown corporation? It is less than perfect. There will not be wholesale and massive closings of rural post offices. There will not be massive changes, as the Hon. Member argues. Indeed, I would ask you, Mr. Speaker, to ask the Hon. Member whether or not he would care to send me these hundreds of letters which he is receiving and to which he referred a little while ago.

• (1740)

Mr. Angus: The letters have already gone to the Minister and to the President of Canada Post. The question about cost recovery over the long term in terms of breaking even will not occur overnight, or in two years. That is insanity.

Mr. Svend J. Robinson (Burnaby): I am pleased to participate and comment on the important motion put forward by my colleague for Winnipeg North Centre (Mr. Keeper).

I rise on behalf of my constituents in Burnaby to express serious concern and anger at the manner that Canada Post has responded to the community of Burnaby in terms of service. Canada Post is seeking increases in postage rates at the same time that it is seriously eroding the quality of service to our communities.

We were recently informed by the regional office of Canada Post in Burnaby that some 130 street letter boxes were to be eliminated. There was no consultation whatsoever with the local council. The Mayor has expressed his very strong opposition to this plan. There was no consultation with myself as the local Member of Parliament. Instead, Canada Post simply dictated to the people of Burnaby that they will lose this service of 130 street mailboxes. At a time when Canada Post is seeking an increase in postal rates, that heavy-handed attitude is absolutely unacceptable.

We have been told that a small blue sticker would be placed on the mailbox that will be eliminated, and at the end of a month that mailbox will be gone for good. This is a direct result of Conservative government policies aimed at cutting back on the quality of postal service in communities such as Burnaby.

Why was there no consultation with the people of Burnaby before this type of decision was made? Why has the Post Office insisted on cutting back service in other areas? Recently I was successful in having a sub-post office reinstated in south Burnaby at the Metrotown area. Until that time, the previous sub-post office had been entirely eliminated. The service at the south Burnaby post office was completely inadequate. It had long delays and line-ups.

Myself and my colleagues in the New Democratic Party insist that before there is any increase in postal rates, service be improved. Far from being improved, as a result of the cutbacks in mailboxes, the poor service, and the lengthy delays in delivery, there has been a deterioration and erosion in the quality of mail service in Burnaby. The Conservative Government is responsible for this decline in postal service.

I am pleased to rise today to support the motion of my colleague which calls upon the Government to come to its senses and restore quality postal service in Burnaby, and elsewhere in Canada.

Mr. Angus: It is clear from what my colleague has said, and when comparing what has happened in my riding, that it is typical Conservative thinking that the best way to get at the Post Office is to make it more difficult to use, so let us eliminate as many of the drop boxes that we can, and let us restrict the hours of operation of the post offices so that people cannot get into them. Quite clearly, I am wondering whether the Government wishes the Post Office to fail. What is its ultimate game plan? Is it trying to shut down the Post Office, or is it setting it up for privatization? What is the Government up to?

Mr. Deputy Speaker: Resuming debate with the Hon. Member for York East (Mr. Redway)

Mr. Alan Redway (York East): Mr. Speaker, I am pleased to have the opportunity to make some comments with respect to the first report of the Standing Committee on Government Operations in connection with the Post Office. I am also pleased to have the opportunity to comment on the amendment put forward by the NDP, and also to make some general comments with respect to the Canada Post situation in my constituency.

I listened with interest to the first comments made by the Hon. Member for The Battlefords—Meadow Lake (Mr. Gormley) from the perspective of rural Canada. I also listened with interest to the comments of the Hon. Member for Saint Léonard—Anjou (Mr. Gagliano) from the perspective of a new community with growing suburbs and new homes that were without postal service. I then listened to the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) and his comments dealing with the situation from the perspective of northern and rural Canada. Then I listened to the comments of the Hon. Member for Burnaby (Mr. Robinson). The comments of the Hon. Member for Burnaby sounded somewhat familiar to me, because I have the perspective of an urban Member with a long established constituency. It is not a constituency with rural postal routes, or one that has new subdivisions blossoming up. It is a long established community with some modest changes, some infill, some increases in density, some new apartment buildings, and some new townhouses. There are no vast changes or vast rural areas. I see the situation a little differently, and so do my constituents.

When I was first elected to Parliament two and a half years ago I was personally aware, and I knew from the comments that had reached me from my constituents, of an uneasiness about the postal situation. That uneasiness has gone up and down over the last few years. The Post Office is not a problem that has suddenly burst upon us over the last two and a half years.

Mr. Baker: It has been apparent for some time.

Mr. Redway: It has been with us for some time, as my Liberal colleague says. In fact, it dates back to the days when the Government that he supported was around. We went through some fluctuations in mail service, particularly with postal strikes that were rather devastating to the services that we had. We seemed to come out of those strikes and into an era with irregular postal service. We did not seem to be able to put it all together. Somehow the Post Office never seemed to be able to put it all together, the way it seemed to be in what I would refer to as the good old days, the days that I recall when I was a boy growing up, and even a few years ago when the postal service was something that could be counted on. When you put a letter in the box, it would be delivered to where it was going within a day or two. Those days are long past. They did not pass within the last two years, they have been long past for some time.

The Hon. Member for Burnaby referred to the problem that I and my constituents have been having, that is, the removal of the street letter boxes. That is something that has hit my constituents very severely. It arrived in the last few months in the constituency of York East and in the surrounding constituencies. I hear from residents in various constituencies around, particularly from Broadview—Greenwood, the Beaches, and also from Don Valley East and Don Valley West. I know that the Members for Don Valley East (Mr. Attewell) and Don Valley West (Mr. Bosley) do an excellent job in looking after those problems. But at the same time I certainly hear the rumblings when the street post boxes are removed.

• (1750)

I might say that dozens and dozens of these street postboxes have been removed in my constituency. Every time that one is removed, I receive telephone calls and letters. Recently I have been receiving petitions. In each case I have been in touch with Canada Post and with the Minister responsible for Canada Post, urging them to replace those street letterboxes. I do that not just because I receive one or two telephone calls and some petitions, but because of the composition of the population in my constituency, the demographics of it. The fact is that it is very substantially made up of senior citizens. My constituency has more senior citizens in it than any other constituency in Canada, with the exception of Victoria, British Columbia.

When one of these street letterboxes is removed in my constituency, it is not just a case of it disappearing and the residents being able to go a few blocks away to find another one. My constituents and I are faced with a problem. They are senior citizens. In many cases they are relatively immobile. It is just impossible for them to get to another letterbox which is in any way convenient. In fact, many of them have drawn to my attention that they actually had to take a bus or a subway train to get to a place where they could mail a letter. That is ridiculous to them and ridiculous to me. Surely it must be ridiculous to Canada Post and the Minister responsible.

Fortunately, a number of these street letterboxes have been returned at the urgings of constituents and at my urgings. These petitions have been effective in getting back some of these postboxes. I am hopeful that we will be able to get a lot more of them back in the very near future. I am certainly making representations right now to the Minister. I am optimistic, I might say, that he and the President of Canada Post will see the light of day and return these street letterboxes.

I was interested to hear the Hon. Member for Burnaby say that his constituents were receiving some notice of the fact that postboxes were being removed. That has not happened in my constituency. I am surprised to hear that it has happened in any constituency across the country. However, in the cases where they have been removed, I have been hearing about them in a hurry, as have other Members of Parliament. Once again, I am optimistic that we will have a goodly number of those street postboxes returned to us.

That particular problem struck my constituency just prior to Christmas-time, just before the next great problem with Canada Post—the question of taking away second-class mail privileges from religious publications. That is a particular difficulty in my constituency because it is the home publication base of *The Presbyterian Record*. Not only is it published in my constituency, but it is the location of the head office of the Presbyterian Church of Canada. In addition, the editor of *The Presbyterian Record* is the Minister of St. Mark's Presbyterian Church in my constituency. As one might imagine, there are many members of the Presbyterian Church of Canada who receive *The Presbyterian Record* on a regular basis. Suddenly they have been faced with the prospect of an extreme escalation in the price, affecting not only the church itself but those who have to pay for it, the church members. They were understandably concerned. They were in touch with me and with other Members of Parliament.

After representations by myself and other Members of Parliament, after petitions and letters which deluged Canada Post, the Chairman of the Board of Canada Post and the Minister responsible, I am pleased that the President of Canada Post announced that second-class mailing privileges were being restored to *The Presbyterian Record*. This proves that one can get some positive response if one makes the proper waves and rattles the bars enough. Hopefully other Members of Parliament will do that for other religious publications. I heard today that *The Lutheran* publication is having the same sort of problem.

That problem landed on our doorstep, as I said, just prior to Christmas-time. At about the same time another problem landed on my doorstep relating to the whole question of new subdivisions. We do not have vast new subdivisions in York East, but we have new apartment buildings and townhouses. One extremely peculiar situation came to my attention from one of my constituents relating to a townhouse-apartment building complex, a co-op housing complex, built in a triangular shape and fronting on three streets. Two of the streets are prior existing streets and one is a new street, a brand new street. The townhouses and apartment buildings built on the existing streets with existing names receive door-to-door delivery. The townhouses receive door-to-door delivery even though they are brand new. The apartment buildings built on existing streets in the same complex receive the usual apartment mail delivery in mailboxes in their lobbies. However, on the new street, which is part of the same complex, the apartment buildings receive the usual apartment type of delivery and the townhouses have green boxes, soon to be replaced by superboxes, I suppose, sitting hundreds of feet away.

It makes no sense at all. It is one housing complex, but the situation exists because of a technicality that some of the townhouses were built facing a new street whereas the other ones were built facing existing streets. The ones on existing streets receive door-to-door delivery and the others do not. It makes no sense at all.

Once again we have made representations to the President of Canada Post and to the Minister responsible. I hope, for heaven's sake, that they are listening to this debate and that they will straighten out the mess and ensure door-to-door delivery in that portion of the complex as well.

Mr. Keeper: Mr. Speaker, I rise on a point of order. For some time now the Hon. Member has put on record his concerns about postal service relative to his constituents. I am sure he is sincere. I wonder whether he would take this opportunity to move an extension of the hours, so that we could vote on the resolution and get the matter to committee for a full hearing.

Mr. Deputy Speaker: Resuming debate, the Hon. Member for York East (Mr. Redway).

Mr. Redway: Mr. Speaker, those are three concerns in connection with the Post Office which have been pointed out to me and which I have taken up on behalf of my constituents.

Another concern was raised immediately prior to Christmas-time. It concerned the Christmas card system of mailing last year. About a month and a half prior to Christmas, Canada Post suddenly introduced an incredibly silly system whereby one had to buy special envelopes in order to obtain a decent lower rate for the mailing of Christmas cards. If any other government body or private company had introduced a system with such incredibly short notice like the one utilized by Canada Post, they would have been shot.

I see you signalling, Mr. Speaker, that my time is up. I want to draw to a close, but let me say that I cannot support the amendment of my colleagues in the NDP. However, I support the motion to endorse the first report of the committee because I note that it provides for a continuing review of Canada Post by the Standing Committee on Government Operations. That is exactly what we need. We need a watch-dog on Canada Post, and this committee will do the job.

[*Translation*]

Mr. Deputy Speaker: It being 6 o'clock, the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

At 6 p.m., the House adjourned.

HOUSE OF COMMONS

Thursday, February 5, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petition No. 332-420.

* * *

[*Translation*]

INTERPARLIAMENTARY DELEGATIONS

CONFERENCE OF COMMONWEALTH CHAIRMEN OF MEETINGS AT KUALA LUMPUR, MALAYSIA

Mr. Marcel Danis (Verchères): Mr. Speaker, pursuant to Standing Order 101, I have the honour of tabling, in both official languages, the report on the meeting of the Standing Committee of the Conference of Commonwealth Speakers and Presiding Officers held at Kuala Lumpur, Malaysia, from January 6 to 9, 1987.

* * *

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, pursuant to Standing Order 106, I have the privilege to present a petition on behalf of a number of residents of British Columbia registering their complaint against the proposal of the Government to change the Patent Act relating to prescription drugs. They believe that this will increase drug prices for Canadian consumers, and that it will severely restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners believe that the proposed measure will unfairly hurt those Canadians whose health requires the purchase of prescription drugs on an ongoing basis. Therefore, they request that the Government changes its mind.

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the pleasure to present to the House several petitions from my constituents who wish to avail themselves of their ancient and undoubted right to present a grievance.

Whereas a decision has been made to close Rideau Hall grounds by the National Capital Commission, the Department of Public Works, the RCMP, and the Office of the Governor General without prior notice; and whereas the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness, and democracy of which Canadians are so justly proud; and whereas area residents from the entire National Capital Region, who have used and enjoyed the grounds of Rideau Hall, recognize the security concerns that prompted the closure decision, the petitioners cannot accept a blanket closure of the 120 acre park to public access.

Therefore, the undersigned petitioners humbly pray and call upon Parliament to open that decision for consultation with a group of citizens representative of the large and growing opposition, in order that a *modus vivendi* be created that would satisfy both the Government and the public.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I also have several petitions from constituents of Toronto, Scarborough, Willowdale, and Downsview. The petitioners wish to state that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and whereas the tariff has had little negative effect on the publishing industry of the United States, it penalizes Canada's consumers, book publishers, book sellers, distributors, and Canada's culture. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. Therefore, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff, which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

Motions

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and the duty to present two different petitions to the House. The first petition is from Senior Power and is signed by citizens of the City of Regina. The petitioners request Parliament to reject the proposals to increase prescription drug prices for Canadians by amendments to the Patent Act, and also because they will increase the cost of drugs to provincial government drug plans. The petitioners humbly pray for support from Parliament.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): I have a further petition signed by residents of Vancouver, Coquitlam, and White Rock in British Columbia. The petitioners humbly sheweth that in their opinion transportation is a natural monopoly without economic regulation, and that deregulation of the dimensions proposed by the Government in Bill C-18 will create unnecessary chaos in the transportation industry leading to unacceptable reductions in safety standards and deterioration in quality, type, and frequency of service. Therefore, the undersigned petitioners humbly pray and call upon the House to have Bill C-18 withdrawn.

• (1110)

POSSIBLE CLOSURE OF RURAL POST OFFICES

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, pursuant to Standing Order 106, I have the honour to present a petition certified by the Clerk of Petitions and signed by 76 residents of the villages of South Gillies, Nolalu, Kakabeka Falls, and Hymers in the rural area of Thunder Bay.

These residents are very concerned about the survival of their small rural post offices. They petition the House of Commons to reject any suggestion of closures and to protect by law or direct intervention the right of rural Canadians to full postal services.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Simon de Jong (Regina East): Mr. Speaker, I rise, pursuant to Standing Order 106, to present a petition signed by people from Alberta and Manitoba. They petition the House not to proceed with changes to the prescription drug Act. The petitioners believe that the present legislation before the House would increase the cost of prescription drugs.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the honour to present a number of petitions from residents of my riding. The petitioners are from the communities of Thompson, Sherridon, Lynn Lake, Cross Lake, Flin Flon, Leaf Rapids, The Pas, Snow Lake, Norway House, Wanless, and Pikwitonei. The petitioners express real and deep concern that the Government's attempt to change the Patent Act will indeed force the cost of prescription drugs to rise and, of course, hurt those people who need to use large quantities of these drugs.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, once more I have the honour and duty to present petitions from the City of Windsor, protesting the Government's new Patent Act amendments which would increase the cost of drugs. It is with pleasure that I represent the people of that city, but it is not a pleasure that they have found cause to petition Parliament.

I submit one, two, three, four, five, six, seven, eight more petitions from the City of Windsor, representing hundreds of additional signatures to the thousands already submitted, and there are more.

* * *

PUBLIC ACCOUNTS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Stan J. Hovdebo (Prince Albert) moved:

That the first report of the Standing Committee on Public Accounts, presented to the House on Tuesday, November 4, 1986, be concurred in.

He said: Mr. Speaker, I rise in this debate to make the point that we in this Parliament need tax reform very badly and that we should be working toward that end.

Many years ago the New Democratic Party, which at that time was led by David Lewis, used a slogan during an election campaign that I think best identifies the issue before us in this particular motion. During that election campaign and at times before and after—and I think it is still a valid description of the situation—he talked about corporate welfare bums taking advantage of the system and using the money of Canadian taxpayers as much as possible. They used the system to obtain assistance from taxpayers when they did not really need it and there was no reason for them to receive it.

In his 1985 report the Auditor General made a very specific statement regarding the tax remission orders conferred on certain companies. He was referring to a particular tax remission order which was granted to the Hudson's Bay Oil and Gas Company which allowed it to take advantage of the tax system up to a possible $1 billion. When the Standing Committee on Public Accounts tabled the report, the level already given, I suppose under this remission order, was an amount up to $400 million.

I should like to refer to what the Auditor General said in his report on February 5, 1985. He said that an income tax remission order was granted to Hudson's Bay Oil and Gas Company Limited, enabling it to deduct for income tax purposes financing costs which its parent incurred in acquiring it. He went on to say that the order may provide the company with an after tax benefit of up to $1 billion and permitted the use of a method of transferring losses for tax purposes which, in May 1985, had only been proposed to Parliament.

The actual decision to do this was made by the previous Government. In July, 1984 the Government announced its

intention to provide Hudson's Bay Oil and Gas Company Limited, a subsidiary of Dome Petroleum Limited, with an order remitting income taxes pursuant to Section 17 of the Financial Administration Act. However, that remission was not granted until February 5, 1985, so both Governments were involved in the process.

Remission orders in themselves are used extensively and are needed. For instance, the operation of the Auto Pact depends extensively upon the ability of the Government to pass remission orders which, under the Auto Pact, allow the Government to repay companies that import automobile parts, after the cars have been built and have been sold in Canada or returned to the United States. The concern here is not the process of remission orders. The concern of the committee and the concern I am bringing forward now is that the Government, without the consent of Parliament, is spending up to $1 billion of taxpayers' money.

• (1120)

This process of tax expenditure without the consent of Parliament, the Auditor General suggests in the 1986 report, is becoming more prevalent on the part of the Government. The concern of the committee was that we should have in place the kind of law which would make it impossible for the Government to spend taxpayers' money without coming before Parliament. A basic democratic process is that Parliament passes all expenditures that are made by the Government, but it is far from correct here.

This expenditure about which we are talking, the remission for Hudson's Bay Oil and Gas Limited, is an example of the kind of thing that can go on and where some corrective measures should be taken. The 1985 Auditor General's report draws attention to this specifically in Chapter 3. We are concerned that not only does this remission order authorize money for that year but authorizes it until possibly 1990. The only limiting factor that will be offset by this remission order—this is why I suppose there could be some discussion as to the amount—is the amount of tax the company will have to pay during that period of time. It can offset all of its taxes until 1990, if the company has enough. Knowing the ability of our tax lawyers, the chances are that the company will project financing costs beyond that time or make sure that by other acquisitions the company will be able to use the absolute maximum possible.

The committee had a number of concerns, and I would like to put them before the House. First, Parliament's consent was not sought and Parliament was not involved in a substantial expenditure of public funds. That is not acceptable, I am sure, to anybody in this House. In this case a corporate loss transfer procedure was used, a procedure not otherwise allowed in law. It is currently before Parliament as a proposal from 1985 in a budget discussion paper only. Are we going to have a procedure such as: "We are going to do this and eventually we will allow it to happen and then implement it"? A remission order is often used. But this type of arrangement has never been used before because it was illegal, although it has been suggested.

What we should be asking in Parliament is whether this use of the remission order is acceptable in the broad criteria that had been established to be as in the public interest. What we are looking at here is whether it is a good idea to allow, under any circumstances, expenditures of any amount. This one happens to be very large and it is probably an exceptional example. But is it a good idea to allow any expenditure of government funds without reference to Parliament?

The committee makes a number of recommendations some of which I will put before you, Mr. Speaker. The committee suggests that the Government make changes in the Financial Administration Act and as quickly as possible get rid of the process of tax expenditures which allow corporate structures to take advantage of tax breaks when they do not really require them and have no real right to them. Remission orders are generally used as a means of granting relief from some aspects of the tax system. As I said, we do not particularly worry about that fact but in this case the remission order was used as a means of implementing a policy that is not necessarily the policy of the Government. Large amounts of public money were involved, and the use of the remission order suggests that the bureaucracy was taking the law into its own hands and making the legal decisions without coming before Parliament.

The Auditor General goes on to say in his report that the Department of Finance advised him that if it had not done what it did, Dome would have been forced into bankruptcy and the federal Government would have suffered a substantial revenue loss. The Government was also concerned that the failure of Dome could have serious adverse effects on the Alberta economy. In the circumstances, the Department believed it could not accurately determine costs or prepare meaningful cost figures. Officials of the Department of Finance appeared before the committee, but in my eyes and in the eyes of the committee they were unable to justify any of these points. It appeared to me, and I think probably to other members of the committee, that the process was gone into in order to allow the takeover of Hudson's Bay Oil and Gas and to allow the putting in place of the remission order, which would end up being very beneficial to a corporation.

The remission order permitted Dome Petroleum Limited to make use of a method of allowing losses for tax purposes to be transferred within its ownership group. It had not been approved by Parliament. In May 1985, that had only been proposed as a part of a budget paper. Consequently, in the opinion of the committee, Parliament's consent should have been sought before the remission order was made.

• (1130)

The committee made a number of recommendations, and I would like to put some of those recommendations on the record. In his 1986 report, the Auditor General gave a lot of support to the recommendations that we made. In fact, he

made very similar recommendations in that report and has done so on other occasions as well.

We recommended that the Financial Administration Act be amended to require the following: the tabling in Parliament of all income tax remission orders and the preparation of an explanatory note to accompany each remission order so tabled outlining why the remission order is in the public interest. The key statement in the Financial Administration Act is that remission orders are given only in the public interest. However, if one looks at the public accounts of any particular year, one will find pages and pages of remission orders. I would expect that it would be very difficult to provide an indication of why each remission order was given, but when the remission orders are in the magnitude of even a portion of the one we are discussing today, they ought to be explained not only to Parliament but to the people of Canada.

If the Auditor General had not put his finger on this particular remission order and the fact that it had not been consented to by Parliament, it may have gone through and gotten only minor play across the nation. As it is, it is the reason we should move in a number of areas.

The committee suggested that a reference of all remission orders so tabled be made to the appropriate standing committee and that prior approval of Parliament be sought of all income tax remission orders exceeding $20 million in value, and this is probably a key recommendation. This would mean that major remission orders would have to be explained. Many members of the committee suggested that the bureaucracy justify every remission order. In the end, we agreed on the figure of $20 million as being a central figure which would ensure that the Government was in hand.

We made a number of other recommendations and I hope that other Hon. Members will put these before the House along with the reasons of the committee for making them so that Hon. Members may see why this particular report should be taken very seriously by the Minister of Finance (Mr. Wilson), the Cabinet and the Government. The issues brought up by this report should be dealt with by Parliament.

The Acting Speaker (Mrs. Champagne): Questions or comments? Debate.

Mr. Alan Redway (York East): Madam Speaker, I appreciate having the opportunity to say a few words in connection with the motion of the Hon. Member for Prince Albert (Mr. Hovdebo) because I am a member of the Standing Committee on Public Accounts. The question of the Dome Petroleum and Hudson's Bay Oil and Gas remission order is a very troublesome one. It highlights a problem that dates back many years. One of my colleagues, a former member of the committee, has described this as being part of the Liberal legacy with which the present Government was left. The particular problem of the Dome Petroleum and Hudson's Bay Oil and Gas remission order is one that relates back to the days of the former Government, and the remission order concept itself certainly relates back to the former Government, though I suppose it has been a part of the laws of Canada for a long time.

This report identifies a problem at which we should take a very close look in the very near future in an effort to ensure that this sort of problem does not and cannot happen again. In fact, the problem relates to Section 17 of the Financial Administration Act which provides that the Governor in Council, on the recommendation of the Treasury Board, whenever the Governor in Council considers it in the public interest, may remit any tax, fee or penalty. In effect, that means a cabinet decision can forgive a tax and simply eliminate it as if there were no laws on the books of the country indicating that that tax had to be paid. I felt so strongly about this after dealing with the matter on the Public Accounts Committee that I have placed a Notice of Motion on the Order Paper which I hope will be debated before too long.

My motion is that, in the opinion of this House, the Government should consider the advisability of repealing Section 17 of the Financial Administration Act and requiring that all remissions of taxes, fees or penalties be submitted to Parliament for approval each year. That motion goes a long way, and I am sure the Government and other Hon. Members will have some reservations about going quite that far in dealing with remission orders. As the Hon. Member for Prince Albert has pointed out, there is perhaps some logic in having remission orders in some cases.

The real effect of a remission order is to forgive a tax. Even though there is a tax law on the books, the executive of the country can wipe out that tax for you, Madam Speaker, or for me but not for our neighbour. That seems to me really to strike at the roots of democratic Government and democratic principles. Section 17 of the Financial Administration Act allows members of the executive of the Government to say: "There is a tax on the books that you have to pay but I do not have to pay". Because of Section 17 of the Financial Administration Act, they could wipe out their taxes personally just by passing an Order in Council. They might not do that for themselves, because they might feel that that would be a little embarrassing, but they might do it for a friend. I am not suggesting in any way that they would do this or that that has happened but I am saying that that is what Section 17 of the Financial Administration Act allows. It allows a highly discriminatory situation to exist where the Government could decide that one person has to pay a tax and no one else has to, or that one person is exempted from paying a tax and no one else is. I think we should take a very close look at this section of the Financial Administration Act with a view to either repealing it altogether or restricting very severely the way it can be used.

• (1140)

The Standing Committee on Public Accounts, when it considered the Dome remission order in particular, saw the problems I have just pointed out. That order certainly highlighted very dramatically this kind of difficulty. The order

had the effect over a 10-year period of allowing Hudson Bay Oil and Gas to deduct for income tax purposes the financing costs which Dome incurred in acquiring Hudson Bay. The value of that deduction, according to the Auditor General, was some $400 million, not a small sum, particularly if we were to apply it to the deficit.

The peculiarity of this situation is illustrated, it seems to me, by the fact that Dome Petroleum bought Hudson's Bay Oil and Gas but it did not have any income against which it could write off its financing costs. So what happened? Hudson's Bay Oil and Gas wrote off the financing costs incurred by Dome when it bought Hudson's Bay Oil and Gas. That something like this would be allowed just boggles the mind. Why was it allowed? Because Dome Petroleum was in such sad financial shape that there was concern that it and its suppliers might go down and all its employees might lose their jobs. It would be a tremendous blow to the Canadian economy, particularly that of western Canada. Therefore, the former Liberal Government entered into a commitment to allow this arrangement to take place, and the present Government proceeded with it because it did not feel it had the moral right to go back on the commitment. It was proceeded with but it cost the taxpayers some $400 million. That, as I said, is no small sum.

The impact of the remission order was, by an act of Cabinet, to change the tax laws of this country without an Act of Parliament. It gave great financial benefit to one company but other companies doing exactly the same thing did not receive that benefit. A preference was given to one taxpayer over others, and that brings our tax laws into disrepute, as if they need any more disrepute than they already have.

As my hon. friend for Prince Albert indicated, the Standing Committee on Public Accounts recommended a number of things that should be done to the Financial Administration Act. For example, there should be the tabling in Parliament of all tax remission orders with an explanatory note outlining why the order was in the public interest. It recommended approval by Parliament of all tax remission orders exceeding $20 million in value. That means that this particular tax remission order would have required parliamentary approval. My own motion, if the Government sees fit to adopt it and actually repeal or amend Section 17 of the Financial Administration Act, would require all such remission orders to be approved by Parliament. While there may be some piddling amounts involved in some remission orders, ones of this size are certainly significant. In my view even something involving $19 million should certainly be approved by Parliament, bearing in mind that it gives a preference to one taxpayer over another.

The other concern which the committee had with the Dome remission order was that a beneficiary of the order was not specified directly. In effect, the remission order did not limit the benefit to Hudson's Bay Oil and Gas because that company could sell off the benefit to someone else. It was an open-ended order and there was no way of limiting it to Hudson's Bay Oil and Gas. There are a lot of problems with this particular remission order, and a lot of problems with remission orders in general, because they leave the door wide open for the Government to give special preference to one citizen or company and not to others.

Bearing in mind my concern that what we need here is not to just to deal with the Dome remission order, and bearing in mind my concern that even the recommendations of the committee in its first report are not sufficient because they do not go far enough, and bearing in mind that the Government is to respond within the next few days to that report, I move, seconded by the Hon. Member for Edmonton—Strathcona (Mr. Kilgour) that the motion put forward today be amended by deleting all of the words after the word "That" and substituting the following therefor:

—the first report of the Standing Committee on Public Accounts presented to the House on November 4, 1986, be not now concurred in but that it be recommitted to the committee for further consideration.

The Acting Speaker (Mrs. Champagne): Resuming debate.

Mr. Hovdebo: Any questions?

Mr. Lewis: On a point of order. With respect, Madam Speaker, I believe the 10-minute question period should apply directly after and that would allow my friend to question or comment on the statements made by the Hon. Member who just completed his remarks.

• (1150)

The Acting Speaker (Mrs. Champagne): The Chair agrees that that is the way to proceed.

Mr. Hovdebo: Madam Speaker, I would like to ask a couple of questions in order to put a couple of things on the record. Is it the Member's understanding that if Hudson Bay Oil and Gas is sold within the next two or five years the remission order will be removed? What would the effect be if it were not?

Mr. Redway: Madam Speaker, I want to thank the Hon. Member for the question. My understanding of the remission order in this particular case is that there is no limitation on the remission of tax in the event of the sale of Hudson Bay Oil and Gas. If the company were sold to another company, that other company could take advantage of the remission order and receive the tax benefit. It is not limited specifically to the one company. That was one of the concerns expressed by the committee.

In fact, in paragraph 12 it was recommended that, where applicable, future remission orders include conditions specifying the ownership of the companies for whom the benefit is intended. If this recommendation is adopted by the Government, there would be no possibility of that type of thing taking place in the future.

Mr. Hovdebo: Madam Speaker, when this matter was before the Public Accounts Committee the Member was concerned that all remission orders have explanatory notes.

That is a major undertaking. Why does the Member consider this to be important in this particular structure?

Mr. Redway: Madam Speaker, as the Hon. Member is aware, Section 17 of the Financial Administration Act talks about allowing the Governor in Council, on the recommendation of the Treasury Board, to remit the tax fee or penalty when the Governor in Council considers it to be in the public interest. The purpose of the recommendation for explanatory notes is for the Government to indicate why it thinks there is some public interest to be served in a particular case by making a remission order. If the Government only indicates that, in its view, it is in the public interest to forgive certain taxes, but we are not informed of how the Government came to that conclusion or the reasoning behind it, in fact, we have no reason to believe, other than taking the Government's word at face value, that it is in the public interest at all.

If the Government is not required to give an explanation or its rationale, it could very well forgive the income tax of the Hon. Member for Prince Albert while requiring me and everyone else to pay through the nose. The Government would only have to say that that is in the public interest. I am sure the Hon. Member may think that that is in the public interest, but the rest of us may differ in our opinions.

Miss Aideen Nicholson (Trinity): Mr. Speaker, I would like to speak in support of the motion moved by the Member for York East (Mr. Redway). I think it would be useful for the Public Accounts Committee, which has already considered this matter in some depth, to continue to do so. The report which was tabled on November 4, 1986, requested that the Government provide a comprehensive response in accordance with Standing Order 99(2). That response is due shortly and it will be very appropriate for the Public Accounts Committee to consider the matter further in light of the response.

This particular report dealt with remission orders in general, but particularly with the remission order granted to Dome. In July, 1984, when Parliament was not sitting, a press release was issued by the then Minister of Finance which indicated the Government's intention to provide a remission order to Dome to become effective December 32, 1984. The intent was to assist the company's efforts to achieve private sector financing. The debt rescheduling agreement which was ultimately entered into by Dome replaced a 1982 agreement which had contemplated a significant investment in Dome by the Government.

The Hon. Member for York East stated that the decision was made by the previous Government and that his Government merely gave effect to it. I do not particularly quarrel with that, but I point out that the remission order was made in February, 1985, and that the matter had not been raised in the House. I hope that in the future the Government will raise in the House matters which concern so much foregone revenue.

The remission order, which was granted under Section 17 of the Financial Administration Act, authorized Hudson Bay Oil and Gas to deduct, for income tax purposes, the financing costs which Dome incurred in acquiring it. The value of the remission order is high. Officials quarreled before the Public Accounts Committee with the estimate arrived at by the Auditor General, but did not offer any other figures in rebuttal. However, it is clear that the cost to the citizens of Canada was high. The Public Accounts Committee was concerned that the consent of Parliament was not sought and Parliament was not involved in a substantial expenditure of public funds. A corporate loss transfer procedure was used which, as far as members of the Public Accounts Committee could see, was not allowed in law. In fact, it came before Parliament in May, 1985, three months after the remission order, and came before Parliament as a proposal in the budget discussion paper. Indeed, it was described in the budget discussion paper as a new concept which needed to be: "fully discussed before implementation". Yet it had been used in February, 1985.

• (1200)

The officials from the Department of Finance justified their decision by claiming that Section 17 of the Financial Administration Act allows a remission order to be made if it is in the public interest. The concerns expressed in the Public Accounts Committee were that when a large expenditure of this kind is being made the question of what is in the public interest should be discussed in Parliament and should not be defined by officials behind closed doors.

Another concern raised at the Public Accounts Committee was that according to the Financial Administration Act there is a requirement to publish in the Public Accounts of Canada details of remission orders and their costs. There are some 44 pages of remission orders in the Public Accounts of Canada, but a full page of them includes cases where there are no figures attached. The Public Accounts Committee considers that this is unsatisfactory and that, in future, officials, even if they are unable to give accurate costs, should explain why they are not providing the costs and perhaps give their best estimate and describe it as such.

While I do not wish to repeat the points made by the two Members who spoke earlier, I want to stress the concern of the Public Accounts Committee about the lack of clear information in this matter. The Auditor General's staff were initially told by the Department of Finance that no economic analysis or cost benefit analysis of this measure had been done.

When the matter was before committee, the Deputy Minister of Finance said that there was a cost benefit analysis but it was a cabinet document and could not be made available to either members of the Public Accounts Committee or the Auditor General. Subsequently, whatever they had was made available to the Auditor General for examination. However, it is an example of an ongoing difficulty in getting clear facts and figures from the Department of Finance.

I do not want to be unduly critical or apportion blame. I want to concentrate on the recommendations of the Public Accounts Committee which I believe are constructive and

valuable to any Government. First, we suggest that the Financial Administration Act be amended to require the tabling in Parliament of all income tax remission orders, with an explanatory note outlining why each remission order is in the public interest. We also propose that all remission orders so tabled be referred to the appropriate standing committees and that prior approval by Parliament be required in the case of all income tax remission orders exceeding $20 million in value.

We also recommend that the Minister of Finance (Mr. Wilson) in future ensure that income tax remission orders do not deal with any matter currently before Parliament. This refers to what I said earlier, that the remission order in this case was passed in February, 1985 but there was a new proposal in May, 1985, as part of a budget paper to give effect to the method which had been used here.

Another concern was that the remission order in this case did not limit the benefit to the present owner of Hudson's Bay Oil and Gas. If Dome should decide to sell, it could lead to an unintended benefit to another taxpayer. We were concerned that there were no conditions involved. Therefore, the Public Accounts Committee recommends that, in future, remission orders include conditions specifying the ownership of the companies for which the benefit is intended.

Our final recommendation was that the Treasury Board develop guidelines for the reporting in the Public Accounts of the estimated amounts of remission orders where an exact figure is not available. We find it unacceptable and something that has potential for abuse when the officials do not meet the requirement of the Act to give a figure because they say they are unable to estimate the figure accurately.

We are looking forward to seeing the government response to this report which was tabled on November 4. The Government's comprehensive response is due shortly and I am looking forward to pursuing the matter at that point.

Mr. de Jong: Madam Speaker, my question for the Hon. Member may be unfair because she may not have the actual figures. However, how much does the Government lose every year in terms of remission orders, particularly as they pertain to the Income Tax Act? I understand that there are remission orders dealing with the payment of customs and excise tax, but does she have any idea of the magnitude of public revenues lost because of remission orders affecting income tax?

Miss Nicholson (Trinity): Madam Speaker, the only information I have is what is in the Public Accounts of Canada, where a figure is given. I do not have that figure in front of me, but I believe that it added up to some $840 million.

The Acting Speaker (Mrs. Champagne): Resuming debate.

Mr. Simon de Jong (Regina East): Madam Speaker, I rise to support the effort by my colleague, the Member for Prince Albert (Mr. Hovdebo), to bring the report of the Public Accounts Committee before Parliament. It deserves attention by Parliament because it deals with some very important matters. First, there is the loss of some $1 billion in public revenue. The Government has forgone the significant sum of $1 billion that should have been paid in taxes.

We are living in a time of restraint, in which the Government is making cut-backs. Various Departments have been told in the last number of years to cut back their expenditures, and we have seen a decrease in such services as research and development, and grants to universities and to the provinces in the area of medicare. There have been cut-backs in the Department of the Environment and restraints in job-creation programs, unemployment insurance programs and others. We have also seen some major tax increases imposed upon the Canadian taxpayer in the last number of years, all, of course, in the name of fighting the deficit. Yet despite all the efforts of this Government and the previous Liberal Government to cut expenditures and raise more revenues, they can with the stroke of the pen forgive a major company some $1 billion in taxes owed to the Government and to the people of Canada. It just amazes me how in some areas the Government is nickel and diming, yet in other areas it allows the throwing of some $1 billion out of the window.

• (1210)

We see the loss of $1 billion with this remission order concerning Dome. We saw the loss of some $1 billion in bailing out the banks, a decision made over a weekend. We saw the loss of some $600 million, $700 million again because of a tax decision which allowed the Reichmann's to buy Gulf Oil. There has been the loss of major sums of money. Yet these decisions are made almost at the snap of a finger.

The particular case we are discussing today, the loss of some $1 billion in revenues from Dome Petroleum, is the topic of the first report of the Standing Committee on Public Accounts. It goes into some detail and I wish to examine some aspects of its report and place some of its observations and recommendations on the public record. The report states:

> In February 1985 a remission order pursuant to Section 17 of the Financial Administration Act was granted to Hudson's Bay Oil and Gas Limited, a subsidiary of Dome Petroleum Limited.
>
> Over a 10-year period, Hudson's Bay Oil and Gas was authorized to deduct for income tax purposes the financing costs that Dome incurred in acquiring it. The value of the remission order is considerable. To date, the Auditor General has estimated that $400 million has been expended.

The first part of the committee's report outlines the magnitude of this decision and the fact that so far it has cost some $400 million in lost revenue. The report continues:

> Your committee has a number of concerns with respect to this remission order:
>
> (a) Parliament's consent was not sought and Parliament was not involved in a substantial expenditure of public funds;

Perhaps, Madam Speaker, in this whole sorry state, this is one of the most serious observations made by the committee, and I repeat:

> Parliament's consent was not sought and Parliament was not involved in a substantial expenditure of public funds;

This decision erodes the role of Parliament and our role as Members of Parliament. That role is to scrutinize the expenditures of public funds by the executive, by Cabinet. That was denied to us. Of course, if there had been an open and public discussion in the House, there would have been publicity. There would have been the reporting of such a debate in the newspapers and the media. The public would have known what was happening and I would tend to think that the public would not, on the whole, have approved of what the Government was doing. Public disclosure and public awareness of what was happening would have forced the Government to have gone a different route in terms of accomplishing its objective of attempting to save Dome Petroleum. The report continues:

(b) A corporate loss transfer procedure was used, a procedure not otherwise allowed in law and currently before Parliament as a proposal in a budget discussion paper;

In other words, the committee was saying that what this remission order did was not legal. It was not allowed in law. It was only a proposal in a budget paper before Parliament. There was not even specific legislation which would have allowed that remission order to have occurred. Again, the committee points out that this remission order was outside the existing law and that there was no proper discussion by Parliament. The report observes:

(c) there was an unconvential and unprecedented use of a remission order which was approved on the basis of the broad and general criterion of "being in the public interest";

As other speakers have pointed out, this general phrasing of "being in the public interest" is too broad. To allow and justify the loss of some $1 billion, just on the basis of the five words "being in the public interest" is just not good enough. The Government has to demonstrate in a much more precise and specific manner why it is in the public interest.

The Government, of course, failed to do this. The report continues:

(d) there were less costly alternatives to the use of a remission order;

In other words, the committee was saying there was another way the Government could have solved this problem, a less costly way. Yet the Government ignored that option. Had the Government come to Parliament and had there been parliamentary discussion, the less costly alternative would have been also discussed. And, perhaps, in making it public, the less costly alternative would have been used. Perhaps there is some justification for this. Certainly, if Dome Petroleum was to go belly-up it would have a tremendous impact not just on the economy of Alberta and the hundreds of workers who work for Dome Petroleum, but on the many financial institutions which have lent money over the years to Dome Petroleum. However, if the public, through its Government, is going to take some of the risk, as surely we have done with this $1 billion in forgone taxes that Dome Petroleum owes to the Canadian public, if we are going to make that type of investment, surely the public has a right to be in on the action. If Dome Petroleum makes a profit in the years ahead, we can also have some of the benefit of the $1 billion investment we have in Dome Petroleum. If we are going to forgo revenues of nearly $1 billion, perhaps the Government of Canada should have taken some equity in Dome Petroleum, so that when the oil industry turns around and Dome Petroleum starts to make money after a number of years, the public will benefit from the good times. If the public invests money in the bad times, surely it has the right to benefit from the good times.

• (1220)

The committee goes on to note:

(e) analysis upon which the remission order was based was initially withheld from the Auditor General.

Why did the Government withhold this information? Why the tremendous amount of secrecy? Why were decisions made behind closed doors? There was no proper open parliamentary discussion. Information was withheld from the Auditor General. Why was there wheeling and dealing behind closed doors in the wee hours of the morning away from the glare of public concern and openness? Why was this deal cooked in such a tremendous amount of secrecy? What was the Government trying to hide?

In its final observation under this section the committee states:

(f) the amount of the remission order was not reported in the Public Accounts as required by government directives pursuant to the *Financial Administration Act*.

This is another tidbit about the Government not following the proper procedures, the law itself. Again I repeat the question that I posed earlier, why the secrecy? Why not the open reporting that is required by law?

The committee makes some important and useful recommendations, and I quote:

Your Committee recommends that the Government give consideration to amending the Financial Administration Act to require the following:

(a) the tabling in Parliament of all income tax remission orders;

In other words, that means open and full disclosure. I agree with this entirely. The next recommendation states:

(b) the preparation of an explanatory note, to accompany each remission order so tabled, outlining why the remission order is in the public interest;

In other words, a greater amount of accountabiity is needed. If this is going to be done, explain why. That makes a lot of sense. It further states:

(c) the reference of all remission orders so tabled to the appropriate Standing Committees;

In other words, a proper standing committee sees what the remission order is and it has an opportunity of debating it and asking questions about it.

It further proposes, and I quote:

(d) the prior approval by Parliament of all income tax remission orders exceeding $20 million in value.

The committee is recommending that Parliament take back its traditional power over the purse, and that the Government be accountable to Parliament for such expenditures.

What the Government did is highly unusual in allowing Dome Petroleum to write off an estimated $1 billion on its taxes, and it is outside of the existing tax law. I wish to quote from the committee on this. What it states is very pertinent. It says:

> The Department informed your Committee that the use of a corporate loss transfer in the Dome case was not offensive to existing tax policy concepts. Your Committee disagrees. The *Income Tax Act* permits companies to incur interest obligations for buying the shares of other companies, and then through amalgamation or winding-up to make the two companies one and have the income of the acquired company offset against the interest expense of the acquiring company.

This is what is allowed in law. The committee further states, and I quote:

> However, your Committee noted that Dome and Hudson's Bay Oil and Gas did not amalgamate. The remission order was therefore used to circumvent the *Income Tax Act*. Moreover, the remission order made use of a procedure outlined in a budget paper currently before Parliament. As the Auditor General noted, the budget paper referred to the corporate loss transfer system as "a new concept". This concept needed to be "fully discussed before implementation". The Dome tax remission therefore pre-empted Parliamentary consideration of an innovative and significant tax measure.

It is estimated that there are some $38 billion in unused business tax losses and tax credits, in other words, some $38 billion in tax deductions that the business community has not yet used. In essence, that amount of deductions can allow the businesses or the corporations not to pay taxes for the next three or four years. There are tremendously high unused tax losses on the books. If the business community decided to use all those tax losses, it would mean they would not pay one cent of tax for the next three or four years. Of course, the Government is extremely concerned about this.

I commend the Government for taking some steps in preventing the transfer of business losses, the buying and selling, and the wheeling and dealing of business losses to prevent a haemorrhaging of public revenues. What it has done here is the opposite. It has been made easier to use the business losses from one company to offset what another company should have paid.

Part of the frustration that Canadians felt with the Liberal Government, and which they are certainly now feeling with the Conservative Government, is the sloppy management and the loss of some billion dollars thrown out of the window. It is no wonder that Canadians are upset at this foolish business management of the Government which allows $1 billion to slip through its fingers. At the same time we have the deficit, and the cut-backs to human and social services.

In conclusion, I wish to talk briefly about tax reform. If the Government is serious about tax reform, it would not allow the type of remission orders that it allowed in the Dome case. Tax reform would mean fewer loopholes, lower rates, but a larger base. The remission order pertaining to Dome Petroleum is the opposite to tax reform. It is a hidden tax measure. There is no accountability by that company to the Government. The $1 billion in tax losses that this remission order allows to be written off can be bought and sold. It is not only directed to helping Dome. It will help Dome today, but Dome can wheel and deal, and other people and companies can benefit from that. There is no accountability. What a manner in which to run a Government! What a manner in which to look after the public interest! It is a shame, and surely it is a crime.

I congratulate my colleague, the Hon. Member for Prince Albert, in moving his motion today in order that there be this type of debate in Parliament.

Mr. Hovdebo: I wish to ask a general question. This tax remission can only be defined on a general basis as a tax expenditure, because it is tax that the Government will not receive. Over the years this has become a major method of under the table financing for many projects of many corporations and many economic regional development projects. In some cases they are very good, but I should like to use as an example another kind of tax expenditure—it is not the same as a remission but it is a tax expenditure—the scientific tax research program.

• (1230)

One of my concerns—and it is shared by many people around the country—is that if one is given a grant to do something, one must account for how the money is spent, but if one does it through the income tax system, the Income Tax Act does not allow for looking into how the money was spent. Consequently, a company receiving a direct grant and one receiving an equal amount through the tax system are treated differently. I should like the Hon. Member to comment on that real problem as far as the grant and tax expenditure structures are concerned.

Mr. de Jong: Madam Speaker, it was that very point which I was raising toward the end of my remarks when I talked about tax reform. The Auditor General has estimated that there are billions of dollars in what are called tax expenditures. I believe the amount is something like $45 billion to $53 billion. These items do not appear on the books. They are special tax incentives, loopholes, and deductions which are used by individuals and, to a very large extent, by corporations.

For example, if the Government wishes to see some regional development in Cape Breton, it offers special deals or special tax breaks to those people locating industries there. A few years ago, as another example, the Government decided that we needed more rental property and introduced MURBs. Individuals putting money into the building of rental properties were able to take advantage of certain tax deductions.

The money which is lost or which the Government does not collect because of various tax provisions is called tax expenditures. It does not show up on the books as money collected and spent because it was never collected. It is money which should have been paid to the Government but was not paid because of various loopholes.

Certainly what happened to Dome in terms of the tax remission order was one example of many which could be used

to arrive at the billions of dollars of lost public revenues called tax expenditures.

Tax reform would do away with most of the tax loopholes and deductions. If that were the case, the Government could be collecting some $50 billion in revenue every year. The notion behind tax reform is that if we reduce the number of deductions, we collect more money and can therefore reduce income tax rates. If the Government wants to help support a particular industry, as was the case with Dome, because it is considered to be in the public interest, or if it wants to help in the location of industries in certain regions because it is considered to be in the public interest, or if it wants to help people raise children or whatever, then it can be done through direct grants rather than the taxation system.

There is no accountability in the tax system. Someone who takes advantage of a particular tax deduction or loophole does not have to come back to the Government to say how many jobs were created or what was done. As long as it can be justified through an accounting system, the tax deduction is allowed. There is no way for the Government to ensure that the deduction did what it was supposed to have done.

This is why we in the New Democratic Party support tax reform to make certain that there is a proper accounting of the moneys lost to the public. We were sad to see that the Minister of Finance (Mr. Wilson) postponed introducing tax reform for perhaps another year or so. It will mean the loss of many more billions of dollars of public revenue and the continuation of a system which does not allow for accountability.

Mr. Scott Fennell (Ontario): Madam Speaker, it is not often that I have had an opportunity to rise in the House during the last year and a bit, but I wanted to put some facts on record today. There are colleagues of mine in the House today who spent eight weeks in Room 112-N, and I think it was the result of the ringing of the bells in 1982 that some changes were made.

I commend the Hon. Member for bringing this matter to the attention of the House and for providing us with an opportunity to discuss public accounts. However, the debate could have been foreseen in 1982. It arose from the National Energy Program. It was because of that program that we are discussing the situation today.

I was also glad, as an aside, that the last Hon. Member who spoke mentioned SRTCs which, as he will know, were cancelled as soon as we took office, as much as we possibly could without being totally unfair. We had to grandfather some of them, but most of the damage had already been done before we assumed office in September, 1984.

This is simply a landmine which we inherited. I feel badly that $400 million of taxpayers' money had to be spent, but it was part of the problems created by the National Energy Program. They were trying to encourage Canadians to invest and buy back Canadian oil companies which had been created and were owned by Americans.

I should like to refer to a company which was self-sustaining and sound, one of the best oil companies in western Canada. It had the greatest developed and undeveloped resources of almost any small independent company. Unfortunately, the National Energy Program brought it to an end, because at that time it was owned by the Continental Oil Company. I have to place a certain amount of the blame on the former management of Dome that tried to take advantage of the National Energy Program. Actually, I believe it was the management of Dome which created a great deal of the energy policy of the Liberal Government. As a matter of fact, we saw Jack Gallagher in Ottawa more often than people saw him in Calgary, Edmonton, or anywhere out West. I know Bill Richards came to Ottawa many times to lobby Government. Dome was a sound creation, but it was destroyed by its own making. It was only one of many companies which suffered as a result of the National Energy Program. It was brought to everyone's attention because of its massive debt which was created by the National Energy Program, by encouraging it to buy something it could not afford.

I recall a meeting concerning what we referred to as "baby NEP". The members of the committee attended a meeting in a small committee room, which the Speaker has now taken over as part of his offices. I remember the public servant from the Department stating that they had to make a change in the National Energy Program because they found that the figures in the black box were not quite right. They suddenly decided that we were not to have $100 oil. It was only a few months after they had introduced the legislation. They also decided that there would not be $50 oil, and at that point they were talking about slippage. Almost before the National Energy Program became law it was questioned by the people who created it, that it would not accomplish what they had anticipated. I said to the hon. gentleman at that time, "Do you mean by simply adjusting a couple of numbers in a computer that you can change your whole view of what you have been telling Canadians for the last year?" He said "Yes, we have". I wish they had said a little more and adjusted the figures a little further at that time. Had they done so, there would not be the chaos in western Canada that there is right now. I saw that chaos in 1982 and I see it again today. I see a responsibility of our Government to assist the West in some way. The West is an important part of Canada. It has a resource that I believe eventually will be in great demand.

• (1240)

We think we have a supply of oil forever, but I read the newspapers today turning from one page to another and all I read about was conflict, terrorism and problems in the Middle East. One day something in the Middle East may blow up that will make us responsible here for supplying our own oil. To manipulate an industry as the National Energy Program did was the cause for the damage. I am glad that the Public Accounts Committee had an opportunity to review the situation and bring it to the public's attention. We inherited this situation. We had no choice. As the Hon. Member who

just spoke said, they probably did not have a choice because of Dome's immediate financial problems.

I am trying to put on the record a review of what has caused the problems. The Hon. Member touched on the SRTC's. I happened to question the validity of the SRTC's in the Finance Committee—it is on the record—long before those instruments were passed into law. I said there would be flagrant abuse of those research tax credits. I am not always right, but I have given two examples of when I was right in the past. It is fortunate, however, that our Government came into power and was able to correct some problems and was able to adjust and accept the responsibilities left.

Now we come to tax reform. I, for one, am a strong supporter of tax reform, Madam Speaker. It has been needed for many years. We had a Liberal Government that manipulated tax laws to suit its political needs, but our Government is bringing in tax reform. We are doing it with thorough thought and by looking at the consequences of all the past legislation on tax. We do not want to make the mistakes that have been made in the past. Tax reform for the sake of tax reform is not enough. Tax reform is only suitable when it is successful and it suits the needs of all Canadians. I am personally delighted that tax reform has been delayed. I believe that when it is brought in, and it will be brought in by our Government, it will eliminate the necessity of the Public Accounts Committee trying to dig up where we are losing funds through tax loopholes.

I sat with the Hon. Member for Prince Albert (Mr. Hovdebo), who introduced this motion today, on the Public Accounts Committee, not only in opposition but also in government. We have worked closely together over the years concerned as we were about the loss of funds, the bad expenditure of funds, and the tax expenditures that are not acceptable. I think we have brought to light the importance of the Public Accounts Committee and the importance of bringing to the attention of Canadians examples of where money is wasted. I am proud of my Government because it has dealt with the recommendations of the Public Accounts Committee. It has dealt with the recommendations of the Auditor General. We are trying to get the expenditures and the revenues of our country under control. We started with a deficit per annum which was higher than it is today. We are slowly eroding the damage that has been done.

I want to say, and I know the Hon. Member across the way will agree with me, that his motion is an idea that he and I have discussed in the past. There should be an opportunity to have a day's debate in the House of Commons when a report from the Standing Committee on Public Accounts is introduced. I think it is healthy because we can pinpoint problems.

What we are debating today, Madam Speaker, is the landmine left to our Government. We are dealing with it in the only possible way. Even though I do not like it, the problems that occurred in the West as well as the problems of today were caused by the National Energy Program because the Liberals put the hopes and anticipations of all of Canada, particularly those of western Canada, into the belief that the price of oil would keep going up. There is no commodity in this world that has ever been on an upward scale without a slight change from time to time. The example today is gold. Everybody has said that the price of gold would go sky high. I noticed yesterday in the paper that the price of gold dropped below $400 an ounce.

We should not, as a Government, be in a position to project or anticipate what the value of a resource might be. We should not try to take control of our resources with a view to taking more tax out of one segment of our society at the expense of another.

I appreciate having had these few moments to speak, Madam Speaker. I want to commend the Hon. Member for Prince Albert for bringing the matter to our attention. I would like to say too that I have enjoyed working with him in the past and I hope to continue working with him in the future.

Mr. Hovdebo: Mr. Speaker, I appreciate the comments of the Hon. Member for Ontario (Mr. Fennell). I have a couple of questions for him. I know how he feels and I know his position on most of these issues because, as he has indicated, we worked together for several years on the Public Accounts Committee. The impact of the Public Accounts Committee report was to recommend a change in a structure which allowed this particular remission order to be issued. Would the Hon. Member comment on that recommendation? Does he think it is a good direction to be going in or is there another alternative?

Mr. Fennell: Madam Speaker, we should look at all of the possibilities. I think this is one of them. It is part of the tax reform package. There have been many changes and manipulations in the tax laws to suit the needs of Government. I do not think they were to the benefit of Canadians at large.

• (1250)

As one of many changes required, yes, I would agree with the Hon. Member that this should be reviewed and that it should not be abused. I do not believe it is being abused but we should definitely have a review of it. Preferably, we should have total tax reform in a total package that may be discussed in the House to ensure that we will have the best tax reform ever accomplished in a democratic country.

Mr. Hovdebo: Madam Speaker, the Hon. Member for York East (Mr. Redway) has suggested that Section 17 of the Financial Adminstration Act be deleted in its entirety. That was the suggestion on which I was asking the Hon. Member to comment, and perhaps he will do so.

As has been mentioned, tax expenditures over the years are not things for which companies or individuals are accountable in the same way as they are accountable for grants. Still tax expenditures have been a major means of getting money to corporations, individuals and organizations. I wonder if the Hon. Member for Ontario would agree with the Auditor

General's suggestion that they should either be accounted for or disallowed entirely.

Mr. Fennell: Madam Speaker, I disagree that tax expenditures are not totally accountable because any tax expenditure is subject to review by the Department of National Revenue. They are also accountable to the shareholders of the companies.

I do not think tax expenditures have been as abused as members of the NDP are inclined to indicate. That is where are our positions differ. I do not believe they have been abused to that extent because the Department of National Revenue reviews tax returns and if they are found to be out of order, deductions are disallowed.

I personally do not believe in grants because I believe that if we give people something for nothing, they will treat it with the same amount of respect. I know the Hon. Member's next point. He can turn that around and talk about deductions, but at least tax credits are reviewed by the Department of National Revenue, by independent chartered accountants and by the shareholders and audit committees of corporations. I feel that there are protections for the tax base.

Mr. Hovdebo: Madam Speaker, I have one further question. I was intending to do exactly that, to turn that around and say that tax remissions are also gifts in the sense that they are expenses the companies do not have to pay. Consequently, I cannot really see the difference between a grant and a tax remission because we do require companies to tell us how they spend grants.

In 1985, remission orders cost us $882 million. A lot of those remissions were custom remissions for which there were good reasons. Would the Hon. Member comment on the possibility of requiring each Department to estimate the amount of money it is not receiving because of remissions as being one method of controlling tax expenditures and remissions?

Mr. Fennell: Madam Speaker, this is now getting into a lot of detail. I would like to touch on the Hon. Member's first statement. A tax expenditure is based on income earned by a corporation being productive and useful to the Canadian economy. I do not know that I am personally in favour of making minor changes to the Income Tax Act. If we remove Section 17 only, thus satisfying one segment of the public, we are not solving Canada's problem, which is the need for total tax reform.

For each Department to estimate how much tax expenditures cost would be difficult. If I were the head of a Department, I could establish a pretty general idea of the amount, but I think the only person who could give the specifics would be the Minister of National Revenue (Mr. MacKay). The Department would have to go through the last 10 years of audited statements to determine exactly how much every deduction has cost the revenue base.

The Hon. Member is making the assumption that it is the right of the Government to tax. I believe that it is the right of a company to make its own expenditures, to create jobs, to be productive and to earn income which provides a return for the shareholders. I do not think it is the Government's God-given right to determine how much money each person should receive. Going beyond that, we would be looking at a society very similar to one with which I do not have much sympathy. We would be handed a pay cheque by the Government at the end of each week instead of earning money in the way we can earn it using our own means. Theoretically, we are taxed on an equitable basis so that we can pay the expenditures required by Government. I am not totally in sympathy with all government expenditures, but that is how we are treated today and that is the way I would like it to remain.

I do not know that I wish to enter into a philosophical discussion which, however, would be worthwhile and interesting. I think we must make total changes in the tax system. We cannot live with what we have had in the past. We do not know to whom it has been fair or unfair, and this is part of the process that is being undertaken at the present time. Whatever changes we can make for the betterment of Canadians are changes I would support.

Mr. Hovdebo: Madam Speaker, if I may, we are dealing with an amendment to my motion. I know that there are only a couple of minutes left so I would like to speak for a couple of minutes if possible.

The Acting Speaker (Mrs. Champagne): The Hon. Member would like to debate? There are 35 seconds left.

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, rather than letting this amendment go to a vote, I would prefer that the report of the Public Accounts Committee stay before the Government so that it is required to answer to it under the law. I am going through this process because the motion will be referred back by the very fact that the Government will be required to make an answer to the report.

The Acting Speaker (Mrs. Champagne): It being one o'clock p.m., I do now leave the chair until two o'clock p.m. this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

WAR CRIMINALS

REQUEST FOR JUSTICE

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, a full page ad appeared in *The Globe and Mail* suggesting that millions of Canadians are outraged by the investigation of

Nazi war criminals in Canada. This inflammatory message is a distortion of reality. It is totally reprehensible to suggest that individuals who should not have been admitted to this country in the first place because of heinous crimes be allowed to enjoy the privileges of Canadian citizenship due to any lapse of time.

At a time when neo-Nazism is rearing its ugly head and when some pretend the Holocaust never occured, failing to bring war criminals to justice vindicates old Nazis and encourages new ones. There is every reason why justice must be done. To do anything less would betray what the victims of World War II died for and what this country and its soldiers fought for.

Prosecuting suspected war criminals in Canada has nothing to do with the nationality of a suspect but has everything to do with morality. It is a moral stain on the fabric of Canadian society to allow such persons to use this country as a safe haven. That is what outrages millions of decent Canadians.

* * *

TOURISM

AGREEMENT TO INCREASE MOTOR COACH TOURS FROM UNITED STATES

Mr. Stan Darling (Parry Sound—Muskoka): Mr. Speaker, I would like to congratulate the Government for signing a Memorandum of Agreement with the American Bus Association to increase motor coach travel from the U.S. to Canada. The Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) signed the agreement on behalf of the Minister of State for Small Businesses and Tourism (Mr. Valcourt). The Canadian tourism industry stands to gain a great deal from the potential for more American visitors entering Canada by way of motor coach.

I would also commend the Government for its program promoting Canadian tourism at Walt Disney World's Epcot Centre. The Canada Showcase, which opened there in 1982, has hosted millions of visitors by highlighting the architecture, culture, and woodland wonders of Canada. This country has proven it deserves to be among the prime vacation destinations in the entire world.

* * *

HOUSING

CO-OPERATIVE HOUSING—CALL FOR INCREASED GOVERNMENT FUNDING

Mr. Neil Young (Beaches): Mr. Speaker, after a long period of negotiation, the co-op housing movement in Canada thought it had reached an agreement with the federal Government to provide 5,000 new co-op housing units in 1986. Some 30 per cent, or 1,500 of those units, were to be eligible for rent supplements. Those funds were to provide assistance for low-income households so that they do not have to pay more than 25 per cent of their income for housing. The co-ops found out in November, however, that funds were available for only 3,200 units.

In addition, even though money for 1,500 rent supplemented units had been budgeted, the Government decided to offer only 950. We are well aware of the admirable record of the co-op housing sector and I call upon the Minister to release the funds for the full 1,500 units. If the Government were interested in creating jobs, jobs, jobs, one of the best ways to do it is to enter into the housing market where not only is employment provided but adequate housing as well.

* * *

[*Translation*]

RENDEZ-VOUS '87

TRIBUTE TO ORGANIZERS

Mr. Marcel R. Tremblay (Québec East): Mr. Speaker, I would like to draw the attention of the House to Rendez-vous '87, a world class event that will take place in Quebec from February 8 to February 15. Three countries will be represented on this occasion, namely Canada, the United States and the Soviet Union. Rendez-vous '87 will be televised via satellite and give Quebec City, the province of Quebec and Canada tremendous visibility on television screens throughout the world.

The organizers have put a tremendous amount of time and effort into the preparations for this spectacular occasion, which will have an impact locally, nationally and internationally.

I would like to take this opportunity to express my appreciation of the organizing team which has been able to meet this formidable challenge and has put so much energy into ensuring this event will be a historic and unprecedented success.

Mr. Speaker, the eyes of the world will be on Quebec City next week, and I am proud to be a Quebecer and a Canadian as well as the Member for Quebec East, where a number of activities will take place.

* * *

UNEMPLOYMENT INSURANCE

REQUEST FOR REIMBURSEMENT OF EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, the coalition that is defending Quebecers who took early retirement in 1985, 1986 and 1987 is furious about the

Government's decision and the silence maintained by Conservative Members from every part of the country. Mr. Speaker, in 1985, 35,000 people in Canada acted in good faith, on information provided by Canada Employment Centres. According to the Act, for anyone under 65 a pension fund is not considered to be employment income. The Quebec Pension Plan is not considered to be a form of remuneration.

Mr. Speaker, in 1985 that was the information given by the Department of Employment and Immigration. The Deputy Minister has admitted no advice to the contrary was sent out, and at this very moment the Minister still refuses to reimburse those 35,000 people, simply because the Government has decided to save money to reduce the deficit and give more to the rich.

* * *

• (1405)

[*English*]

FINANCE

HIGH INTEREST RATES CHARGED BY CREDIT CARD COMPANIES

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, the long decline in interest rates has thus far benefited only the issuers of credit cards, not the more than 10 million Canadians who pay excessive rates of interest. Why has the cost for credit stayed up while the cost of money has gone down?

Ten years ago when the bank rate compared with today's, Master Card charges were 3 points below what they are now.

In 1980 major Toronto department stores paid more for capital than they do now and charged their customers almost 8 percentage points less for credit.

I admit that these stores are giving extra services to charge card users, but do these services have to cost that much? Are some people right when they suspect this is plastic piracy? Surely when money is cheaper the big operators should not get all the benefit. Mr. Speaker, the issue is fairness.

* * *

ENVIRONMENTAL AFFAIRS

CRITICISM OF ACCORD ON MEASURES TO REDUCE DUMPING OF TOXIC CHEMICALS INTO NIAGARA RIVER

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, Canadians should not greet yesterday's signing of a Declaration of Intent to reduce toxic chemicals in the Niagara River with a great deal of enthusiasm. After four decades of study and negotiation the Governments of Canada, the United States, Ontario and New York have only managed to sign a statement of political will that is long on rhetoric and short on details.

Despite irrefutable evidence that deadly toxic chemicals are seeping into the Niagara River, the Declaration of Intent and accompanying work plan contain far too many unsettling references to ongoing studies, discussions, and negotiations to be of much comfort to anyone. In particular, despite its promise to reduce persistent toxic chemicals by 50 per cent by 1996, the declaration only makes passing reference to the excavation of the most dangerous dump sites on the U.S. side of the river, raising fears that the Americans still plan to pursue unproven technologies of extraction as part of their clean-up effort.

The Prime Minister (Mr. Mulroney) says that Canada's cultural identity is not up for negotiation in the free trade talks with the United States. Good. But why does the drinking water of millions of Canadians continue to be negotiable?

* * *

ENVIRONMENTAL AFFAIRS

SUPPORT FOR ACCORD ON MEASURES TO REDUCE DUMPING OF TOXIC CHEMICALS INTO NIAGARA RIVER

Mr. Allan Pietz (Welland): Mr. Speaker, yesterday I was in Toronto on behalf of the Niagara regional caucus to witness the signing of an historic accord. The Declaration of Intent relating to the Niagara River Toxic Management Plan is a commitment by the Governments of Canada, the United States, New York State and the Province of Ontario to cut in half the dumping of persistent toxic chemicals into the Niagara River by the year 1996. The Minister of the Environment (Mr. McMillan) should be congratulated for this successful conclusion to a year of intense negotiations with the Americans.

The pollution of the Niagara River is a source of great concern to all who depend on it for their water supply. This accord represents a giant step, not only toward the clean-up of the river but also toward international co-operation on environmental issues. Let us hope it sets an example of co-operation for all of our negotiations with our American neighbours.

* * *

VOLUNTARY ORGANIZATIONS

HOSPICE/PALLIATIVE CARE SOCIETY OF CAPE BRETON

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise to join with my constituents in saluting the Hospice/Palliative Care Society of Cape Breton and its efforts to form such a service for Sydney, Nova Scotia, and the surrounding area. Through the hard work of the steering

committee of this society and the support of the region, a hospice volunteer program began in September, 1986.

While the long-term goal of the society is the establishment of a free-standing hospice, the immediate plan is to provide a community hospice service to match up trained volunteers with a terminally ill patient and family. The volunteers will provide emotional and practical support to the patient and family members. Each volunteer is trained to help dying patients and their families to live each day as fully as possible.

The efforts of the Hospice/Palliative Care Society of Cape Breton deserve every support which can be provided. I urge them to continue their efforts on behalf of the people of Cape Breton. I also urge the Government of Canada to provide meaningful financial assistance in order that their goals may be achieved in the very near future.

* * *

• (1410)

CANADIAN ARMED FORCES

MINISTER'S ANNOUNCEMENT OF INCREASED OPPORTUNITIES FOR PARTICIPATION BY WOMEN

Mr. Bob Hicks (Scarborough East): Mr. Speaker, a few moments ago in Toronto the Minister of National Defence (Mr. Beatty) delivered an address in which he announced an increased role for women in our Armed Forces in those few areas in which they do not already serve.

The Minister emphasized that the fundamental principle involved here is that every Candian citizen has equal rights and responsibilities when it comes to the defence of our country.

Canada stands in the forefront of military forces in the world in regard to the employment of women. The important points, however, are that even though Canada is already leading in this area we are committed fully to the principle of equality for women in the Forces, and that further changes will be made based upon valid scientific trials to be conducted as soon as possible with the objective of determining how, when, and in which occupations remaining restrictions can be removed.

I am certain that all Canadians applaud the Minister's approach and attitude.

* * *

TRADE

CANADA-UNITED STATES LUMBER AGREEMENT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, millions of Canadians have been humiliated by the sell-out of 15,000 Canadian jobs and the compromise of Canadian sovereignty which was the price the Prime Minister (Mr. Mulroney) paid to get an agreement on softwood lumber.

Yesterday the U.S. Ambassador to Canada, Thomas Niles, said that the success of the lumber agreement is evidence of the dynamic and positively developing relationship between the two countries and that the lumber agreement is an example of the success that is possible on acid rain.

While the Prime Minister and Thomas Niles herald the success of the lumber agreement, it is apparent that neither side agrees on what the lumber agreement means. U.S. officials continue to maintain that the United States has the right to dictate forestry regeneration policies under the terms of the agreement. The Canadian Government says no, that is not the case. The United States responds that it is.

This supposedly successful agreement has further poisoned relations between Canada and the United States. Since acid rain is a poison which is killing thousands of Canadian lakes, infecting Canada-U.S. relations, and threatening the health of all Canadians, I tremble to think what the Canadian Government will call a successful agreement on acid rain, and what price it will pay to get it.

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ENVIRONMENTAL AFFAIRS

ACID RAIN—POSSIBLE REDUCTION THROUGH USE OF LOW SULPHUR WESTERN COAL BY ONTARIO HYDRO

Mr. Joe Reid (St. Catharines): Mr. Speaker, acid rain does untold damage in the Province of Ontario. Carriers on the St. Lawrence Seaway, mostly based in Ontario, are looking for downward cargo. Yet the Premier of Ontario continues to obstruct the use of low sulphur western Canadian coal.

A federal-provincial study reports that such use could create thousands of jobs—40 per cent in Ontario—and at one stroke cut the acid gas emissions in the province by one-half.

Ontario Hydro is a major polluter. We see the use of western coal as Canadians working together toward solving two major national problems: the fight against acid rain so graphically described in the U.S. by the Ontario Minister of Environment; and strengthening the western economy.

The Premier's foot-dragging on this matter, coupled with his intervention on the Kimberley-Clark controls as proposed by his Minister, destroys the hard-won credibility of that Minister and puts environment in the Province of Ontario on the back-burner.

[*Translation*]

FOOTWEAR INDUSTRY

URGENT NEED TO RESTORE IMPORT QUOTAS

Mr. Alain Tardif (Richmond—Wolfe): In June 1985, Mr. Speaker, the Government stated its intention to support the Canadian footwear industry. In November 1986, the same Government abolished men's shoe quotas on the basis of three arguments: lower consumer prices, minimum disruption of Canadian production, no job losses.

Well, barely one year after this ill-advised decision, the results are nothing short of catastrophic. Consumer prices have gone up, imports of men's shoes have soared by 50 per cent, and 2,000 jobs have been lost.

In light of these facts, Mr. Speaker, the Government can and must forthwith restore quotas, or else the Canadian footwear industry might very well sink, along with its 20,000 workers.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

ONTARIO HYDRO—POSSIBLE BENEFITS TO BE ACHIEVED THROUGH USE OF LOW SULPHUR WESTERN COAL

Mr. Alan Redway (York East): Mr. Speaker, if Inco or Falconbridge said that they could not reduce their acid rain emissions for the next five years, would Premier Peterson sit quietly waiting for time to pass?

If western Canadians bought American products instead of the ones made in Ontario, would Premier Peterson be pleased?

If another Government could create 13,000 jobs in Ontario, would Premier Peterson tell them to save their money?

Not on your life, Mr. Speaker. It is time for Premier Peterson to sit down with the Deputy Prime Minister (Mr. Mazankowski) to see how Ontario Hydro can cut its acid rain emissions in half and, at the same time, create 13,000 jobs by using western Canadian instead of American coal.

If the premier hurries, he may even have time for another skate on the Rideau Canal.

* * *

UNEMPLOYMENT INSURANCE

EX-SERVICEMEN'S INELIGIBILITY FOR BENEFITS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, during his visit to Africa, the Prime Minister told the world that he as a Canadian has never been a second-class citizen. Retired servicemen and retired Royal Canadian Mounted Police are feeling like second-class citizens these days.

Many of these ex-servicemen have paid unemployment insurance premiums for 30 years. Now they discover that when they cannot find a job they are not allowed to collect unemployment insurance payments. It is time the Government gave these people, who have dedicated their lives to the service of Canada, a chance to feel their service was appreciated, and allow them to collect unemployment insurance benefits.

* * *

• (1415)

EXTERNAL AFFAIRS

CANADA-INDIA EXTRADITION TREATY—CALL FOR DELAY IN SIGNING

Mr. John Nunziata (York South—Weston): Mr. Speaker, Canadian Sikhs are justifiably alarmed and concerned about an extradition treaty which is about to be signed between Canada and India. A quarter of a million Canadian Sikhs feel this treaty will allow the Indian Government to terrorize and intimidate randomly members of the Canadian Sikh community.

Of particular concern to Canadian Sikhs is the prospect of having the internal strife related to Punjab autonomy spill over into Canada. India also has a disturbing record of human rights abuse which adds to the apprehension felt by Canadian Sikhs. This apprehension can be traced to two Indian statutes which have been described as "Draconian", the Terrorist and Disruptive Activities Act which, among other things, has clamped down on press freedom, and the National Security Act, which allows for preventative detention without charge or trial for up to two years.

Offences under both of these Acts appear to be extraditable offences. We do not know concusively because the details of the treaty have not yet been released. Unfortunately, the Government failed to have meaningful discussions with the Sikh community before the Secretary of State for External Affairs (Mr. Clark) left for the treaty signing. I call upon the Government to delay the signing of the extradition treaty until the necessary consultation with Canadian Sikhs has occurred.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—MINISTER'S TELEX TO NEWFOUNDLAND PREMIER

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Prime Minister.

Yesterday the Minister of Transport, on behalf of the Government of Canada, made public in Newfoundland a telex to Premier Peckford in which the Minister of Transport in effect calls into question the honesty of the Premier of Newfoundland. The telex says:

I regret that for some reason you wish to make it appear that you heard nothing of this proposed visit

—to Paris—

before it occurred.

Do the Prime Minister and his Government stand behind this contention of the Minister of Transport that in fact the Premier of Newfoundland is now engaged in some kind of political charade?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Minister of Transport stands very strongly in favour of the rights of the fishermen of Newfoundland and Labrador. I understand he is on his way to his home province for a meeting with the Premier and other interested parties. I understand that is taking place tonight or tomorrow.

EXCHANGE OF MESSAGES BETWEEN NEWFOUNDLAND AND OTTAWA

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, two days before the Canada-France fish treaty was signed, the federal Minister of Fisheries telephoned the provincial Minister of Fisheries, Mr. Rideout, and advised him of Ottawa's intention to make concessions to the French. Will the Prime Minister now acknowledge that the Premier of Newfoundland telexed him that same day, two days before the treaty was signed, rejecting Ottawa's position on concessions to the French? Will the Prime Minister also tell us, given Newfoundland's unequivocal position, why he refused to acknowledge the telex of the Premier of Newfoundland and why he did not instruct his Minister of Fisheries not to proceed with the treaty with the French?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, once again the Hon. Member, along with his coherts, has the facts rather confused. I called my colleague, the Minister of Fisheries for Newfoundland, on the Monday after the agreement had been signed. Shortly thereafter the Deputy Prime Minister also called the Premier of Newfoundland.

POSSIBLE MEETING OF PROVINCIAL PREMIERS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the Hon. Member does not have the facts confused. He has the telex, which was unanswered and not responded to, in his hand. It is clear the Prime Minister was personally involved in this deal. It is clear he refused to respond to the telex of the Premier of Newfoundland and call off the signing of the treaty.

Is the Prime Minister prepared to say today that he will abide by a recommendation of Canada's 10 Premiers to cancel the Canada—France fish pact if indeed, as we expect, such a recommendation is the result of a meeting of all 10 of Canada's Premiers? Will he do that?

• (1420)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are working with the Government of Newfoundland and Labrador, and the industry. Mr. Lorne Clark, the chief negotiator, is presently in Newfoundland. I understand he had a productive series of meetings this morning. He is meeting with Premier Peckford this afternoon.

Mr. Tobin: Oh, oh! A tough meeting.

Mr. Mulroney: I am just trying to answer the Hon. Member. I am told it was that type of productive meeting.

My hon. friend implies that it would be good policy for the Government of Canada to surrender its responsibility into the hands of the provincial Premiers in the event of conclusion of international accords. Without in any way diminishing the impact of the Minister of Transport's visits to Newfoundland and the responsibilities that he discharges so well, it is the Government and the Parliament of Canada that speak for the people of all Canada, and not the provincial Premiers, or any combination thereof. Notwithstanding our genuine desire to work in intimate co-operation with all of them, it is the Parliament of Canada that speaks for all Canadians.

TERMS OF 1972 TREATY

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is directed to the Prime Minister. Yesterday the Prime Minister claimed that the deal his Government came to with France was necessitated by the 1972 Treaty negotiated by this Party when we were the Government.

I am not prepared to sit on this side of the House and hear the names of honourable men, like the Hon. Don Jamieson and Romeo LeBlanc, dragged through the mud. I wish to ask the Prime Minister now if he will do the honourable thing and withdraw his allegation, because all Canadians agree that that allegation is false?

Mr. Crosbie: Withdraw the treaty.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): History speaks well enough for itself. It is important that members of the Opposition, and all Canadians, especially the fishermen and the people of Newfoundland and Labrador, realize that what we have agreed to is the beginning of a process to resolve once and for all the serious overfishing by France in the disputed area south of St. Pierre and Miquelon, and to ensure that the longer term fishing arrangements provided for in that treaty are to the advantage of the fishermen of Newfoundland and Labrador, and not to their detriment.

Mr. Rompkey: Mr. Speaker, I cannot accept that. The Minister of Fisheries and the Prime Minister have lied to this House.

Some Hon. Members: Oh, oh!

Mr. Rompkey: I ask them now, will they withdraw those allegations?

An Hon. Member: You know better.

Mr. Speaker: This is a matter of very great importance to the country, and certainly to Newfoundland and Labrador. I would ask that the Hon. Member withdraw those words and put his question more properly.

Mr. Rompkey: Mr. Speaker, I regret that the one thing that is most important to the House is the truth. The people of Newfoundland did not send me here to say anything but that.

Some Hon. Members: Hear, hear!

An Hon. Member: He wants to get thrown out.

Mr. Speaker: Order, please. I am sure that in due course, when the Hon. Member has a chance to consider his position, he will take the opportunity to withdraw those words.

Mr. Rompkey: Mr. Speaker, I am afraid that I cannot withdraw those words, Sir. I know what your ruling will be. In anticipation of that, I take the only course that is open to me.

Mr. Speaker: I am sure that in due course the Hon. Member will think over his position. In the meantime, the Hon. Member for Nickel Belt.

MINISTER'S TELEX TO NEWFOUNDLAND PREMIER

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister. It has to do with the Canada-France fishing agreement. Yesterday the Minister of Transport, or the Minister responsible for Newfoundland as he is better known in the Cabinet, sent a telex to the Premier of Newfoundland.

• (1425)

I should like to quote the following statement from that Telex:

When I was informed of that telex on Thursday, January 22nd, I took steps of my own which I thought had resolved the issue but this turned out not to be the case and an interim agreement was signed at Paris on January 24th.

Will the Prime Minister confirm that his Minister responsible for Newfoundland had serious concerns about this interim agreement and that he was left out in the cold when the signatures were appended to the agreement?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, my colleague, the Hon. Minister of Transport, can speak for himself in the appropriate place, as he always does. He will speak strongly and positively on behalf of the interests of the fishermen in the province he represents. It is important that the House note that opposition questions focus more on what we might call water under the bridge than on this tremendous opportunity which will be pursued with dignity and integrity by the Government, to the benefit of the fishermen of Atlantic Canada and Labrador.

REQUEST THAT AGREEMENT BE TORN UP

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is for the Prime Minister. Outside Cabinet today the Minister of Transport, in conversation with the press, hinted that his days in Cabinet might be numbered over this issue.

Mr. Crosbie: That is not true.

Mr. Rodriguez: What more evidence does the Prime Minister need than the people of Newfoundland, the Atlantic Premiers, and the threatened resignation of his Minister responsible for Newfoundland? What more does he need to tear up this agreement, start all over again, and do it the right way?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I can tell my hon. friend what the Hon. Minister just said, that that is not true. He is here to defend the interests of the people of Newfoundland and Labrador as brilliantly and as effectively as he has done for many years.

FEDERAL-PROVINCIAL RELATIONS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, we now have the spectacle of a looming First Ministers' Conference on the matter. It is back to the federal-provincial confrontation days of the previous Liberal Government. Does the Prime Minister not see what we need to do now? He should do the honourable thing. He should put aside this agreement and in fact start all over again and do it the right way, rather than return to the days of confrontation. Does he not recognize the importance of this issue?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Government chose to take the advice of the Opposition, which we have heard not only on this issue but on the matter of Canada-U.S. trade and on the matter of energy policy, et cetera, we would have produced nothing of change and nothing of benefit to the people of Canada as has been well demonstrated by the turn-around in the economy and by improved employment from one end of the country to the other.

MINISTER'S PRESS RELEASE

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Government claims that it has an obligation under the 1972 agreement. Indeed the official press release from the Secretary of State for External Affairs, dated January 27, indicated:

The French will also receive in 1987 fishing allocations in Canadian waters outside the Gulf in accordance with obligations under the 1972 Canada-France Treaty—

In the absence of the Secretary of State for External Affairs who is on his passage to India, I will direct my question to the Minister of Fisheries and Oceans. Does he recall issuing a press release on November 26, 1986, in which he said:

We have told the French that under the 1972 Treaty we have no obligation to provide them with any fish to replace what they have been catching in the Gulf and, specifically, no obligation to provide them with any northern cod—

Why this complete about-face? Is it because the Government is concerned about a shortage of cod at Maxim's in Paris?

• (1430)

Hon. Thomas Siddon (Minister of Fisheries and Oceans): That, Mr. Speaker, is most definitely not the case. We certainly are concerned about a shortage of cod to the fishermen of the Hon. Member's province and throughout Atlantic Canada. That is why we are embarking on a series of important negotiations, and that is why for this present year the French allocations of cod in Canadian waters have been reduced by 14,000 tonnes to half what they were last year because this Government believes it is time to patriate those resources to the benefit of our own fishermen.

CONSERVATION OF RESOURCES—QUOTA ALLOCATIONS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, in the 1972 agreement, Article 2, as quoted by the Prime Minister, it states:

—the right of French nationals to fish in these waters subject to possible measures for the conservation of resources, including the establishment of quotas.

Did the Minister of Fisheries or did he not cut Canadian quotas because of conservation of resources and establishment of quotas, and did he or did he not ban Canadian fishermen from the nose of the Grand Banks because of conservation of resources and the establishment of quotas? Since he did that to Canadians, why does the Government feel so obliged to bend over backwards for the French? Fish and chips are just as good as cod au gratin.

Some Hon. Members: Oh, oh!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): I do not know where the Hon. Member purchases his fish and chips, Mr. Speaker, but I can tell you that our objective is to keep the fishermen of Newfoundland and Labrador in the chips.

Some Hon. Members: Oh, oh!

TRADE

CHARGE ON LUMBER EXPORTS—USE OF REVENUE IN BRITISH COLUMBIA

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is for the Minister for International Trade. From the other side of Canada the Minister learned just a few minutes ago the devastating news from British Columbia that, in spite of her repeated assurances in this House that the money collected from the export tax on softwood lumber would be reinvested in the forest industry, the Minister of Forests of British Columbia just announced that the Government of British Columbia plans to spend none of the $400 million collected on the reforestation of silviculture and, as a matter of fact, is cutting back on existing programs. In spite of the Minister's repeated assurances that she gave this House and the people of Canada that this is how the money would be used, what steps does the Minister plan to take now to ensure, in that major lumber exporting province, that this money will be returned to the forest industry?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I am not aware of the reports to which the Hon. Member refers. I find it interesting that the Party which fought our attempts to save money for British Columbia is now apparently in favour of saving money for British Columbia.

Let me answer this question—

Some Hon. Members: Oh, oh!

Miss Carney: —if the Opposition allows me the opportunity. Our Government provided the Government of British Columbia the opportunity to use funds that would have gone to the U.S. treasury, for reforestation in B.C. As the Hon. Member knows, that is provincial jurisdiction. As the Hon. Member knows, and as every British Columbian M.P. knows, our forests are a silvicultural slum and if the Government of B.C. does not act in a proper way to ensure that reforestation policies are carried out when the federal Government has provided the funds, the Government of B.C. will have to answer to its voters.

STATEMENTS ATTRIBUTED TO BRITISH COLUMBIA MINISTER

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, is the Minister for International Trade telling us that she has been conned by the Socreds of British Columbia? Is she saying that in spite of the fact she has been across the country and throughout the entire Province of British Columbia on a number of occasions giving us the assurances that money will be reinvested in the forest sector, the Minister of Forests for British Columbia did not have the courtesy to inform her or her colleague, the Minister of State for Forestry, that he was making that decision today and that in that announcement none of this $400 million will be going back to develop the forest resource in the Province of British Columbia?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, if, in fact, the Forestry Minister made those statements—and I told the House I am not familiar with the statements—he would be contradicting his own Premier who has regularly indicated publicly that that money would be used for reforestation.

CURRENCY EXCHANGE RATE—EFFECT ON LUMBER INDUSTRY

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I too have a question for the Minister for International Trade. While the recent rise in the Canadian dollar is good news for many Canadians, I think the Minister will agree that for the hard hit lumber industry, already suffering the pernicious 15 per cent export tax, it is bad news. Is the Government aware that the recent rise in the Canadian dollar will cost the lumber industry over $170 million on an annual basis, and on the basis of that the industry will be paying the equivalent of over 20 per cent export tax? Based upon those figures, is the Government now prepared to request from the United States a renegotiation of that agreement to take into account the major change in the exchange rate so that the lumber industry will not be paying the equivalent of a 20 per cent export tax?

Mr. Benjamin: Figure it out.

Hon. Pat Carney (Minister for International Trade): Yes, the Hon. Member from the NDP has it right, I am trying to figure out the garbled arithmetic of the Hon. Member opposite.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Miss Carney: There is an *ad valorem* tax of 15 per cent, an export tax, which we negotiated to keep those funds in Canada. That, in fact, is what is happening. If you look at the prices of lumber since the export tax was imposed, the Americans are paying that tax and the money is going into provincial coffers. Why the Hon. Member wants to add in exchange rate differences, to which the lumber industry is well accustomed, is something for him to explain.

MINISTER'S POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, it is a sad commentary that the Minister for International Trade does not understand that a rise in the exchange rate will have a devastating effect upon the lumber industry. How stupid can one Minister be? She is responsible for international trade. That is shameful, Mr. Speaker. When will this Minister come to her senses and begin acting as a Minister of Trade and do something, knowing that the exchange rate on top of her 15 per cent export tax will destroy the industry? When will she start smartening up and do something for the lumber industry?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think that the comments, which are fairly gross of the Hon. Member, about the stupidity of the Minister for International Trade—

Mr. Axworthy: It takes one to know one.

Miss Carney: —are not supported by the performance in the market of the stocks involved. Let me explain to him in terms of forestry stocks, which indicate the health of the industry as perceived by public investors. MacMillan Bloedel stock has gone up 39 per cent since the deal was put through, Canfor stock has gone up 40 per cent, B.C. Forest Products stock has gone up 32 per cent, Abitibi Price has gone up 36 per cent, and West Fraser stock has gone up 21 per cent. In fact the entire forest index has gone up 27.7 per cent. That is a public reaction to the softwood lumber deal, not the remarks of the Hon. Member.

Some Hon. Members: Hear, hear!

Mr. Axworthy: You are being governed by speculators; is that what you are doing?

Mr. Crosbie: Ask another one, Lloyd.

Mr. Axworthy: She is so stupid we will keep asking questions.

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member for Yorkton—Melville.

Mr. Nystrom: Maybe those two Members should step outside, Mr. Speaker.

CANADA-UNITED STATES NEGOTIATIONS—AGRICULTURE MARKETING BOARDS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Right Hon. Prime Minister. I will shift from a West Coast/East Coast issue to an important national issue. American Secretary of Agriculture Lyng said that Americans intend to discuss the Canadian Wheat Board and other farm marketing boards in free trade talks, and one of Lyng's senior officials, Daniel Amstutz, said "functioning of marketing boards is now on the negotiating table".

Yesterday the Prime Minister rightfully said that Clayton Yeutter's comments on cultural matters were "a stunning ignorance of Canada". Does the Prime Minister agree that the comments of these two senior officials on the future of Canadian agriculture and marketing boards represents the same stunning ignorance of Canadian agriculture as Clayton Yeutter's were of Canadian cultural matters?

• (1440)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the agricultural issues are involved in the free trade talks with the United States. However, I have already informed the House that the major problem we have in

agriculture is between the European Community and the U.S. We feel very strongly that the solution to these problems will be found at the GATT negotiations, not the Canada-U.S. bilateral negotiations.

NON-NEGOTIATION OF MARKETING BOARDS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the Minister does not understand the question. I think the farmers of Canada deserve an answer from their Prime Minister.

The Prime Minister should know that farmers have fought for marketing boards, they have built marketing boards, and marketing boards are vital to the future of farming in Canada. Will the Prime Minister now tell Canadian farmers that marketing boards will not be on the table and, if the Americans insist on it, we will pull out of the trade talks here and now? Will he tell that to Canadian farmers here and now?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Minister of Agriculture as well as the Minister for International Trade have repeatedly said that our marketing board system will not be on the table when we get into trade talks with the Americans. With regard to the senior official from the Department of Agriculture, the Hon. Member is talking about Mr. Daniel Amstutz, the Under-Secretary to the Secretary of Agriculture in the United States. I can well understand his frustration with our system of selling because it is far superior to theirs and we have been outselling them.

Again, I said last week that I would make a different offer. We would be prepared to go to the United States to explain how our system works so that they may adopt it and do a better job of selling. If they would accept that offer, I am sure we would all be better off because they would do a better job of selling and we would not have to get into the ridiculous situation of having to lower prices in order to make sales.

* * *

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

INVESTIGATION OF LEAKS TO MEDIA

Mr. Sergio Marchi (York West): Mr. Speaker, in the absence of the two Ministers of Immigration, I address my question to the Deputy Prime Minister. My question concerns the Department of Immigration's special investigation aimed at discrediting members of the media. I received a letter from an immigration official who said the following:

> This is a dangerous and disgusting event. These two men and Lussier are creating a feeling of fear, terror and intimidation. Please do something to stop it.

How can the Deputy Prime Minister justify such an unethical journalistic witch-hunt at the expense of the taxpayers? Will he assure the House that the findings of this shameful operation will be ignored since they were solely intended to discredit members of the media and shamefully intimidate officials in the Department of Immigration?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, the object of the investigation to which the Hon. Member is referring was put in a memorandum sent to employees of the Department on November 26 last. It was indicated that the investigation was done because of leaks and security breaches within the Department, and also that people who worked in the Department were called upon to co-operate if they wished. There have never been any complaints from the unions or anyone else except for the one to which the Hon. Member is referring today. We find it unusual that it would come in that form, but that is the only thing that is behind this whole story.

REQUEST THAT INVESTIGATORS' REPORT BE MADE PUBLIC

Mr. Sergio Marchi (York West): Mr. Speaker, the Minister knows that the only reason the investigation was conducted was to cover up at any cost the embarrassing mistakes and judgment calls of the two Ministers of Immigration. He knows that and the Government knows that. Given that the media have an important role to play in the political process and given that officials of his own Department are threatened and offended, does the Minister not feel that it was a flagrant abuse of taxpayers' dollars to conduct such an intimidating witch-hunt? If he has nothing to hide, is he prepared to make the report public and table it in the House of Commons so we may learn the purposes behind that investigation?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, I will not answer in the same primitive tone in which the Hon. Member put his question.

Some Hon. Members: Hear, hear!

Mr. Charest: Suffice it to remind the Hon. Member that not too long ago his own Party thought it was the end of the world when, in another Department, there was such a breach of security. The same thing happens in this Department and, all of a sudden, we are trying to fight the press. The Hon. Member should make up his mind and try to be consistent.

* * *

NATIONAL SOVEREIGNTY

SUGGESTED MINING OF ARCTIC WATERS

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, my question is directed to the Associate Minister of National Defence. Will the Minister categorically reject the screwy suggestion of the Canadian Institute for International Peace and Security to place, in peacetime, live mines in Canadian Arctic waters?

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, I think the Hon. Member has adequately

described the suggestion and it is not a suggestion which is under contemplation by the Department of National Defence.

* * *

[*Translation*]

CULTURE

FREE TRADE—CULTURAL INDUSTRIES—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is directed to the Prime Minister, who insists on feigning ignorance about culture and free trade.

I am asking this very specific question for the fourth time, Mr. Speaker. Will the Government confirm it is excluding the cultural industries, in other words, television, film, publishing and music, from the free trade talks? Will the Prime Minister address this concrete question instead of talking vaguely about cultural identity?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I agree with the comments made by the Prime Minister yesterday. He again said that our cultural identity was not on the table, and this also applies to program content and ownership of our cultural industries.

[*English*]

REQUEST THAT BOOK TARIFF BE REPEALED

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, does the Government not realize that it has put culture on the negotiating table itself by imposing a book tariff as a retaliatory measure for the shakes and shingles deal? Will the Government undertake to withdraw that book tariff as a sign of good faith to Canadians that culture will not be up for grabs in negotiations on free trade?

Hon. Flora MacDonald (Minister of Communications): Mr. Speaker, I do not know how often members of the NDP need to be reminded that Canada's cultural identity is not on the table. I do not know if they are trying by their promotion to put it there but we would resist any effort made by members of the NDP to have our cultural identity negotiated.

Some Hon. Members: Hear, hear!

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CANADA EMPLOYMENT CENTRES

MONTREAL WATERFRONT—ALLEGED RACIAL DISCRIMINATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is for the Minister responsible for multiculturalism. In answer to a question I put on November 26 about racial discrimination on the Montreal waterfront by an official in the Department of Employment, the Minister for Employment said that he would suspend the official and conduct an investigation. We have now learned that the so-called investigation was tainted because the union and members of the union would not participate, the key dossier in the file disappeared mysteriously, and the official was only suspended for two weeks. Since the Minister responsible for multiculturalism has an interest in racial discrimination matters, would he repudiate this fiasco which took place and urge the Government to have an impartial public inquiry into this matter?

Hon. David Crombie (Secretary of State): Mr. Speaker, the Minister of Employment and Immigration is obviously not in the House. I am not aware of the file but I will certainly raise the matter with the Minister of Employment and Immigration.

REQUEST FOR PUBLICATION OF INVESTIGATOR'S REPORT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, we have also learned that although the investigation was tainted and incomplete, the investigator gave his report to the Government two or three weeks ago. The report was requested by the president of the union and the Minister would not give it to him. Would the Minister responsible for multiculturalism also ensure that that report, incomplete as it is, is made public so that we may all see it?

Hon. David Crombie (Secretary of State): Mr. Speaker, as I indicated, I will advise the Minister of Employment and Immigration of the Hon. Member's concerns when he returns to the House.

* * *

THE JUDICIARY

APPOINTMENT OF FORMER PREMIER TO MANITOBA COURT OF APPEAL

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is for the Minister of Justice and concerns the recent appointment of former Tory Premier Sterling Lyon to the Manitoba Court of Appeal. Yesterday the Minister stated that he consulted with Manitoba Attorney General Roland Penner prior to making this offensive appointment. In view of the fact that this morning Attorney General Roland Penner sent to the Minister of Justice a telex categorically denying that suggestion, saying that he is both astonished and angered by the suggestion, and demanding a retraction, will the Minister of Justice now apologize to the Attorney General and the people of Manitoba? Will he explain why there was no consultation on this important appointment to the bench?

• (1450)

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I think the apology for the slander of a distinguished Canadian should come from that

Hon. Member, not the Government. The reality is, as both the Hon. Member and the Attorney General know, that the appointment to the Court of Appeal was discussed in Ottawa at the time of the meeting with representatives of the provincial Attorneys-General. I have read press reports concerning the Manitoba Attorney General and the contents of that discussion, and I have indicated to him and publicly that that was not at all that was discussed when I had my discussions with him about the Court of Appeal.

Mr. Speaker: I am going to recognize the Hon. Member for Burnaby but I do caution him. He is an excellent counsel, as some others of us are, I hope, and will know that when discussing this matter he should choose his words carefully.

Mr. Robinson: Mr. Speaker, it is a sad day for justice and for federal-provincial relations when the Minister of Justice deliberately misleads the people of Canada on this fundamental issue.

Mr. Speaker: I noticed that the Hon. Member did not say the Minister of Justice had deliberately misled this House but the people of Canada. However, it is getting awfully close and I would ask the Hon. Member to recognize the courtesies which are extended here. The Member has a point, he knows how to make it well, and there is no particular reason to impugn the motives of a Minister, and certainly it is not appropriate to say that the Minister is misleading this place deliberately or anything near that.

SYSTEM OF MAKING JUDICIAL APPOINTMENTS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, what action is the Minister taking to follow up on the promise made by his predecessor a year ago to, in effect, change the system of judicial appointments to ensure that patronage does not play a role and that a man who has displayed such contempt for the Charter of Rights and for equality for women and Francophones in Canada—that that kind of system no longer plays a part in judicial appointments? When will he change that system?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I think you are aware of the fact that Citation 321 of Beauchesne's puts parameters on reflections on members of the judiciary, especially when they are falsely based as the Hon. Member falsely bases the premise of his question. I am very proud of the quality of appointments to the judiciary by my predecessor and myself. For example, more women, as a percentage of appointments, have been appointed since I have been Minister of Justice than under any previous Minister. They have been of the highest quality, and I absolutely feel that the Hon. Member's question is unfounded and unjustified.

FINANCE

EFFECT OF FEDERAL SALES TAX ON SMALL BUSINESSES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister of Finance. Since the Tory Government was elected the federal sales tax has been increased by 3 per cent. Alexander Ceramic Studio in Ville La Salle is almost bankrupt because of the federal sales tax. Will the Minister save that business and increase the sales tax exemption ceiling for small businesses?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, if the Hon. Member reflects on the broader aspects of his question he will understand that interest rates are down some 4.5 percentage points over the last two years. A number of specific provisions have been made in the Income Tax Act to help small business people meet their obligations and objectives. He will also know that the level of economic activity in the country has been a good deal higher than in previous years and is doing as well as we ever have in Canada relative to practically any other country in the industrialized world.

[*Translation*]

NEED TO INCREASE FEDERAL SALES TAX EXEMPTION

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, the Minister of Finance doesn't understand how important the federal sales tax exemption is and how it works. Will the Minister of Finance make a commitment here and now to increase the exemption from $50,000 to $250,000, to help small businesses and, more specifically, Alexander Ceramics Studio, which will go bankrupt in a few days unless the Minister announces these changes?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, if the Hon. Member wants to bring me the details of the specific company he is referring to I will be happy to look at them. He knows, at least I hope he does, the importance of bringing the deficit down in measured steps. That is one of the principal reasons why we have interest rates at a nine-year low and why mortgage rates are at a 13-year low. Those low mortgage rates are leading to record housing starts which are creating jobs.

CAPITAL GAINS TAX EXEMPTION—REQUEST FOR ELIMINATION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Minister of Finance. He will know that two days ago the Economic Council of Canada joined the long list of business as well as labour and other organizations which have called for the elimination of the $500,000 lifetime capital gains tax exemption. It also called for capital gains to be taxed in full. Will the Minister accept the Council's advice and send a signal to ordinary Canadian taxpayers that the Conservative Government is sincere in its commitment to tax reform by eliminating the capital gains tax exemption in his Budget on February 18?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am sure some of his colleagues in western Canada—the Hon. Member for Yorkton—Melville is leaving the House in disgust at the suggestion the Hon. Member has made that we eliminate the capital gains tax exemption for farmers.

Some Hon. Members: Hear, hear!

ECONOMIC COUNCIL'S RECOMMENDATION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, now that the Minister has digressed perhaps I can bring him back to the main question which is on speculative profits and stock deals, the profits of individuals. It does not relate, as the Minister knows, to the question of farms which everyone agrees should be exempted.

Some Hon. Members: Oh, oh!

Mr. Cassidy: My Party has said that on many occasions. Is the Minister prepared to accept the advice not just of the Economic Council of Canada but also of his friends on the Business Council on National Issues who also stated that the capital gains tax exemption should be eliminated and capital gains should be taxed at full rates? Will he reform the tax system that way or not?

Hon. Michael Wilson (Minister of Finance): I guess that is probably the quickest flip-flop the NDP has ever made.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): I am sure the Hon. Member has thought carefully about what he is proposing but I want to draw his attention to the fact that the Economic Council called for quite a significantly different treatment of savings. I believe in the past the Hon. Member made some critical comments on the RRSP proposals we legislated last year. The Economic Council is proposing that rather than an 18 per cent limitation, in exchange for elimination of the capital gains exemption, the limit go to 25 per cent or 30 per cent. Perhaps the Hon. Member would like to address that part of the proposal by the Economic Council.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—CULTURAL INDUSTRIES INQUIRY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the U.S. Vice-President, George Bush, met with the Prime Minister a few weeks ago to discuss the progress of the free trade negotiations. Why did the Prime Minister not seize that opportunity to obtain a specific commitment from Mr. Bush that Canadian book publishing, periodicals, and TV would be non-negotiable? Why will he not name these as protected cultural industries and part of the essence and identity of Canada?

• (1500)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, it has been explained repeatedly in this House, and as recently as yesterday, that the Prime Minister has said that cultural affairs are not on the free trade table. You cannot take off the table something which is not on the table.

With regard to the tariff on books, we have explained that it was put on because of the United States action in placing a tariff on shakes and shingles. When the U.S. moves to remove that tariff, we will be in a position to remove ours.

Mrs. Finestone: Mr. Speaker, I do not know that our cultural industries will find that to be a very satisfying response.

GOVERNMENT POLICY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, can the Minister answer yes or no as to whether the border broadcasting policy, the disallowance of tax privileges for foreign magazines, and Investment Canada book publishing are to be negotiated by the Government? Is it up for grabs? Will the Minister answer yes or no with respect to those policies? We want a straight answer.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I refer the Hon. Member to yesterday's *Hansard* at page 3102 where the Prime Minister again repeated the statement which he made at the University of Chicago. He said:

> If we and our American partners cannot strike a deal that will achieve these goals, a deal will not be struck. Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character—these are the essence of Canada.
>
> They are not at issue in these negotiations.

Mrs. Finestone: I read that yesterday.

Ms. Carney: We will repeat that every day in the House of Commons should it be necessary so you can understand it.

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MUNICIPAL AFFAIRS

REQUEST FOR FEDERAL FUNDING

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. He is aware of the growing crisis in Canadian cities which are literally rotting and falling apart. For the past two years the Federation of Canadian Municipalities has been making a plea to the federal Government for financial assistance which his Minister of Finance has turned down.

Will the Prime Minister now accept the responsibility of his office, overrule his Finance Minister, and insist that funds be included in the upcoming Budget to restore the integrity of our cities?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I believe I answered that question from the Hon. Member for Trinity last December. The hands of the federal Government are full dealing with matters which are 100 per cent federal government responsibility and those which are shared costs between the federal and provincial Governments. Municipal infrastructure is a responsibility of the municipalities and the provinces. We have done nothing to hold back municipalities or provinces from dealing with that matter if they think it is as serious as they say it is. I encourage them to get on with the job if they feel that way.

GOVERNMENT POSITION

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, the Minister knows full well that the provinces and the municipalities together cannot afford the price tag. He also knows this would create 75,000 jobs. Why will he not provide the financial assistance necessary to get these cities back in shape? Every hour he waits the price goes up.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the logic of that is quite flawed. There is nothing to stop a municipality or a province, or the municipalities and the provinces together, from fixing a bridge, a pot-hole, or a water-main. Whatever the provinces and municipalities want to do in that area of their responsibilities is within their jurisdiction.

With regard to jobs, we have been getting on with the job of getting the economy going again. In the last two and one-half years 666,000 jobs have been created. That is directly related to the policies which the Government has followed in getting interest rates down and creating a better investment environment. Capital is coming into Canada from Europe, Japan, and the United States, which has created jobs, dealing with the very thing which the Hon. Member asks about.

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ENVIRONMENTAL AFFAIRS

ONTARIO HYDRO—MEETING ARRANGED BETWEEN DEPUTY PRIME MINISTER AND PREMIER OF ONTARIO

Mr. Alan Redway (York East): Mr. Speaker, my question is directed to the Deputy Prime Minister. Will he advise the House whether he has yet heard from Premier Peterson to set a date to discuss the cutback of acid rain emissions in Ontario through the use of low sulphur western coal?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the Hon. Member's continuing interest in this very important matter. I have had correspondence from Premier Peterson. We will be meeting on March 2.

* * *

POINT OF ORDER

WITHDRAWAL OF WORD USED DURING QUESTION PERIOD

Mr. Speaker: I ask Hon. Members to wait a moment to hear a matter. I have received a note from the Hon. Member for Grand Falls—White Bay—Labrador (Mr. Rompkey). He would like to make a statement.

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, I hold the Chair and, more particularly, you personally, in the highest regard. I believe the House should know that there is no issue of such fundamental importance to my province as the one before the House now. Never, in the 15 years that I have been here, have I seen the level of emotion in my province so high as it is on this issue. That is because it goes to the very heart and soul of what makes us a people and what makes the province so special and, indeed, what it is. It is my place today to reflect the level of emotion which my people feel. I did that.

We use words to convey messages. While I am confident that in the long run the message which I conveyed today will stand up, there are, nevertheless, rules of this House. You have made rulings which I respect. I now want to withdraw the word in question which I used to convey the messages which I expressed today.

Some Hon. Members: Hear, hear!

Mr. Speaker: I know that Hon. Members would want me to say to the Member for Grand Falls—White Bay—Labrador that we do understand the depth of feeling and the emotion which he has expressed. His chivalrous and courteous withdrawal of the offensive words is a credit to this place and is very much appreciated. We thank him for that.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Mr. Speaker, I would like to ask the Government House Leader to tell us what business the Government intends to present to the House for the coming seven days.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will do so with pleasure. We will start today with Bill C-19, which will be followed by Bill C-21 and then Bill C-12, the Bill to amend the Prairie Grain Advance Payments Act; report stage of Bill C-6,

the Bill with regard to the Atlantic Accord; and then Bill C-2 with regard to Canagrex.

* * *

POINT OF ORDER

USE OF UNPARLIAMENTARY WORD

Ms. Sheila Copps (Hamilton East): Mr. Speaker, during Question Period today the Minister of Justice (Mr. Hnatyshyn) used the word "slanderous" for the second time in reference to another Member. If you refer to citation 320 in Beauchesne's you will see, as you obviously know, that slanderous reference to a Member is unparliamentary. I ask that the Minister review the "blues" and stop using this word so lightly. He has used it in reference to myself in the past and has now used it in reference to the Member for Burnaby (Mr. Robinson).

Mr. Speaker: The Member for Hamilton East (Ms. Copps) raises a complaint about the use of the word "slanderous". The complaint is properly taken. I am sure the Minister will reflect upon the representation which has been made.

I ask all Hon. Members to remember that the use of such words does cause agitation in the Chamber, which could lead to disorder with which the Speaker must deal. In addition, there are words which are not necessarily unparliamentary which, used in certain ways, create exactly the same disorder. I thank the Hon. Member for Hamilton East for her intervention.

GOVERNMENT ORDERS

[*Translation*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council) moved, for the Minister (Transport), that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Madam Speaker, it is an honour and a privilege to open the debate on Bill C-19.

• (1510)

[*English*]

The Motor Vehicle Transport Act, 1986 will effect the reforms of economic regulation of our trucking industry right across the country, reforms to which the federal and provincial Governments have agreed. The provisions of the Bill may be summarized very quickly.

Entry requirements to the industry now based on the test of "public convenience and necessity" will, after a transition period, be based on a new simple fitness test. Truck applicants will only be required to prove that they have met the all-important safety standards and bonding and insurance requirements.

Other restrictions on operating licences, such as routes and places to be served, as well as controls over fares to be charged, will be eliminated. There is a rather long history behind these new provisions.

[*Translation*]

Madam Speaker, the trucking industry has gone through tremendous changes during the last sixty years, if we only consider the trucks themselves, trucking routes, loads and distances travelled.

[*English*]

Who could have foreseen that the business of local cartage that existed in the 1920s would give rise to everything up to transcontinental service with routes now reaching deep into the United States?

Trucking is a vital and constantly growing part of Canada's national transportation system. As a whole, the trucking industry generates over 70 per cent of total surface freight revenue. The for-hire segment alone contributes over $6 billion annually to our Gross National Product.

The industry pays the salaries of some 90,000 men and women who work in for-hire trucking across the country. I suggest there are perhaps another 200,000 to 250,000 of our citizens who earn their daily income from the spin-off industries providing goods and services to this industry.

Canada is an exporting nation, and trucking is increasingly important to our exports. In 1984, trucks carried 50 per cent of our exports to the United States. I might remind Hon. Members that 2 million to 2.5 million Canadians owe their livelihood to our exports to that market, which accounts for approximately 80 per cent of our entire exports. I believe many other Canadians earn their living from the transport, distribution or handling of exports to Canada.

Over the years, the relationship between the industry and Government has also changed. Since 1984, the provinces have been responsible for trucking regulation in both their own and the federal Government's jurisdiction.

Over the years, different regulations grew up across the country. In different provinces there were different requirements for entry, routes, rates, commodities, safety precautions and so on.

That reality made the trucker's job of meeting the needs of shippers more difficult than need be. However, as the trucking industry has grown and matured, regulation has been reduced in all provinces, especially in recent years. This has gradually

given our truckers greater freedom to compete within the industry and with the railroads and other modes of transportation.

However, the industry remains saddled with a regulatory regime which limits growth and innovation which frequently differs from province to province. It restricts services and imposes unnecessary costs on the industry, on its customers, and ultimately on the economy as a whole.

This is not the way to meet future needs. Surely, an efficient, flexible transportation system is critical to Canada in order to link up east and west and to connect us to major markets in the United States.

Designing a transportation system that achieves the best service at the best price is vital to Canada's economic well-being. In trucking, that task has involved federal and provincial Governments, the trucking industry, producers and shippers in extensive consultations spread over a number of years. A broad consensus developed that we need less economic regulation and more uniformity in regulation of trucking across Canada.

An historic agreement on regulatory reform of the trucking industry was signed in February, 1985, I believe by all the provinces, the Territories and the federal Government. The new Motor Vehicle Transport Act, through Bill C-19, puts that agreement into law.

The Bill also provides for further federal-provincial agreements, including the definition of the fitness test and a uniform national safety code. Federal and provincial Ministers responsible for transportation agreed to these additional elements last October.

As we develop new economic and transportation policies, it makes some sense to look at the policies of our neighbour to the south, particularly when we consider the value of the transportation crossing our borders. We can learn from their mistakes and successes and I believe we have learned a great deal from the U.S. experience with the deregulation of the trucking industry. We have looked at what has worked well, what has not, and considered the profound differences between the two countries. We now have a truly made-in-Canada policy for our trucking industry.

Let me illustrate this with two important examples. The United States adopted a strategy which called for economic deregulation of trucking, to be followed by reform of safety regulation. It appears that they have yet to get around to safety. Of course, we intend to do quite the opposite because we believe that safety of the transportation system is the number one priority of truckers and all Canadians. The Minister has stated this on many occasions. Consequently, a uniform national safety code has been developed and approved in consultation with the provinces and the trucking industry. This code will be the cornerstone of the new fitness test. The other elements of that test will be insurance and bonding requirements.

The second illustration is the step by step approach to implementing reform. The Americans introduced sweeping trucking deregulation in an environment of quite restrictive entry requirements and rate controls. Unlike the Americans, we have gradually introduced reforms within the existing regime. To a large extent, much larger than in the United States just prior to their deregulation, our trucking industry already operates under market competition.

In addition, the reform to which I believe the federal, provincial and territorial Governments all agreed provides for a transition period. During that time, a reverse onus public interest test will apply in addition to the new fitness test.

Finally, the federal and provincial Governments in their agreement of 1985 aimed to begin the transition period in January, 1987. The transition period will now begin a year later, in January, 1988. As a result of further consultations and compromise, the fitness only test will not come into effect until 1991. What that means is that Canada's trucking industry will have roughly a decade to adjust gradually to less regulatory control.

• (1520)

The Memorandum of Understanding also called for an independent study of the potential effects of eliminating the "public convenience and necessity" test in favour of a "fitness" test. That study has now been completed and released. Let me mention briefly some of its conclusions: First, the gradual weakening of control by the provinces over market entry and rate regulations has already caused significant changes in the trucking industry. That industry is, therefore, better prepared for reform than the American industry was in 1980, just prior to the U.S. deregulation. Second, many small independent operators have already entered the industry. A sudden flood of new entrants, as has happened in the United States, is therefore unlikely. Third, there is no evidence that the current regulatory regime is supporting extra-provincial services to small communities which would be discontinued after reform of entry requirements. Fourth, many rates are already competitive. Price competition may intensify and should be monitored. Fifth, a shake-out similar to that which happened in the United States is unlikely. Regulatory reform is not expected to cause disruption in the industry. Sixth, a gradual process of restructuring and consolidation has been under way for some time. This will continue. There is no indication, of which I am aware, that worrisome levels of concentration will develop. Our industry is competitive now and we hope it will be even more competitive in the future.

These predictions are reassuring, but what if the experts are not right? I believe that less regulation and more competition will lead to the lowest possible costs and the best service for our shippers. We are a nation of shippers. Certainly, my region of western Canada is based on our resources, and many men and women who work in those industries depend enormously on the trucking industry as well as rail and air modes of

transportation. I am also certain we must preserve a healthy, financially viable trucking industry.

[*Translation*]

Consequently, the Government of Canada has committed itself under Bill C-18 to monitor diligently the effects of the reform on all modes and to report on its findings every year. Hon. Members are aware that in four years time, in 1992, a thorough review will be made of all reforms, including those involving the trucking industry.

[*English*]

In addition, bearing in mind the three-year transition period in Bill C-19, the federal and provincial Transport Ministers have agreed jointly to commission a special study of the effects of reform on trucking. The study will be completed in 1990. The Ministers have also agreed to monitor the participation by U.S. truckers in the domestic and transporter markets. This will be done along with existing monitoring of transporter traffic under the Brock—Gotlieb Agreement. That agreement also provides a mechanism for discussing and correcting transporter traffic imbalances.

Perhaps these independent reviews will tell us that our trucking industry is failing and is unable to compete in a free market. I do not believe this will be the case. I know that U.S. participation in Canadian trucking is of concern to many truckers in our country, some of whom have suggested that the new legislation should include specific provisions to restrict entry of U.S. truckers. However, Canadian truckers have been doing very well in competing with U.S. truckers for transporter traffic. In fact, the Canadian share of transporter traffic increased by roughly 10 per cent between 1980 and 1984. That is a very good performance by our domestic trucking industry. U.S. truckers, on the other hand, say they have a few beefs against us. Unfortunately, that is said about every sector these days. U.S. truckers claim that entry restrictions in many provinces remain strict, compared to easier rules in the United States and that entry restrictions vary by province.

The Americans appear not to be happy that close to 1,000—I repeat, 1,000—Canadian carriers have been granted wide-open operating authority in the United States since deregulation in 1980. This is done through one licence issued by the Interstate Commerce Commission. Licences of U.S. truckers in Canada are limited in many respects and they must obtain a licence from each and every one of our 10 provinces. That is not exactly symmetry, is it, Madam Speaker?

In transporter traffic the biggest threat from the United States arises in the long-haul market, as Hon. Members all know. Some U.S. carriers who now interline with Canadian carriers may try to provide single line service. However, U.S. carriers operating in Canada under existing regulations are already trying to do exactly that, so how will this Bill change what is already going on within the existing laws of Canada and the provinces? As I mentioned, Canadian truckers have been successfully meeting the competition. I do not believe these proposed changes to the regulatory environment will make Canadian truckers uncompetitive in transporter traffic.

[*Translation*]

Madam Speaker, if we are not prepared to offer more or less equal access to truckers in the United States, we must expect U.S. pressure to increase in the years or even in the months to come.

I am told that in the United States, one stroke of the President's pen can eliminate all our Canadian truckers who work down there today. I think this would probably be a disaster for some of the 1,000 Canadian truckers who ply their trade in the United States.

[*English*]

Unless we provide for roughly equal access for U.S. truckers, we can expect pressure to grow in the U.S. to limit Canadian access to its important market. In our domestic market, a number of American companies have established here under the existing regulatory regimes. They have been good corporate citizens and have the right to compete as well.

For all of these reasons, neither the federal nor the provincial Governments see it as desirable or necessary to legislate barriers to the entry of U.S. truckers. We do not live in a hermetically sealed economy. We have to compete in the world markets, and on that premise we have allowed U.S. truckers to compete within Canada on the basis of being good corporate and individual citizens.

What will be useful is the transition period through to 1991 during which a modified public interest test for entry will continue to apply. This will allow additional time for adjustment to a more competitive environment. Our shippers, almost unanimously, have called on the Government simply to deregulate. "Do not wait", they say. We understand their concerns, but the Government believes that Canadian truckers should have more time to adjust to a more open competitive situation.

We can have both the benefits of a more competitive market and a strong financially viable Canadian trucking industry if we carry out these reforms in the measured way proposed in the Bill now before the House. Some adjustments will, of course, be required. For example, greater opportunities will present themselves for truckers to work out, with their existing and new customers, business contracts specifying whatever combination of service and price is to their mutual advantage.

This flexibility will enable carriers and the shippers' customers to adapt to changing economic circumstances at home and abroad over the years to come without interference from government regulators.

• (1530)

The new Motor Vehicle Transport Act is before us for approval in principle, which I heartily support. I wish to remind Hon. Members that it will be the subject of careful consideration in committee. The Minister of Transport (Mr.

Crosbie) has already indicated that he will be listening to all representations made to that committee. Over-all, I believe that these are the right reforms at the correct time, and the right policies for the correct reasons. They will bring us less but more uniform economic regulation of trucking, rebounding to the benefit of both carriers and shippers, more efficient service, and a safe, financially healthy trucking industry will be encouraged through greater reliance on market forces, accompanied by modern, clear, and uniform safety requirements. All of that will help our producers and shippers to be more competitive in both domestic and international markets. In turn, it will well help consumers, and it will help stimulate economic growth and job creation from one end of this country to the other, from St. John's to Nanaimo to Cambridge Bay.

Mr. Benjamin: While dozens of truckers go broke.

[*Translation*]

Hon. André Ouellet (Papineau): Madam Speaker, today we are studying Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings. Significantly enough, this Bill will replace the Motor Vehicle Transport Act of 1953-54. This statute, which relates to the interests of the trucking industry and inter-provincial bus companies, will be replaced by a series of new deregulation criteria which, I might point out, have to do only with the trucking industry. Still I hasten to add that it is too much anyway, for all people affected by this Bill do not want any part of this Conservative initiative.

Considering the uproar triggered by Bill C-18, we would have thought that the Government would have been farsighted enough to appreciate the fact that it had to be extremely careful and hesitant in its attempt to turn the Canadian transport system upside down. No, Sir, the message did not get through! Right on the heels of the mess it created with Bill C-18, here it goes again with Bill C-19 which is no better than the other one. Most regretfully and notwithstanding my deep admiration and esteem for the Parliamentary Secretary, I must say I cannot fathom whatever motive made the Minister of Transport (Mr. Crosbie) decide to miss this opportunity to introduce his own Bill. This utterly cavalier attitude on the part of the Minister of Transport is unacceptable. If he really has the interests of his Department at heart, if he feels that legislation before the House is important and deserves priority, he should be right here to defend his own Bills.

He made it a point to stay away from the House throughout the study of and debates on Bill C-18, and now he insults this institution by choosing not to be here to defend this second Bill introduced in the same week.

In my judgment, what needs to be said is that Bill C-19 is bound to have a strong impact on one of Canada's major industry. Indeed figures for last year, 1986, show that this industry did about $8 billion worth of business and had over 50,000 people on its payrolls. Trucks carry about 40 per cent of all goods in Canada and about half of our exports to the United States.

So we are looking at one of the prime movers of the Canadian economy. Like the rest of us this industry had its ups and downs in the early 80s due to the recession, but it managed to pull through and continued to provide thousands of jobs throughout Canada for dedicated workers who have been able to earn quite a decent living thanks to the trucking industry. This is why, as we speak, operators, owners, interest groups and experts in the road transport industry have serious doubts about the changes the Conservative Government seeks to introduce by way of this Bill.

Together let us have a look at the propositions which, according to people who work in that sector, seriously threaten the very survival of hundreds of Canadian road transport companies, not just one or two. The Government is suggesting that we ought to drop the "public convenience and necessity" market criterion. This requirement, I may recall, has been in existence since 1954. It puts the burden of proof on the applicant, which means that if he is to have any chance at all of obtaining a licence, the applicant must prove that the service he intends to provide is absolutely necessary and that the general public will benefit. As a result, only truckers who provide a service for which there is a market can obtain a licence at the present time. The Government, allegedly for the sake of increasing competition, has decided to change all this and to substitute for this criterion the concept of "fit, willing and able". So what exactly does that mean? It means that from now on, the onus will be on existing licence holders to prove that adding a new carrier on a route where the service is already available will be a threat to the economic viability of that service. It will no longer be up to the party who wishes to provide a service to prove that what he is offering is essential. It will be up to the carriers already on the market and who want to prevent new carriers from entering the field to prove there are reasons why they should not do so. This kind of system makes no sense at all, since the parties who must prove that the other guy should not be licenced will be accused of being partial, and there is no way they can then submit evidence that will hold water and be objective, to keep the competitor from entering the market. The difference between the two systems is crystal-clear. Without a formal complaint, anyone who has a truck on four wheels and is willing, fit and able to operate the truck has a very good chance of obtaining a licence. It will be practically automatic. Anyone who wants to drive a truck will be able to get a licence.

I think we should consider the consequences of this kind of situation. The general effet on the Canadian market will be that more carriers will be competing, not for other markets but for the same market. If the purpose was to provide opportunities for expansion, one could consider it useful and appropriate to have more competition, but since it is the same market, the Canadian market, one wonders why the Canadian Government is taking this route. However, the additional competition from a few individuals who get a licence because they have a brand new truck will be negligible compared with the potential attraction of a more accessible Canadian market for the U.S. trucking industry giants who will compete with our domestic

trucking industry. We could expect foreign takeovers of Canadian surface carriers to increase rapidly over the next five years.

Look at what has happened in Canada in recent years. Since 1981, operating costs have increased 28 per cent, mainly owing to the taxes on gas and the shockingly exorbitant rates being charged for liability insurance. That is an area the Conservative Government has preferred to ignore. I think the Minister of Consumer and Corporate Affairs (Mr. Andre) should find out as soon as possible what is happening in this area, because liability insurance in this country has become a crushing burden, not only on the trucking industry but on a host of other sectors as well. Municipalities, companies and whole industries are being gouged by the insurance companies. This is a major problem, and although it is not within the purview of the Bill we are considering today, it is a very relevant issue for all these trucking companies.

Because of the increases the trucking industry must cope with and the fact that shipping rates have increased only 5 per cent, the net result or the profit margin, according to figures provided by the trucking industry, is down to 3 per cent. One of the lowest margins since the Second World War! US carriers, with a combined turnover far greater than that of the Canadian industry, could penetrate Canadian markets, lower their rates and absorb a few losses for one, two or three years, after which they could take over Canadian carriers who were unable to hold the distance. That is the danger of introducing this kind of access requirement when we are operating with this very low 3 per cent profit margin in Canada. Canadian carriers would not be able to lower their prices to compete with US truckers.

The Governement of Canada knows that. The Minister of Transport (Mr. Crosbie) and his predecessor, the present Deputy Prime Minister (Mr. Mazankowski), were told as much by the Canadian trucking industry. Absolutely appalling though it may be, both the present Minister of Transport and his Conservative predecessor turned a deaf ear to these representations by the trucking industry.

We are talking about the danger that American companies might invade the Canadian market and impose cut-rate prices. Our main concern is that Combines Investigation Act provisions just cannot put a stop to that kind of competition. A few weeks ago the Conservative Government introduced a competition Bill which, admitedly, is a step in the right direction. But at the time the Official Opposition, the Liberal Party, stated that it was a practically toothless measure unlikely to go far enough to protect Canada's sound competitive market. Well, we now have the proof before us. The competition Bill introduced by the Conservatives a few weeks ago will do nothing to prevent American companies from imposing predatory rates. This is a basic question for us and, when this Bill gets to the parliamentary committee, my Liberal Party colleagues and I will move an amendment to Bill C-19 to make sure that it contains this kind of measure.

As it happens, this was part of the Canadian Trucking Association representations made as early as last December when it voiced its initial reaction to Bill C-19. Here is part of its important statement:

• (1540)

[*English*]

Competition Act provisions relating to predatory or discriminatory pricing have limited application to transportation. Bill C-19 is silent on the question of predation, meaning that the Canadian for-hire trucking industry is being thrust into a continental market-place increasingly dominated by a handful of billion dollar U.S. general freight carriers with absolutely no safeguards and certainly no assurances that those dominant continental truckers will provide a significant number of jobs in Canada while tapping key industrial markets.

[*Translation*]

Since July 1985 when the Government released its deregulation policy paper entitled *Freedom to Move*, four Canadian motor carriers have already been taken over by two major American firms: Akron's Roadway of Ohio has bought Arkena Express Lines of Toronto, and Overland's Yellow Freight of Kansas has bought three regional trucking firms of Windsor in Ontario.

So the process is already under way. It is quite possible, in fact not only quite possible but absolutely certain, according to people who know this sector, that the situation will grow worse and that Canada's trucking industry will be litterally swallowed by American interests.

I just cannot understand how this Conservative Government, stubbornly persevering in this course which is both absolutely pointless and detrimental to Canadian interests, can introduce such a Bill which surrenders outright to the Americans the whole Canadian trucking industry. The Conservative Government is prepared to sacrifice to American interests the jobs of some 50 000 Canadian workers, to pursue this pointless and certainly dangerous dream of the Prime Minister (Mr. Mulroney) who had no idea of what he was getting into when he agreed to start discussing free trade with the President of the United States.

Concerning the strategy of major American corporations, Mr. Gerry Reimer, vice-president of Reimer Express Lines of Winnipeg said, and I quote:

[*English*]

American companies can come here and cut rates to smithereens for a year or two and all domestic truckers will be gone.

[*Translation*]

It is one of the senior officer of a Canadian company who said that, and he is not the only one. Mr. John Kennedy, president of Kingsway Transport of Rexdale in Ontario added, and I quote:

[*English*]

There is no question deregulation will have a devastating impact on the financial condition of the Canadian motor carrier industry. It will ultimately result in waves of mergers, buy-outs and bankruptcies.

• (1550)

[*Translation*]

These testimonies are not statements made by Members of the Opposition to embarrass the Government. They were made by people who operate daily in the Canadian trucking industry and who feel their industry being jeopardized by the incompetence and childishness of this Conservative Government. This situation is utterly unacceptable.

To emphasize the seriousness of possible foreign take-overs, I urge the House to compare the difference between the turnovers of some American and Canadian firms. The biggest trucking firm in Canada, or rather Quebec is the Brazeau company with a turnover of $160 million in 1985. Kingsway Transport Limited, from Rexdale, Ontario, one of the biggest trucking firms in Canada, had a turnover of $250 million in 1985. I repeat: The biggest in Quebec, $160 million; one of the biggest in Canada, $250 million. On the other hand, Roadway Express, the biggest trucking firm in the United States, had a turnover which exceeded $4 billion in 1985. It is easy to realize the enormous financial power which huge American corporations can exert. What is likely to happen in Canada is already happening in the United States, and this is a blind and stupid obstination on the part of the Conservative Government that we just cannot understand.

Deregulation in the United States has resulted in increased concentration and brought about, not increased competition, but reduced competition. Well, we suggest that the same thing will happen in Canada. We must stop this slavish and mindless aping of the Americans. What they did failed to benefit the American economy, so why should it benefit ours? There are some eloquent examples. Ever since the 1980 U.S. Motor Carrier Act came into effect, marking the start of deregulation of the trucking industry in the United States, the major companies have been expanding their operations.

In fact, the four giants, which are Roadway Express, Consolidated Freightway, Yellow Freight and United Parcel Services, have increased their share of the U.S. market by 24 per cent. This clearly shows that these companies can, and will, quickly increase their market share. If we open the gates wide as the Conservative Government, in its innocence, intends to do, these companies will come and increase their market share in Canada, gobble up Canadian companies and lay off hundreds if not thousands of Canadian workers who are earning a decent living in the trucking industry in Canada.

It is clear the federal Government is using this Bill to make it easier for these U.S. companies to operate on the Canadian market. When the Government says it wants to increase competition, I think there is a very real risk that most of this competition will not come from other Canadian companies, which would at least be some consolation, but from the U.S. giants, and that Canadian companies that are making a decent profit today will be face with the choice of closing down, laying off their workers or selling out to the Americans.

As the Executive Director of the Canadian Trucking Association, Mr. Ken McLaren, said so eloquently, and I quote:

[*English*]

Mr. Ken MacLaren said that this legislation, Bill C-19, the one that we are discussing today is like "letting Attila the Hun and Genghis Khan loose to feed on Canadian companies".

[*Translation*]

I see that the Minister is smiling at this comment, and I can understand him because this situation is one which amuses the Conservatives, but saddens tens, if not hundreds and thousands, of truckers who fear that, because of their irresponsible attitude, the Conservatives run the risk of giving away to the Americans a major Canadian industry. It is a well-known fact that the American companies are bigger and more monopolistic than ours. Indeed, we have to admit that the dynamic infrastructure which links the major American centres and the terminus network put up many years ago by the American companies make for a most effective system. Then, there is the fact that the Americans have a road network of no less than 860 highways linking various American metropolitan markets of over one million inhabitants. How many Canadian centres have a population of over one million? I repeat that there are 860 American cities with a population of about or over one million while we have only three in Canada. It is obvious that the American highway network gives the American companies an edge over the Canadian companies.

In addition, the increased difference between our two taxation systems since the major reform introduced in the United States in 1986 favours the American companies. As we know, American companies pay proportionately lower taxes because of the changes to the rules on vehicle depreciation in the United States. The America pay much lower taxes on gasoline and the American Governments intervene much less often in labour relations. Because of all these factors, it is clear that the American companies are much better off than Canadian companies in the trucking industry. We believe that, in all decency and to be fair to the trucking industry, the Conservative Government has no right to introduce this reform before the Minister of Finance (Mr. Wilson) has completed his tax reform and enabled the Canadian trucking industry to compete on an equal footing with American truckers. To proceed now with the deregulation of trucking in Canada when, for the second time, the Minister of Finance is drawing back from the promised tax reform because he does not have enough courage and conviction to go ahead with it is quite unthinkable. In my opinion, to do so would rob the Canadian truckers and that would be unconscionable.

I believe that one of the provinces which could lose a lot under this Bill is Manitoba. Eight of the 14 largest Canadian trucking companies with over 10,000 workers are located in that province. The industry representatives of that province are very concerned and the president of the Manitoba Trucking

Association, Mr. Rolly Painchaud, had this to say about the situation:

• (1600)

[*English*]

Manitoba stands to lose more than most provinces if reform of the trucking industry fails to safeguard domestic routes from competition by giant U.S. firms.

[*Translation*]

As we can see, the Government was given a warning but failed to take the message seriously, and that is regrettable.

I can see two Members from the Province of Manitoba—the Hon. Member for St. Boniface (Mr. Duguay) and his colleague from Winnipeg—behind the curtain of the Conservative lobby. I hope they will take part in this debate and protect the interests of their constituents and their province because Bill C-19 may indeed prove to be very damaging to the Manitoba economy.

[*English*]

Indeed, I am looking forward to seeing the Hon. Member intervene in this debate and talk sense with the Minister of Transport (Mr. Crosbie). This legislation will be murder for the trucking industry in Manitoba. I am looking forward to hearing some of those members of the Conservative Party from Manitoba who have the courage to speak out against this terrible legislation.

[*Translation*]

Not only do the consequences of deregulation undermine the motor carriers' ability to compete against the Americans, they also put them at a disadvantage with respect to the railway companies because of a provision contained in the other Bill which is part of this diabolical Conservative Government project aimed at revamping the trucking industry, and I am talking about Bill C-18 which will force truckers to play second fiddle to rail carriers. I want to refer to the provisions concerning confidential contracts. The confidential rates mentioned in Bill C-18 will enable CN and CP Rail to hold secret negotiations with the shipper with a view to setting the rates. As a result, the shipper who deals with both companies will be in a position to pay lower freight rates. But this will also force road transport companies to reduce their rates just to remain competitive with railway companies with respect to goods that can be shipped either way. Let us keep in mind that the current trucking industry profit margin is barely 3 per cent. How can any one expect fair competition under such circumstances? It stands to reason that this additional competition from the railways will so squeeze the trucking concerns that here again we can expect to see many of them throw in the towel and sell out to Canadian or foreign interests.

The situation is getting more involved as we look into the safety implications of deregulation. Even with all the indications obtained from the Government, even with all the indications stemming from the American experience since 1980, the Conservative Government has chosen to overlook that aspect. This Tory Government is turning a blind eye and making pious statements that there is no safety problem. They say they will never compromise on safety. But here are the facts: Since the U.S. Motor Carrier Act of 1980 went into force, there has been an 18 percent rise in accidents involving trucks in the United States. And there is no reason to believe the same thing will not happen in Canada with deregulation.

The fierce competition that was experienced in the United States following deregulation brought rates down, and trucking companies were forced to cut their costs. Wages went down, drivers had to work long hours and companies started to skimp on vehicle maintenance work. The result was that seven trucks out of ten were being driven around in the United States with unsafe equipment. And out of those seven trucks, 80 per cent belonged to new entrants on the American market since 1980.

The experience clearly points to the fact that deregulation makes it easier for one-truck, one-driver companies to enter the market and very often skimp on safety in order to be in a better position to compete with larger companies. Furthermore, such competition forces established companies to compromise on safety by reducing maintenance schedules, lenghthening driver working hours and extending the life cycle of pieces of equipment.

I therefore submit that by implementing Bill C-19, the Government is betraying the call of Canadians for greater road safety in Canada. We can easily expect the American experience will repeat itself in Canada and our roads will become less safe because of the Tory Government's irresponsible action.

For quite some time provincial ministers and representatives of the Canadian trucking industry have been asking for the implementation of a national safety code. In addition, they have also asked that it be put in place before or at least upon the Bill coming into force. But we find that to date, the Government has totally ignored those requests from the provincial authorities. The national road safety code would ensure that the American experience would not be repeated in Canada, or at least with the same degree of seriousness as in the United States.

And why such a delay? Because, in fact, the Tory Government that boasted of entertaining good relations in the area of federal-provincial exchanges did nothing in that area. There was a conference where pious wishes were expressed, but there really has been no formal agreement between Ottawa and the provinces. Why such a delay? For those truckers, and for all motor vehicle passengers in Canada, that delay means additional serious risk. I submit that risk should not be taken. There should be no compromise on safety when human lives are at stake because of a desire to enact post-haste deregulation in Parliament. The fact remains that these road transport companies, American mostly, did not respect safety measures and I would be very surprised indeed if in a similar context, without any constraint, Canadian companies would do any better. Had this Government any common sense at all I

suggest it would reconsider its structure and its strategy. The fact that the Government is prepared to put an industry which employs 50,000 Canadians through this kind of ordeal, perhaps leading to its demise, proves that it governs in the interest of a very small minority. In one fell swoop it may very well undo the work of several generations of people who built in this country a road transport industry which, besides being strong, happens to be competitive and provides a considerable number of well-paid jobs. In conclusion, Madam Speaker, I will say that this Government is running the risk of undermining all these past efforts only to please the American Government which seeks yet another concession from the Conservative Government in the free trade negotiation process. I think this is quite unacceptable. I think it is absolutely shameful, and the Liberal Party will fight to the end to prevent the Conservatives from crawling once again before the Americans.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mrs. Champagne): Order, please. It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria)—The administration—(a) Conflict of interest guidelines. (b) Request for inclusion of punitive measures; the Hon. Member for Spadina (Mr. Heap)—External Affairs—United States support for Salvadoran Government; the Hon. Member for York West (Mr. Marchi)—Immigration—(a) Minister's broadcast interview. (b) Request for apology.

* * *

• (1610)

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee.

Mr. Iain Angus (Thunder Bay—Atikokan): Madam Speaker, I am very pleased to be the lead-off speaker for the NDP on Bill C-19. However, I must say it is like a time warp for me. As a member of the Ontario Legislature some 11 years ago I was a member of a select committee charged with studying regulation or deregulation of trucking in Ontario. Having gone from that House to this House I now find myself back where I started, debating once again the merits of regulating or deregulating the trucking industry, not just in Ontario this time but across Canada.

That time spent on the select committee gave me a very broad understanding of the industry in Ontario and its importance to the people of that province. We travelled around the province to many communities, in fact many more communities than the committee of this House did in its study of the White Paper *Freedom to Move*. You will remember that the Standing Committee on Transport went to three communities, Halifax, Winnipeg and Vancouver, and held hearings in Ottawa as well. While I do not remember the number of communities we went to in Ontario during the 1976 hearings, it was considerable. We went through a number of communities in northern Ontario to get a sense of what trucking meant to those towns and villages and the people who reside in them so that we could understand the economic impact of changes in the regulations. Quite frankly, it appears to me that nothing has changed. Trucking is vitally important to them. It is their mainstay and they need the protection of regulation because they will not get any protection through freeing up the industry.

What I would like to do today is give you and Members of this House, and those Canadians who happen to be watching, an idea of the state of the trucking industry in Canada. I will then go into some specific examples of the impact of deregulation in the U.S. on their carriers and workers and communities, as well as the impact in Canada, and my assessment of the over-all impact on Canadians of this particular Bill.

The Canadian trucking industry, for several reasons specific to its structure in Canada, will be particularly hard hit by deregulation. While the devastating impact that deregulation had on the American trucking industry, i.e., massive lay-offs, bankruptcies, increasing concentration, loss of service to the hinterland, and so on, will be repeated in Canada, there is a real likelihood that because of the particular character of the industry here the consequences will be even more severe.

There are three features of the Canadian trucking industry which must be borne in mind when assessing the likely impact of deregulation. First, market size and orientation. Unlike the American market with its demographic concentrations, the Canadian market has only three cities with a population over one million. While the U.S. has 1,722 city pairs with a one million plus population, Canada has only six, with a huge gap between Quebec-Ontario and the west. Without regulation of the trucking industry in a form similar to what we have now there will be little incentive to maintain an east-west transportation system, the historical basis of our economic system.

An individual who is knowledgeable about the trucking industry, in a speech on October 25, 1985, to the Chartered Institute of Transport in Ottawa, Mr. John F. Kennedy of the Kingsway group of companies, gave this impression of the industry in Canada. He said that by the late 1970s it became very evident that while the Canadian trucking industry was trying to follow the growth pattern of its U.S. counterpart,

absolutely no thought was ever given to the fact that the Canadian market-place was completely different from that in the U.S. The industry simply failed to recognize that the major distinguishing market characteristic between the two nations is that Canada derives its economic strength from its natural resource base, whereas the United States generates its economic activity predominantly through its manufacturing base. In other words, Canada is mostly a truckload country while the U.S. is largely less than truckload or LTL.

The Canadian trucking industry also demonstrated an over-all lack of perception regarding other significant differences between the Canadian and U.S. market-place which resulted in a massive under-utilization of hundreds of LTL terminal facilities across Canada. To begin with, for-hire trucking in Canada is estimated to be a $6 billion industry consisting of thousands of individual carriers, whereas in the United States the 10 largest carriers alone control close to $7 billion in annual freight revenues. The United States has 42 cities with a population over one million which produces a matrix of 861 major inter-city traffic arteries, whereas in Canada we only have three cities with over one million in population and a linear grid of three major city traffic arteries.

LTL weight expressed as a percentage of total weight is in the 60 per cent to 80 per cent range for most general commodity carriers in the U.S., while in Canada it is rare to find a major carrier which handles in excess of 30 per cent LTL by weight.

A further analysis of class one and two common carriers reveals that 42 per cent of all the freight handled in the U.S. is LTL, whereas in Canada LTL freight represents only 14 per cent of the over-all tonnage handled. The reason for these significant statistics is obvious when one considers that 25 major manufacturing centres in the U.S. provide the hub for all the movement of freight and generally LTL movements move in all directions from these hubs. Canada, on the other hand, has basically two major manufacturing centres and both are situated in eastern Canada. This dictates that the majority of LTL freight moves in one direction, that being east to west, and proportionately speaking there is a much smaller volume of LTL freight moving in the opposite direction.

Given this tremendous imbalance of LTL freight moving between eastern and western Canada, Canadian motor carriers have to maintain a relatively high proportion of truckload freight on eastbound lanes to offset fixed costs, and should the volume of truckload traffic decrease significantly many carriers would have to shut down their operations.

• (1620)

Our present regulatory system, with its control of market entry, pricing and commodity and destination restrictions, has intentionally created a pattern of cross-subsidization of traffic through the encouragement of transportation generalists. To cite an example given by the Canadian Trucking Association, a long-haul trucking company will give up perhaps 10,000 pounds of capacity and $20,000 in costs per trailer to move general freight, for example, manufactured goods, from Ontario to the East or West in order to obtain backhaul which includes significant movement of perishable products such as refrigerated beef or fish. This pattern of accepting less than truckload could only occur where the competition was managed and there was a predictable return on investment, for example, through regulation.

The reduction or elimination of this regulatory control in the industry would encourage the super efficient and the transport specialist to the point of driving the transport generalist out of the market. The generalist would no longer have the incentive to haul LTL. With the demise of cross-subsidization and the generalist goes the historic east-west pattern of transportation. The economic logic of efficiency and deregulation will mean the demise of service for the regions and the smaller communities of the market centre.

That is exactly what we heard in 1976 when we toured northern Ontario. The smaller communities which do not have the volume coming in, let alone going out in terms of manufactured goods, are concerned that through deregulation they will be at the mercy of whichever carrier survives in a cutthroat market. To them deregulation means increased costs and reduced service.

When the United States introduced deregulation in the trucking industry in 1980 it did not have a much larger neighbour nearby with the geographic and economic capacity to enter and predominate in the transport industry, among other things. With all of the upheaval caused by deregulation the U.S. trucking industry did not face the additional distraction of competition from an economically stronger and better prepared international competitor. Canada clearly does.

With the erosion of our east-west trading and transportation systems through the economic logic of deregulation will come the flip side of the coin. The Canadian trucking industry will be beaten in the international competition for the north-south trade. The economic stakes are high. Presently half the value of Canadian-American trade travels by truck. That is one-half the value. This generates $1 billion in carrier revenue of which Canadian carriers reserve half. Loss in jobs, equipment purchase, foreign exchange earnings, and tax revenue and the potential loss for Canada is readily apparent.

In a study the Canadian Trucking Association notes that the impending danger from American competition comes not from Canadian inefficiency but from the inherent advantages enjoyed by the U.S. These advantages include the short haul extension which the Canadian market represents for American truckers. With the purchase or creation of several terminals in Canada the U.S. trucking company has access to the Canadian import and export trade. The reverse is not true.

State deregulation has not occurred to the same degree that is proposed in the Canadian provinces. Combined with the demographic differences, the U.S. trucker will have a much greater ease of entry than a Canadian carrier into the U.S.

The penetration of the Canadian market for the U.S. trucker will invariably mean a turn-around operation close to the border where backhauls are less important. For the Canadian trucker, on the other hand, the long haul means a trip deeper into the U.S. industrial heartland with a greater difficulty of obtaining backhauls to Canada.

U.S. truckers will have a greater ability to grant discounts and contract rates based on volume because more of this international traffic will be included with their domestic traffic. The high degree of American manufacturing and industrial subsidiaries in Canada, whose exports account for 50 per cent of all Canadian exports, will likely favour a single line service to the U.S. American trucking companies will have a distinct advantage in obtaining this trade, in part because of the discounts offered by U.S. truckers to the American parent company as part of an over-all agreement for the continental business of the parent.

In November of 1985 *The Globe and Mail* reported that U.S. trucking companies are expecting that Canadian trucking deregulation will mean a continental bonanza by giving them unrestricted access to the Canadian market, thus allowing them to offer non-stop Los Angeles to Vancouver or Miami to Toronto service. *The Globe and Mail* went on to note:

> One area where the U.S. carriers are expected to make inroads is in the business currently going to private carriers. Last year, (1984) Canadian companies did about $5 billion worth of business in their private fleets, but with rates falling, they would be encouraged to shift to for-hire carriers.
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> U.S. carriers also expect to take business away from Canadians by signing deals with U.S. parent companies to transport the goods of the parent and its Canadian subsidiaries.
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> "That would settle the fate of a lot of things in Canada without Canadian companies getting a kick at the cat", Mr. Cope, (Executive Vice-President of the Ontario Trucking Association) said.

There is clearly the question of the vulnerability of the trucking industry in Canada. Given the likely demise of our historic east-west economic and transport system, weak as it is, and the impending domination of the north-south trade by the American trucking industry, there is a real concern that deregulation will quickly undermine an efficient but fragile domestic industry.

While reliable figures about the structure of the trucking industry and its financial position are not easy to come by, what figures are available portray an industry marked by many small firms and a few very large firms, all operating with a slender profit margin. The majority of the approximately 10,000 trucking carriers in Canada are small one to three truck operations with a small profit margin and an inability to weather a sustained reversal in business fortunes. Even among the very large trucking firms there historically has not been a pattern of large profits. An industry spokesman recently remarked that even in the best of times industry-wide profit levels are only around 3 per cent. In 1984, 22 per cent of companies reporting to the Ontario Trucking Association were still suffering losses.

Although the limited data available on the structure of the industry has not indicated an undue amount of market concentration up until now, the first show of deregulation is already here. In 1985 specifically there were at least four major takeovers and mergers which were triggered in large part by the spectre of deregulation. Reimer Express Enterprises bought Inter-City Truck Lines in April to create one of the largest trucking companies in Canada. In August of that year Dominion Consolidated Truck Lines and Overland Express merged to create the largest trucking company in Ontario. The same month CP Express, Canada's largest road carrier, bought Pickard Moving and Storage. As well, Direct Transportation System was sold to Canadian Motorways, creating what *The Globe and Mail* described as the biggest shake-up in the industry so far.

The Globe and Mail quoted one industry spokesman as saying that the result of these developments is a concentration of the market in the hands of a few carriers which is inevitable under deregulation. He said that "Eventually, the Canadian market is going to be dominated by five or six big companies, and they are going to fight it out". Another industrial spokesman quoted by the same paper said that his company's decision to merge was influenced by the pending deregulation. He said that "In the United States and Australia large well-financed trucking companies have been the clear winners under a new regulatory environment. We are convinced this pattern will hold true in Canada".

The myth accompanying deregulation is that with the elimination of government's visible hand competition will reign free, the economy will revive, the consumer will again be sovereign, and there will be so many winners that those few losers who fell by the wayside by the process of natural economic selection will be grateful for the chance to be martyrs for efficiency. Indeed, the centrepiece of the statement by the Minister of Transport (Mr. Crosbie) when he released his *Freedom to Move* paper was his declaration that the object of deregulation was to promote "flexibility, innovation and competitiveness".

Even if the impact of deregulation in Canada is no worse than what has happened since 1980 in the United States, the trucking industry as we know it will likely be left competitive and more concentrated than before. An American trade journal, *Fleet Owner*, noted:

> The handful of nationwide LTL carriers is consolidating its hold on the market, as predicted prior to 1980 by deregulation opponents. While some 350, mostly LTL carriers have gone out of business or severely curtailed operations since mid-1960, the industry's 10 largest companies have substantially increased their market share. Last year (1983) those 10 companies controlled more than half of the industry's total profits.

Carrier overcapacity in the United States has become a crippling problem. The executive director of the Independent Truck Owner Operators Association, a strong proponent of deregulation prior to 1980, testified before congressional oversight hearings in 1983. He said, "The effects of the Motor Carrier Act of 1980 on the trucking industry and labour have been disastrous". Both the truck load and the LTL sectors were ravaged by deregulation with "the medium-sized carriers forced out of business through the destructive practices

engaged in by large carriers through the use of discounting tactics". He cited academic studies which predicted that after the initial shake-up of the industry has been completed there will be four or five giant nationwide LTL carriers, approximately 20 medium-sized regional LTL carriers and little else.

• (1630)

Let me point out a disturbing aspect of the process we have gone through. The Transport Committee had before it the White Paper *Freedom to Move*. We were allowed to travel to three Canadian cities to talk to Canadians about what they believe might be the effect of deregulation in their various sectors. However, we were not allowed to go to the United States to talk to truckers, airline officials and government officials to discover from them, first-hand, what the impact of deregulation has been on their industries.

Quite clearly, if we are to copy the rules of the game from the United States, we should at the very least have the opportunity to meet with them and find out how those rules have worked, if they have worked at all.

Let me refer again to Mr. Kennedy's speech regarding the U.S. situation. He said that if there is one particular thing that U.S. truck deregulation has taught us, it is that nothing can be cross-subsidized in the trucking business. There has been a tremendous increase in the number of truckload carriers on the one hand and a heavy concentration of large LTL carriers on the other. The losers are the regional and inter-regional carriers who have mixed truckload and LTL operations.

But at the same time the trucking industry is not the only business sector to feel the consequences of deregulation. The small and medium-sized manufacturing companies that do not have access to the LTL volumes required to take advantage of carrier discounts are left with the burden of having to pay higher freight charges in order to offset the lower rates being charged to ship the larger volume shippers.

He went on to say that the principle of "the larger shipper pays less and the smaller shipper pays more" has some serious implications for all Canadian businesses, not just for Canadian-based trucking companies. I suggest that this applies as much to the smaller communities between major cities as it does to the smaller business operations.

The irony of deregulation is that by opening the doors to unregulated competition, it promotes concentration. In the period following the passage of the Motor Carrier Act in 1980 in the United States, virtually anyone applying for an entry trucking permit received one, I presume as long as they were fit, willing and able. By 1983 there were some 11,000 new carriers competing, setting off rate wars that chopped truckers income by as much as 30 per cent. Thousands of independent truckers, some of whom had enjoyed a stable and prosperous livelihood prior to deregulation, and others who had invested their life savings to grab a share of free enterprise when they thought they heard opportunity knock in 1980, went out of business.

In 1983 *The Wall Street Journal* estimated that the numbers dwindled from nearly 300,000 to just 100,000 since the late 1970s. Commenting on the fatal price squeeze faced by the small independent truckers, a spokesman for the American Trucking Association said, "A lot of these guys are living off their depreciation. They are in a going-out-of-business sale and they don't even know it".

Accompanying that increasing concentration of the American trucking industry were significant decreases in rates charged and industry profits brought on by deregulation. In 1983, profit levels were less than 3 per cent industry-wide and falling. Despite the ongoing economic recovery, 29 per cent of trucking companies lost money and an industry association estimated in late 1984 that as much as one carrier in five was a potential bankruptcy candidate. I wonder how many are still around.

Aside from bankruptcies, growing concentration, and industrial profit decline, trucking deregulation in the United States meant a sudden increase in truck terminal closings. In the spring of 1980 Philadelphia had 97 truck terminals in operation. By December, 1983, not even three years later, only 68 terminals remained open. In the same period, Boston, Kansas City, Pittsburgh and Cleveland also suffered a double-digit net percentage decline. In Ohio, every major city except Columbus showed a net decline in terminal closings. With these closings came an accompanying loss of terminal-oriented jobs and a reduction of choice of shippers and fee scales. Of course, this means fewer competitors.

The threat posed by deregulation to the Canadian trucking industry will have several dire consequences for Canadian workers in the industry. Clearly, they will be among the most prominent of losers should this Bill be passed. They would face a career spectre of massive lay-offs, a decline of wages and benefits for those who remain, and a deterioration in their safety and working conditions.

There are an estimated 100,000 people working in the for-hire trucking sector, with approximately 80,000 of those classified as employees, that is, workers belonging to, or eligible to belong to unions. Another 285,000 Canadians work in the private trucking sector, driving or assisting in the driving of goods from companies who own the goods such as Steinburgs or Carling O'Keefe. There are no accurate figures on the degree of unionization among the for-hire trucking sector, but it is estimated to be 60 per cent with the Teamsters, CBRT and GW, and BRAC as the predominant unions.

In the United States, deregulation has created a chaotic industrial relations environment, marked most prominently by the disappearance of hundreds of thousands of good paying jobs. It is estimated that over-all in the industry, between 250,000 and 300,000 union members have lost employment in recent years. Thousands more saw a generation of wage increases and working benefits rolled back as the trucking unions, principally the Teamsters, gave concession after concession back to the companies. The initial cause of this supply side industrial relations was the emergence of a large

number of non-union carriers freed of the restrictions of market entry and licence limitations. Since the trucking industry is labour intensive, this influx of lower cost carriers knocked the bottom out of the industry's wage structure and employment figures and the industry has been spiralling ever since.

There may be those in this country who believe that a reduction in wages will mean less cost to move goods. They forget, however, that it is those same unionized, decently paid employees who shop in their stores and buy those consumer goods. If they have less wages they will buy less and ultimately the store owner and operators will lose because of that reduction in earning ability. We should keep this in mind rather than assume that lower wages will mean a better situation nationally.

As a consequence, the ability of the trucking unions to ensure adequate working and living conditions for their members has been drastically sliced in the last five years. Wage reductions, wage freezes for extended periods, and deferral of negotiated payments until future dates are now the order of the day. Because of the wage sensitivity of the deregulated industry, a whipsaw effect has emerged; a wage concession in one company brings another, often deeper demand from another, until the cycle comes back to the initiating company that now demands a new wage concession "to remain competitive".

Other ominous emerging trends in the industry bargaining are reduction in holiday and vacation time, health and welfare and pension concessions, erosion of work jurisdiction rules, the double-breasting of unionized and non-unionized subsidiaries, two-tier wage structures, immensely decreased bargaining strength and vigorous efforts by non-union employees to keep unions out. Industry spokesmen in the U.S. have stated that while a smaller, cheaper and tamer workforce was not the primary reason for their support of deregulation, they now recognize it as its greatest blessing.

Meanwhile, thousands of former trucking employees remain on the outside staring in. Despite the proliferation of small, non-union trucking firms, there are not nearly enough jobs to make a serious dent in the unemployed truckers' ranks, even if most of the unemployed would be willing to take trucking jobs that would pay, in many cases, half their former wages and benefits. The U.S. economy has lost productive workers whose consumption needs and wants are a necessary pre-condition for an economic recovery. We certainly do not want that to happen in Canada.

One feared industrial relations consequence of trucking deregulation will be the forced conversion of company drivers into independent owner-operators. Instead of working under a collective agreement with a set wage, set benefits and an agreed upon work schedule, the driver would have to become a "tiny capitalist", with his own overhead, uncontrolled hours, and unstable income and benefit earnings. Not only does the company lessen its wage and compensation costs, but it also destroys the bargaining strength of the unions by making the driver an employee, but by another name.

Aside from massive employment dislocation, trucking deregulation threatens safety on our highways. As in other industries, the regulation of trucking was designed to ensure that the nation receives safe, adequate and continuous service to all at reasonable rates. The issue of safety is tied to the issues of entry ease, level of competition, adequate wage and benefit levels and rate of return.

• (1640)

It is obvious that with the floodgates of comptetion being opened, the scramble for freightloads will force down the already narrow cost margin. Safety in trucking and elsewhere has historically been one of the most expendable items when profits and productivity are threatened. The erosion of trucking safety is a matter which will be very difficult to police in the absence of a regulated and financially stable industry.

Regardless of safety provisions, deregulation brings hazardous road conditions. Carriers who operate on a shoe-string can hardly attend to matters of new tires or brake overhaul when they live, as a vast majority of them will, from shipment to shipment. Trucking companies will stay on the road longer as companies are forced to cut expenses to the bone. The quality of repair work and upgraded equipment will deteriorate in all but the most profitable of companies. Truckers, particularly small owner operators, will drive longer stretches and carry more overweight cargo as freight rate cutting forces them to accept any available assignment, thus increasing the danger to themselves and those with whom they share the highway.

In northwestern Ontario we have a lot of trucks on the road. They are there for a few reasons. From this side of Kenora, the eastern side of Kenora, through to Shabaqua Corners, which is just west of Thunder Bay, there are alternate routes. We have Highway 11 or Highway 17. From Shabaqua Corners to Systonens Corners, there is a single two-lane highway. From Thunder Bay to Nipigon there is a single two-lane highway. They are funnels, if you like, Madam Speaker, where all of the east-west highway trucking must take place. In addition, on all of those highways running through the north-west we have a very large concentration of pulpwood trucks, large trailer trucks hauling the harvest of our forests to the mills which are becoming located farther and farther away.

Over the last couple of years in northwestern Ontario we have had a number of very serious accidents involving pulp transport trucks. A number of lives of innocent people have been lost.

With deregulation there will be many more trucks on the road. There will be greater movement of goods from east to west by road rather than by rail. There is even talk of bringing grain from Manitoba and Saskatchewan to Thunder Bay by truck. As more of these operators, who have a dream and who are supposedly fit, willing and able, whatever that means, go

from load to load or contract to contract, they will be cutting corners.

What price will we have to pay on those northern highways for this increased traffic? What will be the pressures on the provincial Government to add to the road capacity and construct four-lane highways across northern Ontario? There will, of course, be pressure on the federal Government from the provinces to do the same thing. The federal Government is already contributing $50 million to upgrade the Yellowhead route in western Canada. There is no reason they would not be expected to pay to upgrade the Trans-Canada Highway through northern Ontario to standards equivalent to that of the prairies and southern Ontario.

I would like to give an example of the difference between regulating safety and the economics of the trade. New pulp truck trailers come with brakes on every set of wheels. There is one axle which is used only at a time when the truck has a load. I have learned through a constituent that the tendency is that when the brakes on that extra axle wear out they are not replaced. It is not required by regulation but is something the manufacturer adds. The operator uses them as long as they work but once they wear out the company cuts the brake cables and does not replace them. That is not against the law. However, it eliminates the truck's extra stopping power. That is the kind of thing which will happen as the trucking companies get squeezed and squeezed because of what will probably be cutthroat competition. They will check the manual and find that they must replace the brakes every 5,000 miles. You can be assured, Madam Speaker, they will not replace them at 4,000 miles even if they are showing some wear because the rules say "5,000 miles". In fact, I would not be surprised if they would wait for 5,020 miles or 5,100 miles before replacing them. They will squeeze those extra miles out. That is what we are concerned about.

We do not doubt that the Minister of Transport (Mr. Crosbie) believes that safety is the number one criteria, but we must look at the economic factors. First, in this case it is the provincial inspection staff who will be examining the trucks. Certainly, in northwestern Ontario we do not see them often enough. They are not always out there. There are very few of them. What about the truckers who are taking the gamble? They have the bailiff almost knocking on the door and the bank calling every day. They have Esso or Gulf demanding payment of that $4,000 fuel bill. How far are they going to stretch it? What chances are they going to take in order to stay alive in the trucking business? That is what we are afraid of.

We are not against a redefinition of the rules of the road. We recognize that this is 1987 and we have to re-examine all of the rules under which we operate, all the regulations and all the laws. Laws which were written in 1950 do not necessarily apply to the technology of today. We are not against examination of regulation or against bringing them up to the 21st century.

I can give an example, Madam Speaker. The Minister of Transport has announced that effective, I believe, 1989, all motor vehicles which are produced will have to have running lights. That is a very excellent suggestion. It is guaranteed to save lives on the highway. It will reduce the load in our hospitals. That is the kind of work we would like to see done, not creating chaos, not matching the American system, but doing it the Canadian way. We should do it in a thoughtful and knowledgeable way. We should not rush through it.

I think back to the hearings of the Committee on Transport. We had our three visitations. But, as my colleague, the Hon. Member for Regina West (Mr. Benjamin) mentioned, we did not even visit the villages of Montreal and Toronto. We did not go to northern Ontario. We did not go into Saskatchewan and Alberta. We did not go through various parts of Atlantic Canada, or through the Province of Quebec. Had we been able to do so, we might better understand the trucking industry and how it relates to their economy and infrastructure. Those are the kinds of things we should be doing if we truly want to rewrite the rules. We cannot rely just on a philosophical assumption about free enterprise. Second, we cannot allow the bureaucracy to tell us how our country should be run. Third, and most importantly, we cannot allow the United States of America once again to decide what is going to happen in this country.

I spoke the other day on Bill C-18. That is phase one. Bill C-19 is phase two. We have a third Bill coming up which deals with the marine sector. There are three elements in the deregulation move, but it is all part of the grand strategy to almost turn this into the poverty-stricken state of Canada, designated number 50 or number 51 by a little extra star on the bottom of the American flag. That is what we will become. We may still have our Parliament, but their transportation sector will have taken over. Goods will not move east-west, they will move north-south. Eventually grain will not come from western Canada and go through Thunder Bay and out the St. Lawrence, it will go through the United States. The jobs will be down there because it is cheaper.

• (1650)

Canada is important to us. This Bill, together with Bill C-18, is clearly a threat to our autonomy and our life as we know it. Quite frankly, we will not allow this Bill to go forward easily. We will do what we can to convince the Government that it is misguided in this matter.

A number of my colleagues wish to speak on the issue, whether they are from British Columbia and concerned about the movement of containers, wood, and fibre-based products, or from the Prairies and are concerned about manufactured goods coming in from Ontario, and grain, potash, and food products going out. My colleagues from northern Ontario will wish to speak, because of their concern about what this particular Bill will do to their small communities, and to the people who live there. My friends from southern Ontario will wish to speak, particularly the Members from Windsor who

recognize the threat of the domination by the United States, and the impact on trucking. My collegue from Quebec will wish to speak about that province and the impact on its economy, and, of course, those of us who are concerned about Atlantic Canada will be speaking. We believe that this Bill is extremely important. We wish to make it clear to the Government that we are not prepared to accept this change in our lifestyle lying down.

[*Translation*]

Mr. André Plourde (Kamouraska—Rivière-du-Loup): I want to thank you, Madam Speaker, for this opportunity to speak to Bill C-19 which concerns the trucking industry. Madam Speaker, like all its economic partners, Canada has now entered a new era in the transportation of goods and passengers, which requires a thorough reform of our approach to this industry. All regions in Canada are experiencing major changes in their economic structure, and because of certain new realities, we shall have to change our working habits and consumption, our production methods and what we produce, as well as the way we deal with to various problems.

Canada has gained access to new markets, which is a good thing, but others, some of which were very important, it has lost to its competitors, who for various reasons have been able to charge lower prices for the same type of products. This fierce struggle with our competitors is forcing Canadian entrepreneurs to rationalize their production operations for goods and services. Every penny saved as a result of this rationalization process will help entrepreneurs charge lower prices for goods and services, which will of course benefit the Canadian consumer. However, the decision to help make our prices more competitive with prices charged by foreign producers and suppliers will also help our country improve its trade balance. We must not forget that a large part of our economy depends on the quality of our exports.

In Quebec, the transportation industry has had a decisive impact on the economy of the province. In addition to its role in developing harbour, railway, highway and aviation facilities to open up new territories in the province, Quebec, if we consider its geographic location and the location of Montreal, also plays an important role in distributing goods to the rest of the country. It is that function, Madam Speaker, that is one of the pillars of Montreal's economic development. Efficient transportation functions are imperative in an economy like that of Quebec which exports over 40 per cent of its production. They are also imperative if Montreal and the Port of Montreal are to continue to play a major role in handling container traffic. This efficiency must therefore be maintained and enhanced if we are to continue our efforts to rebuild the economy of Quebec.

I believe the proposed reforms for the railway freight industry and the trucking sector will, and many Quebecers will agree, help to achieve this goal. The major changes which have occurred in the Canadian transport industry in the last 20 years and the deregulation of the industry in the United States in the early eighties convinced the Government and the majority of the people involved in Canada that an in-depth reform of this vital sector of our economy was required. This reform is being carried out by and for Canadians. This is an important point that I wish to emphasize. Following publication of the statement of principle *Freedom to Move* in July 1985, numerous and detailed consultations took place under the direction of Transport Canada for one year. These consultations and the hearings held by the Standing Committee of the House on Transport throughout Canada led to the development of the major components of this reform. The Government is aware that it must help Canadian businesses in this rationalization process. That is why, since its coming to power, the Government has implemented a series of major economic reforms with the basic objective of bringing us into the modern era and of providing producers of goods and services, businessmen and all Canadian consumers and workers with better adapted and more modern mechanisms to improve their living and working conditions.

Among the reforms considered essential, there is naturally the National Transportation Act and more specifically the Motor Vehicle Transport Act. Following a series of consultations with provincial Governments and in cooperation with industry representatives, it was agreed that the National Transport Act and the Motor Vehicle Transport Act should be amended and that this reform should be in accordance with the conclusions contained in the document signed by the federal and provincial Transport Ministers on February 27, 1985. Some of the basic elements contained in this agreement in principle suggest amendments to extra-provincial trucking regulations on entry and licenses as well as safety throughout Canada.

Madam Speaker, while our Government is aware that we must make our trucking system more efficient, it is not suggesting reforms which could reduce safety standards on Canadian highways. I repeat that the Government is not proposing reforms which might reduce safety standards on Canadian highways. Far from it, Madam Speaker. The Government wants to increase safety on our roads.

Bill C-19 on Motor Vehicle Transport requires that transport services comply with certain basic fitness criteria if they want to obtain a license to transport their goods from one province to another. These criteria include sufficent insurance coverage and compliance with safety standards.

As I mentioned earlier, Madam Speaker, the present federal Government and the provinces are cooperating closely to develop a national safety code for trucking to establish practical standards governing vehicles, drivers, hours of work, road safety and the requirements for accident reports and bookkeeping which the companies will have to meet. This code will provide a complete series of effective standards dealing with the safe use of commercial vehicles.

Most issues that were examined to develop the safety code are nothing new. In fact, the code contains in a comprehensive form all of the regulatory work already carried out by the provinces.

In the area of trucking or motor vehicule transportation of goods, the reforms proposed in the Bill will have very important repercussions and implications in every region. These reforms, Madam Speaker, will allow trucking operators to be more efficient because they will be allowed greater flexibility.

The new statute will provide for the ability to compete and will allow for a series of new alternatives that are better adapted to the needs of shippers, especially as concerns the price-quality ratio of services. Our reforms will enable agressive, ambitious, and competent trucking firms to handle new markets.

Madam Speaker, the legislation will have a tremendous and positive impact on the price of consumer goods since it will encourage reductions in overall transportation costs.

The competitive position of small and medium sized businesses, that are great users of motor vehicule transportation services, will soon improve significantly.

As I pointed out in my opening remarks, this nation's economic prosperity is directly linked with its ability to compete on international markets.

The cost of transporting goods is a determining viability factor for our larger producers and our major industries, including agriculture and manufacturing.

Giving producers and shippers access to lower transportation rates for their products can only widen their markets and create a significant number of jobs. For instance, Madam Speaker, let me quote a few comparative figures as between Canada and our American neighbours who proceeded with reforms and deregulated trucking in 1980.

From 1980 to 1984, employment within the American lease-trucking industry increased 2 per cent. At home in Canada, over the same period during which we maintained the regulatory status quo, that industry experienced a 17 per cent job decline.

All those factors, Madam Speaker, and many others indicate that this Government was right in bringing forward Bill C-19. In Quebec, especially in my constituency of Kamouraska—Rivière-du-Loup, and in all of Eastern Quebec, I am sure the trucking industry will meet the challenge of a new kind of competition unfettered by unnecessary regulations, and provide customers with good quality services at competitive rates.

The reform of the regulatory framework of the trucking industry will prove to be an important asset for the preservation and reinforcement of the competitive position of the manufacturing industry in Quebec and in the Montreal region where close to 50 per cent of the economic activity of the province is concentrated.

Madam Speaker, the Progressive Conservative Party considers this legislation not only as the outcome of a global philosophy, but also as an instrument of regional economic development. This Government is committed to the long term economic recovery of Canada. Considering the importance of the trucking industry is in a trade oriented economy, there was no choice for the Government but to review its transportation policies. The National Transportation Act and the Motor Vehicle Transport Act are some of the steps that it will be taking to contribute to and build upon the success of that policy. Both legislations give all the parties concerned an opportunity to achieve that goal.

Madam Speaker, as we deal with this crucial matter involving both the safety and the economic and social welfare of every Canadian citizen, we can all look forward to the benefits to be derived from this essential reform.

Mr. Ouellet: Madam Speaker, I have a question for the Hon. Member for Kamouraska—Rivière-du-Loup (Mr. Plourde) who supports this Government Bill. I find that very surprising as I am sure that prominent leaders of the trucking industry in Quebec must have sent letters to him as they sent letters to every Member of the Governement and Parliament to let them know that they opposed that Bill. I am referring in particular to a letter sent by Mr. Jacques Alarie, Executive Vice-Chairman of the Trucking Association of Quebec who says that a resolution was passed, and was in fact passed unanimously by that Association urging the Government to draft and implement a national highway safety code before phasing out the present Transportation Act; and secondly, to set out immediately the terms of the fitness test and have it come in force at the same time as the regulatory reform.

What is clear, however, is that the Quebec Trucking Association does not want Bill C-19, as long as the Government is not in a position to agree with its request for a national safety code and a fitness test. The Government says that it has initiated talks with the provinces, but it is a well know fact that some Premiers and even some Transport Ministers are opposed to this Federal Government initiative. Consequently, it is far from certain that the Government will be able to reach an agreement with the provinces regarding a uniform national safety code. Accordingly, it would be wise for the Government not to proceed with this Bill before such a code is ready. I would like to know whether the Hon. Member is aware of this representation from the Quebec Trucking Association.

I would like to find out also whether the Hon. Member knows that the Quebec associated carriers have written to the Government about their opposition to Bill C-19 for the following reasons. I am now quoting the Director General of this association who was telling us: "You probably know that the federal Minister of Transport has introduced a Bill to overhaul the National Transportation Act which will affect the Canadian trucking industry. This measure, once passed, will lower significantly the value of our operating licences. Consequently, I would like to propose a way to offset that loss."

How can the Hon. Member support this Bill which contains no provision protecting the value of the operating licences of trucking companies? Is the Hon. Member unaware of these representations or does he refuse to acknowledge them?

• (1700)

Mr. Plourde: Madam Speaker, I think the Hon. Member for Papineau (Mr. Ouellet) must know, and otherwise perhaps I may inform him, that before going into politics, I worked in the private sector for twenty-eight years, and this is also for the benefit of the other Members chatting in the back. I would like to inform the Hon. Member that in Eastern Quebec, there is a lack of trucking services. The Hon. Member for Papineau referred to the national safety code for trucks and buses. I don't see why Bill C-19 shouldn't be adopted before we go on to the national safety code, because what is the use of adopting a Bill on the national safety code if we don't adopt Bill C-19? Besides, the Hon. Member knows perfectly well that most trucking legislation is provincial, and that trucking licences and shipping rates are a provincial matter.

In fact, Bill C-19 sets out clearly that there will be negotiations with the provinces. I may add for the benefit of the Hon. Member for Papineau that in my experience, and I noticed there was a lot of talk about safety in his speech and in the speech by the New Democratic Member, in my experience in the trucking industry, I have yet to know a single private company, either small or not so small, that has neglected the safety factor in an attempt to make more money. I would say the opposite is true. And I don't think we should give Canadians the impression that Bill C-19 is going to destroy the trucking industry in Canada. In fact, the purpose of this legislation, which will apply across this country, is to deregulate the industry and thus give smaller companies a chance to be licenced for extra-provincial trucking.

Mr. Ouellet: Just a very short supplementary, Madam Speaker. The Hon. Member must know a company in his riding, called Anjou Transport. Before the Hon. Member rose in the House to support this Bill, did he consult with this major company in his riding, and what did the company's management have to say about the Bill?

Mr. Plourde: Here again, Madam Speaker, the Hon. Member for Papineau has not heard the latest news—Anjou Transport no longer exists. It was bought by Cabano Transport interests a few months ago, and I happen to know these people very well, just as I also know Théberge Transport. The Member for Papineau, you will understand that transport deregulation—

The Acting Speaker (Mrs. Champagne): Order, please. I would ask the Hon. Member for Kamouraska—Rivière-du-Loup (Mr. Plourde) to address the Chair rather than his colleague. The Hon. Member has the floor.

Mr. Plourde: Madam Speaker, I apologize for this oversight. As I was about to say, on the contrary in the eastern region of Quebec a number of private transport companies have been bought by others, and this is where Anjou's Cabano group comes into the picture, as the Hon. Member said. Madam Speaker, I was going to say that what has been happening in eastern Quebec in recent years is that people like Cabano Transport have been strong enough to buy at least three other companies and, in my estimation, deregulation through Bill C-19 will make that company even more prosperous.

The Acting Speaker (Mrs. Champagne): Questions. Comments. Debate. The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria).

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, I am pleased to take part today in the discussion of Bill C-19. I would like first to commend my colleague, the Hon. Member for Papineau (Mr. Ouellet), for the excellent work he has done on behalf, not only of the Liberal Party but of all Canadians who will benefit from his contribution, and for the way he defended them against this Government who never listens to reason, as you no doubt know. I would like to extend my congratulations to the Hon. Member for Papineau. I know that deep down, certain Conservative Members think exactly as I do, but you know how those Members can be partisan at times, Madam Speaker, and I am sure they would like me to send that message for them, since they cannot do it by themselves.

Earlier today the Hon. Member for Papineau asked another Member in this House whether he had been in touch with the various transportation firms in his constituency. This was really a good question, because it is something we should all do when we want to deal with that matter. I myself, today, had an opportunity to have a talk with GTL, Glengarry Transport Limited, in my constituency of Glengarry—Prescott—Russell.

• (1710)

[*English*]

Glengary Transport has 2,000 employees. It is by far the largest single employer in the constituency that I represent. Not all of its jobs are located in my riding. As a matter of fact, a larger number of them are located in the City of Montreal than in Glengarry, strangely enough. However, this company with its 2,000 employees has 5,000 different vehicle units. It is the seventh largest trucking company in Canada. It is a family-owned busienss. It is not a multinational or anything like that and belongs to the Lefebvre family of Alexandria. We are very proud of the fact that there is such a company located in the constituency that I represent.

[*Translation*]

I learned from Mr. Pierre Vaillancourt and Mr. Paul Poirier, of Glengarry Transport, today, that 20 to 30 per cent of all their employees could in the end lose their jobs because of Bill C-19. I do not know if you realize it, Madam Speaker, but that is a lot more jobs than were lost for instance in other industries in the Montreal area and elsewhere, and that gave rise to much concern in this House. When I say 30 per cent of 2,000 employees, this means 600 people, whether in the Montreal area, in Western Canada or in my own constituency. We know how much concern was shown in this House when the Gulf refinery employees for instance lost their jobs and

Members from all parties rose to comment. I find it rather interesting today to see that Opposition Members rise, but contrary to what happened on other matters, Government Members keep to their seats today, although they could themselves face job losses in their own constituencies because of this legislation.

[*English*]

One thing Glengarry Transport told me was that according to that company, large U.S. trucking companies would be able to come into Canada under Bill C-19 and lower prices in a predatory fashion, taking over the largest paying runs and abandoning the rest. Of course, many of the small communities would lose altogether the transportation services they have been using.

I find it interesting to note that four trucking companies in the United States have greater revenue than all of the trucking industry in Canada. Those four companies are Roadway Express Inc., Consolidated Freightways, Yellow Freight System Inc. and United Parcel Service which is commonly known as UPS, and together they are larger than the whole industry in Canada. Needless to say, there is a giant of an industry across the border. Other Hon. Members have referred to it this afternoon and it is not just rhetoric, it is fact and well known to all of us.

[*Translation*]

Considering the many facts brought to light by several Members of this House, including the Hon. Member for Papineau (Mr. Ouellet), Madam Speaker, we wonder why the Government is proceeding so quickly with deregulating this industry; one reason is that the Government published earlier this year a working paper and decided right away to translate into a legislation the contents of this document.

[*English*]

The consultation document to which I referred was known as *Freedom to Move*. The Government produced this paper and sent it off to a parliamentary committee. The committee met briefly, and I say "briefly" because when dealing with something this important we needed to have hearings in all the regions of Canada. Yet we know that the Provinces of Newfoundland, Prince Edward Island, New Brunswick, Quebec, Ontario, Saskatchewan and Alberta were not even visited by the parliamentary committee, and neither was most of the North. One really must wonder what difference it would have made to the Government if it had let the committee sit another three or four weeks to ensure that the members of the committee were well apprised of all the regional interests and of the opinions of people living in the provinces I named only moments ago.

It is also interesting that the country just to the south of us has recently experienced deregulation. There are some who claim that that was a great thing, but I am not one of them. Surely if it was so great, we should have been able to see what they were doing. Why could we not spend time seeing what they did there in order to gain whatever benefits there were, if there were any, without copying the mistakes, and we know that there were some of them because no legislation is flawless. What would have been wrong with that idea? No, the Minister of Transport (Mr. Crosbie) wanted a report immediately so that the Conservative Party could say to those people in Canada who are very conservative that it has freed private enterprise. Conservative Members wanted to be able to say that, even though a very large segment of that so-called free and private-enterprise sector did not want to be freer than it was at the time. However, that was the view of the Government.

[*Translation*]

Madam Speaker, I do not mean to say that it would be impossible to deregulate in any way the trucking industry in this country. Obviously this industry, like others, is changing and from time to time legislation must be amended to reflect these changes.

I am sure that Members from all parties in this House agree that such changes should be included in the legislation passed by the House of Commons. However, why is it so important to proceed that fast?

I think, Madam Speaker, that the Government has passed those bills or has tried to pass them as quickly as possible in order to satisfy a small number of Conservative supporters who definitely wanted to deregulate whatever they could and then brag about having done so.

[*English*]

I spoke moments ago about the issue of predatory pricing practices that could occur on the part of U.S. trucking companies after deregulation under Bill C-19. It is interesting to note that when the trucking association presented a brief to my colleague, the Hon. Member for Papineau (Mr. Ouellet), and others on the committee, it stated:

• (1720)

Competition Act provisions relating to predatory or discriminatory pricing have limited application to transportation.

Bill C-19 is silent on the question of predation, meaning that the Canadian for-hire trucking industry is being thrust into a continental marketplace increasingly dominated by a handful of $billion U.S. general freight carriers with absolutely no safeguards and certainly no assurances that those dominant continental truckers will provide a significant number of jobs in Canada while tapping key industrial markets.

Those are not my words, those are the words of people who are in the business. Those are the words of people the Conservative Party is pretending to defend in this House and elsewhere.

If Conservative Members are indeed such defenders as they pretend to be, why do they not realize that this Bill, along with Bill C-18, must go back to a parliamentary committee so it may receive a thorough airing right across Canada? That way, we will know about its possible ill effects and we will be able to improve the legislation and provide a transition period that will ensure that whatever deregulation occurs is done in such a way that it would not harm the industry, the safety of Canadians

and the security of Canadian jobs. Surely that is not too much to ask.

In a recent address, the Minister of State for Transport assured the industry that the Government would not sit idly by and allow the industry to go to hell in a hand-basket should the deregulatory process prove to be overly disruptive. If that is the case, why did the Minister or Ministers of Transport not listen? Sometimes we have two Ministers of Transport and sometimes we have only one, depending on whether or not Ministers of State for Transport happen to get fired that particular week. Whether we have one or two such Ministers, the fact remains that they should be able to listen to those concerns and to practise what they preach. They should be able to adhere to the statements attributed to the Minister of Transport.

In conclusion, this Bill in its present form would result in severe damage to the largest employer in the constituency I represent, Glengarry Transport. It would result inevitably in similar damage to other industries as well. I ask the Government to listen to the advice given to the House by the Hon. Member for Papineau who has been speaking very eloquently to us for the last number of days on both transportation Bills. He has been telling us how it should be done and how to do it the right way the first time without listening to idle rhetoric from Ministers who are telling us not to worry because, if the industry goes to hell in a hand-basket, they will pick up the pieces. That is not what the industry or Canadians want to hear. They want us to do it right the first time. Surely that is what we were sent here to do. That is what I ask of my colleagues in this House and surely it is not an unreasonable request.

The Acting Speaker (Mrs. Champagne): Questions or comments.

Mr. Reid: Madam Speaker, I listened with interest to the comments made by the Hon. Member and I sometimes wonder whose book he is reading. In an earlier day the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy), as Minister of Transport, was prepared to introduce legislation almost identical to that proposed in Bill C-19. Indeed, he went so far as to say to the provinces that if they did not agree with regulatory reform we must act unilaterally. Something has to be done about the trucking mess we have in the state of Canada today.

Mr. Robichaud: State?

Mr. Reid: The Minister said it was a necessity. Yet now we hear different from Members opposite. If they feel as strongly as they seem to, would they be kind enough to explain the inconsistency?

Mr. Boudria: Madam Speaker, I must say I found it interesting to hear the Hon. Member inadvertently refer to our country as the state of Canada. There is something symbolic in that. I am sure there must be some kind of a subliminal Republican wish on his part; it is not just that his Leader is acting as though he was the president.

Mr. Rossi: The best Prime Minister the United States ever had.

Mr. Boudria: Yes, that could very well be true.

The Member asked me whose book I am reading from. Contrary to most Conservative Members, I usually try to speak what I have on my mind instead of what some speech writer wrote for me. I was sent here to speak for my constituents.

• (1730)

The Hon. Member asks why we do not want any change. I bring to his attention the question of why it is necessary to deregulate so quickly. The Canadian Trucking Association said it is not simply a question of whether U.S. truckers would have a long-term cash flow advantage over Canadian truckers. If the disparity is as great as it appears, Canadian truckers who are serious about long-term participation in serving an integrated continental transportation market-place will increasingly be persuaded to relocate their international operations in the U.S., operating back into this country using U.S. equipment and U.S. employees. The implications of that scenario go far beyond the immediate interests of truckers. I ask the Hon. Member, if it is so great why does the industry not want it?

Mr. Reid: Madam Speaker, I would just like to point out that the state we live in is a state of democracy and we all have the opportunity to express our opinions and take the pulse of the nation.

It is not so long ago that the former Liberal Minister of Transport said that the trucking industry in this country is in a state of turmoil, using the word "state" in a different context. He said the former Government was somewhat inclined to make an investment in a Canadian trucking industry which was operating in major parts of the U.S. It is a two-way street.

The Hon. Member asks what is our hurry. His former Minister of Transport found the trucking industry in such a mess that we have to act and clear it up as quickly as we can. That is what we have been doing ever since we took over the responsible role of Government.

Mr. Boudria: Madam Speaker, if we hear the word "state" mentioned any more often in this House the statue of Mr. Diefenbaker outside is going to start moving and it will not be in a way complimentary to the Hon. Member.

The Hon. Member talks about a two-way street. I wonder if it ever occurred to him that when there is a two-way street both sides should be the same width. That is certainly not the case right now. Surely he knows that depreciation and operating costs in the American trucking industry are different. Their laws are not the same. Yet we want to create a climate in which we will ask the Canadian industry to compete

against that. The industry has said it cannot do it. It will have to move across the border and truck back. Surely that is not what we were sent here to do. We are not here to represent the U.S. trucking industry, we are here to represent the Canadian industry. Not too many U.S. truckers voted for me in the last election. As a matter of fact, not all that many voted against me either. There are none in my riding that vote, or most of them do not.

The point is that we have to go back to the drawing board, as the Hon. Member for Papineau said. Let us have hearings across the country. Let us listen to what the people of Canada want and then do what is right the first time instead of messing it up and picking up the pieces the way the former Minister of State for Transport said in his speech not that long ago.

Mr. Cochrane: Madam Speaker, there are two or three parts to my question and the Hon. Member may want to make a little list. He is fairly good at that so he may want to do it that way. This will be sins of the past Government, although I know he does not list those very well.

In 1982 the U.S. Government issued a moratorium on granting licences to Canadian truckers to operate in the U.S. That action was taken because of a lack of reciprocity between the U.S. and Canada. They were issuing licences to Canadian truckers but we were not doing the same thing for their truckers. The moratorium existed for six months and was only lifted when the Brock-Gotlieb agreement was signed. Under its terms the Liberal Government agreed to provide full, fair and equitable opportunities for truckers from both countries to compete for the carriage of international traffic.

Are the Liberals now saying we should go back on that agreement and again keep Americans from getting Canadian licences? If so, what would they suggest be done when the American Government again issues a moratorium and Canadian truckers lose the American business they are now enjoying? What does he suggest be done about the 2,000 licences which U.S.-based carriers have received since 1982? Surely he is not suggesting that we retroactively revoke those licences and ruin those businesses, not to mention the harm that would come to those Canadian shippers relying on those truckers, or the effect it would have on Canadians employed in the industry.

The Acting Speaker (Mrs. Champagne): The Hon. Member may want to leave a minute for a reply.

Mr. Boudria: Madam Speaker, I thought it was a filibuster for a while.

The Hon. Member speaks of the 1982 moratorium and he is quite correct. It was interesting to note that it was lifted when an agreement was signed with the full accord of the trucking industry.

I return to the point that I raised with the Member. If this Bill is so great, why is the industry not in accord? The industry is against it. I am not saying that the status must always remain the same. Of course there must be changes. However, we are going at this too quickly and deregulating too much. We are going about this in the wrong way without consultation with and agreement of the industry. We should send it back to committee as the Member for Papineau suggested so eloquently not too long ago.

Mr. Dan Heap (Spadina): Madam Speaker, Bill C-19 is an Act respecting motor vehicle transport by extra-provincial undertakings. There are several points I would like to make in this debate. As has been pointed out by several speakers, including our own critic on the matter, there are some very serious flaws in this Bill which were created because the Government cut off hearings and would not listen to many people in our country who have knowledge of the transportation industry. The Government insisted on pushing this Bill into Parliament over the objections and unheard arguments of people who are responsible for many sectors of the transportation industry in Canada, particularly the trucking industry.

• (1740)

If this legislation is enacted, it will dismantle a great deal of the legislation that has been built up through generations of often bitter experience. It may well benefit a few shippers or truckers in the short run. However, in the longer run the result will be chaos, rising costs, and the decline of the Canadian industry. Once the Canadian industry has been destroyed we will be at the mercy of a foreign-owned industry, to a far greater extent than we are now.

This Bill needs substantial reconsideration through consultation with those who work in the industry, such as the Canadian Truckers Association. The first aspect is the rather simplistic, even foolish, emphasis on changing immediately from the concept of public usefulness in a crowded jurisdiction to the principle of reverse onus, that is, that you must prove it is not needed, or anyone who can get in. Eventually, if you have a truck and a licence you will be in business.

Roads are provided at public expense and there is a limit to what can be done on them. In Toronto, roads are being continually repaired and sometimes widened to accommodate the growing traffic. If the traffic is allowed to grow without constraint, governments will not be able to keep up with the repair and maintenance of the roads.

The test of public utility has already failed. About 10 years ago the then Conservative Government of Ontario donated to Greyhound Bus some of the gravy runs which had been built up by a publicly owned corporation, Grey Coach, a subsidiary of the Toronto Transit Corporation. Without having done any of the spadework, Greyhound was allowed to take the runs between Windsor, Toronto, Buffalo and Sudbury. It does not have to serve the towns in between. It cut into the best revenues of Grey Coach, which built those runs through public employment and the fares and taxes of the public over several decades. Grey Coach is still obliged to serve the small towns, at a loss if necessary. Greyhound receives the benefit and Grey Coach pays the cost. Canadian workers, farepayers and

taxpayers are subsidizing an American corporation due to the generosity of former Premier William Davis to Greyhound Buslines.

We do not want such foolishness to become widespread, as it would through the passage of this legislation. U.S. truckers would have much greater use of Canadian roads than they now have. U.S. trucks would be able to take goods from Toronto through the United States, re-entering at Halifax, Winnipeg, or Vancouver. They would be able to use roads which cost less to build and maintain because of more favourable weather. They would be able to use fuels which are priced lower than the Government prices fuel in Canada. The taxes which they would have to pay would, in many cases, be lower than the taxes charged by provincial Governments in Canada for the maintenance of roads.

In other words, they can travel more cheaply east and west between Toronto and Winnipeg by using American roads. Canadian truckers are not allowed to do that. This Bill gives American truckers freedom to haul Canadian goods over American roads. Canadian truckers, however, have no corresponding right to use American roads and will be at a disadvantage.

As has been pointed out by those concerned with the industry, domestic and cross-border trucking should be dealt with separately rather than with one quick breath, as is attempted here. We should also study what is happening in the United States before we leap into their pattern. Some of the states are having second thoughts about the wonderful dream of deregulation. Their experience has been a sharply rising accident rate since regulations have been weakened. Several states are considering the reintroduction of regulation to a much greater extent than they thought they would need a few years ago. Before plunging into this, we should study what the Americans are doing. We should invite them to come and tell us what they are doing.

My Party wanted to bring experts from the United States, not to tell us what to do, but to tell us what their experience is. The Government, in a curious burst of anti-Americanism, refused to allow an American transportation expert to come to Canada to tell us what is happening in the United States. This anti-Americanism is very curious from the Government of a Prime Minister (Mr. Mulroney) who professes to be such a close friend of the American President. Many people are wondering what uncomfortable truths would have been presented to the committee if American representatives had been allowed to speak. What fear of the truth caused the Government to shut them out? I believe we must look into that.

There are other matters we should consider before allowing such an open door to American trucks to operate in Canada. There must be some system of monitoring the arrangement, yet nothing adequate is provided for monitoring differences or disputes. Nothing is provided for arbitrating disputes. There is no effective declaration of jurisdictional. The Government is in enough trouble over codfish and the question of jurisdiction in the waters off the east coast of Canada. This question could give us the same kind of jurisdiction squabble all along the border with the United States. Nothing is provided to guard against that.

I want to refer to the matter of safety. I believe Members of the House should take very seriously the experience in the United States as reflected by a recent article written in *The New York Times*. The dateline is December 6 in Atlanta. It points out that there have been 16 deaths in Atlanta as a result of truck related accidents on the freeways in the metropolitan area, which is up from 12 last year. A one-third increase in truck related deaths is cause for concern and something we should not ignore.

• (1750)

The article by Mr. Schmidt goes on to say:

> Partly as a result of deregulation of the trucking industry in 1980, not only are there more trucks but also much larger trucks plying the nation's roads and interstate highways.

Not only more trucks, but bigger trucks will be coming here if we do not pay attention to the experience. He goes on to say:

> Safety experts also say that as competition has increased among trucking companies and independents, so has the tendency among truckers to save time and money by ignoring speed laws, cutting corners on vehicle maintenance schedules and circumventing rules on the number of hours drivers may work without resting.

Deregulation has killed people in the United States. Last year four people were killed who would not have been killed but for the growth of carelessness, negligence and bad maintenance that was promoted by deregulation. They are not the only ones who were killed, but an example of what has happened. The article goes on to give the national picture. The number of accidents in the United States involving interstate trucks rose 23.4 per cent in 1985, from 31,628 to 39,030. In other words, there were 4,500 more accidents involving trucks. Do we want this rate of increase here, by copying their deregulation and allowing those unmaintained, unsupervised trucks free entry into Canada?

Regulations for the training of drivers vary from state to state. They are now belatedly trying to introduce in Congress regulations that will control the competence and the standards expected of truck drivers across the United States. However, that is not yet in place, and in the meantime many untrained drivers could be bringing these 18-wheel rigs into Canada, onto our roads. We should not allow anything so uncontrolled and foolish as that. In fact, before these general safety regulations are put in place the federal Government should exercise its constitutional authority and, in fact, constitutional obligation for safety on extra provincial travel.

There are a number of safety concerns that the trucking industry has asked us to execute. Experience tells us that we cannot expect a busy industry to operate safely on the roads without some rules enacted and maintained by the Government. The trucking industry is asking for such things as audit and inspection criteria nationwide, a procedure for audit of

employers' records and record systems which include operator profile and driver profile. It recommends hours of service regulations. This was mentioned in the story in *The New York Times* from Atlanta. There is insufficient control over the hours of service. Of course, tired drivers are not as safe as well rested drivers. The industry recommends commercial vehicle maintenance standards. Improperly maintained vehicles will come from the United States until some standards are enacted. There should be roadside vehicle inspection. Some provinces provide such inspection more than others. We need a nation-wide system of roadside vehicle inspection.

There should be a dangerous goods trainer inspection course. Cities like Toronto are being put seriously at risk by the trucking through of dangerous loads such as toxic wastes and explosives. Many types of dangerous loads are being trucked close to if not right through residential areas in Metropolitan Toronto. We need stronger regulations to protect people in those residential areas and others. That was shown last year on the Trans-Canada Highway in western Ontario where there was a spill of quite a poisonous substance because there is not adequate inspection and control over the use of our highways by trucks. That is an obligation of the federal Government and Parliament.

Finally, there is absolutely nothing in the Bill to respond to the urgent demand, not only of the trucking industry but many other industries and Candaians for protection against predatory pricing. These mammoth companies in the United States can raid the trucking industry in Canada, cut prices for a year, run Canadian companies out of business, then charge any price they like because they will have what is, in effect, an oligopoly, with the rule of a few large companies.

There is nothing in this legislation that resembles the anti-dumping legislation for manufacturing. That is necessary because experience in the United States shows that predatory pricing destroys the smaller companies. They are the sorts of companies that the Government says it wants to encourage. Small businesses and new entrepreneurs will be wiped out by the big companies if there is no legislation to protect against predatory pricing, rate cutting, or dumping as it is called in international manufacturing.

Many Canadians want to raise these matters in the Standing Committee on Transport. What they have to say is more urgent than ever because of the experience in the United States. They also want the Government to be open enough to the truth to allow witnesses to come from the United States and tell us their good and bad experience with deregulation and let Canadians judge what we want to copy and what we want to avoid.

Canadians want to say a great deal more to this Parliament. They want improvements in transportation legislation. They want, particularly, proper safety legislation and proper protection of Canadian companies against predation from across the border. It is not true that Canadians do not want change. However, they want this Bill to go back to the Committee for hearings throughout the country so that we can get a truly workable transportation Bill.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

THE ADMINISTRATION—CONFLICT OF INTEREST GUIDELINES. (B) REQUEST FOR INCLUSION OF PUNITIVE MEASURES

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, I am pleased to participate in the adjournment debate today. You will no doubt recall, Madam Speaker, the famous words written for us by the Prime Minister (Mr. Mulroney) in the Throne Speech of October 1:

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

They are very nice words which were said in Parliament some four months ago, but nothing has happened. However, that is not the reason I rise today. On October 10 I asked a question in the House. The reason I asked the question was because I was shocked at what I heard in the Speech from the Throne. Only a year before the Prime Minster, in introducing new conflict of interest guidelines, had said: "These guidelines are the best in the western world". Mind you, that was one of the Prime Minister's more humble days. He could have said they were the best in the galaxy. Be that as it may, if they were the best in the western world, why was it that a year later we needed new guidelines?

I asked that question in the House of Commons.

[*Translation*]

And I ask the following question: "Mr. Speaker, what is at issue here is the credibility of this Government. It certainly is not a joke. If the Prime Minister is unwilling to answer, will the Deputy Prime Minister give us his assurances that the new rules will include punitive measures so there is no repetition of what we have seen so often is the past coming from this Government"?

I was precisely asking the Government to include in the conflict of interest guideline some punitive measures so that Parliament may be assured of the integrity of the system. And punitive measures are necessary, especially with the Tories in power, Madam Speaker.

[*English*]

On September 9, 1985, the Prime Minister read from a document in the House, which he tabled with a blue ribbon

around it. I am sure you remember the day, Madam Speaker. He said:

> It is a great principle of public administration—I could even say an imperative—that to function effectively the Government and Public Service of a democracy must have the trust and confidence of the public they serve. In order to reinforce that trust, the Government must be able to provide competent management and, above all, to be guided by the highest standards of conduct.

Is that not beautiful, Madam Speaker? He also said:

> We have taken great pains to ensure that the new Code leaves no doubt that the ultimate responsibility for the ethical standards of the federal Government rests with the Cabinet and, more particularly, with me.

He said: "with me", Madam Speaker. He said as well, and perhaps that is where the truth is:

> Many of these steps are long overdue, and heaven knows, this Government has had cause to regret their absence. But now they are in place, or in the process of being put in place, and we can look forward together to the dawning of a new day of trust and confidence.

I ask Hon. Members opposite, is it the new day we saw during the last two weeks when we heard of all the sordid affairs? Clearly, the question I asked in this House on October 10 deserves a real reply, not the insignificant nonsense of the reply of the Deputy Prime Minister (Mr. Mazankowski).

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I welcome this opportunity to address the matter of conflict of interest which has been raised by my hon. colleague. He will know that the conflict of interest guidelines which were instituted by this Government were far tougher than any guidelines instituted by the previous Liberal administration. For comparison, the Hon. Member might want to discuss the matter with Madam Caplan, a former Minister of the Ontario Legislature or perhaps Mr. Fontaine, another former Minister of the Ontario Legislature who had to resign under rather unfortunate circumstances.

• (1805)

When the Hon. Member was in the Ontario Legislature, he succeeded in holding back the Liberal Party from Government. When he left, they formed the Government in Ontario. I think that should be put into the hopper too. The new guidelines do not ask with what law firm your brother-in-law is employed. Perhaps they should, in view of the events during the recent week.

I wish to discuss the Hon. Member's question and response. These guidelines require all federal government public office holders to review their personal interests, and their activities, within the standards of public interest required by the Code, and to file statements indicating their compliance. In addition, those in the most senior and sensitive positions may be required to divest themselves of the interests which they hold through a sale at arm's length, or to give them over to the controlling management of a trustee through a blind, frozen, or retention trust arrangement.

It is up to public office holders to review their assets, activities, and interests on an annual basis. At such time as a new position is accepted, or there is an important change in their personal situation which might have a possible impact on their duties and obligations under the Code, it is up to them to adhere to the strict guidelines in the Code.

I see nothing in conflict with what the Deputy Prime Minister (Mr. Mazankowski) has said in his answer, nor do I see any conflict when, in the Speech from the Throne, the Government said it was considering new conflict of interest rules. That is something that is in the interest of all Members of Parliament to look at and see how they can be improved. The standards that are asked of us are being widened considerably.

I say without any hesitation, and as a personal statement, that after 10 years of practising as an accountant, and 10 years of practising law, I had no difficulty during any of those 20 years with conflict of interest guidelines, rules, or laws. They were very clear. I say at the same time, and this also is a personal comment, that the net of conflict of interest guidelines which impact on members of the Opposition, members on the government side, and cabinet Ministers is gradually being widened by the media. In this day and age, it is difficult for any Member of Parliament, or any elected representative at the municipal, provincial, or federal level to determine exactly where that conflict of interest line is. It is not black and white any more. I think that is good, and it is healthy because it is in the public interest.

When the Hon. Member calls for an answer to whether we are considering brand new ones—

Mr. Boudria: Sanctions.

Mr. Lewis: There is a sanction. The ultimate sanction for any member of Cabinet is to be asked to resign. That is the political sanction, and it is a sanction which we all understand. It is not easy to live with if you do not know exactly what the guidelines are. I think all Members of the House endeavour to live within whatever guidelines are laid down, or the guidelines that the public expect of us.

EXTERNAL AFFAIRS—UNITED STATES MILITARY SUPPORT FOR SALVADORAN GOVERNMENT

Mr. Dan Heap (Spadina): Mr. Speaker, on January 29 I raised a question relating to this Government's policy toward El Salvador and to the refugees from that war-torn country. I have received no answer regarding El Salvador.

On Monday of this week the *New York Times* reported the death of seven civilians in the village of Laguna Seca. They were killed by the Salvadoran air force carrying out that Government's policy of bombing areas where rebels are said to be. They were using, of course, American equipment.

That bombing is part of a recent strategy change by the Duarte Government, and its American advisers. For many years, former Governments relied on death squads and ground-based attacks to attack the rebels, and anyone else who dared to disagree with the Government.

The human rights violations were so blatant and prevalent that Canada ceased bilateral aid in 1981. The election of Duarte as seen by our Government is supposed to mark a return to democracy and to bring a serious decrease in human rights violations. Therefore Canada resumed bilateral aid last year over the objections of many non-governmental organizations and Canadian churches which have experience in Guatemala.

• (1810)

A delegation of prominent Canadians visited El Salvador in November and December to investigate the current situation and to evaluate the role that Canada is playing through its aid and its political support. The report of that mission for peace was not encouraging. It indicated:

> The present reality in El Salvador stands in sharp contrast to the hopes raised with Duarte's election promises, including the now notorious and bankrupt social pact, with its commitment to dialogue, democratic growth and social economic justice. Instead the Government has refused to proceed with dialogue and negotiations, continued repression, reduced social services, and increased pressure on workers and peasants to pay for the war.

They and many other reliable observers report that human rights violations are again on the rise, with assasinations of civilians, captures, disappearances, and the taking of political prisoners all increasing. They point out that selective and deliberate attacks have taken place on human rights organizations through 1986. They point out that the nature of the conflict has changed.

The civil war is now prosecuted under the United States doctrine of low intensity conflict which, in El Salvador, combines a variety of tactics ranging from physical violence, through psychological violence to individuals, to pervasive social control.

Death squads have been replaced by the bombing of villages in an attempt to dry up the sea in which the guerrillas swim. Thousands and thousands of villagers have been uprooted from their homes by the Salvadoran army and herded into refugee camps near the capital city.

Low intensity warfare uses foreign aid, such as Canada's, as one part of the psychological warfare program. Those who watched the CBC show "Man Alive" last night saw the kind of psychological warfare I am talking about—the army dispensing food in villages to the people who are captive there and not allowed to return to their homes, all to the accompaniment of propaganda and American band music. That is the new kind of human rights violation in El Salvador.

That war and the horrors it brings with it are funded by the Reagan administration which provides El Salvador with the highest per capita aid of any country in the world. That aid pays for both the traditional warfare of planes and bombs and for the new psychological warfare. The U.S. provides military advisers, U.S. piloted reconnaissance flights, and advice on how to market the image of the Duarte Government, but behind that image little has changed.

That is the message brought back by many concerned Canadians visiting that country, but the message that this Government gives is one of approval. That is how this Government helps the United States in its psychological warfare, and that is what the proposal to resume bilateral aid would do.

There is a related issue that concerns us as Canadians. The United States has been deporting Salvadorans who fled their war-torn country at a rate of more than 1,000 per year. Some 3,700 Salvadorans await deportation, with 2,300 being coerced into so-called voluntarily returning and another 1,300 awaiting their sentences.

We Canadians like to think of ourselves as a humanitarian people. We have expressed that time and again through our willingness to aid and to assist those in need. Our programs which are run by non-governmental organizations, churches, and other private groups are second to none in the world. We also like to think of ourselves as a peace-loving people, as people who advance the cause of peace wherever possible. Our Government now has the opportunity to recognize and act on those sentiments to act in accordance with the wishes of the great majority of Canadians who have taken the trouble to inform themselves about what is happening in Central America.

There are three things particularly which Canadians are asking the Government to do. First, and most immediate, it should reaffirm the policy of accepting Salvadorans at the border of the United States when they come to Canada to claim refugee status and of examining them according to our laws to see whether we find they are genuine refugees or whether there is any other humanitarian reason for allowing them to stay in Canada. Rather we should do that than to force them to return to the United States in the hope that the United States might not deport them to El Salvador, a country where many of the deportees from the United States have been murdered, according to American evidence.

• (1815)

Second, the Government should publicly tell its special friends in the American administration that Canadians do not support the American war in Central America, that that war should come to a negotiated end.

Third, the Government should end its aid program to El Salvador, the bilateral program, or better, should direct the aid to the people of El Salvador through Canadian non-governmental organizations with experience in the area under terms and conditions that guarantee that there will be no connection, no control, by the Government of El Salvador, no approval of projects by Duarte and no necessity for people in El Salvador to choose sides in this civil war in order to receive aid.

[*Translation*]

Mr. Michel Champagne (Parliamentary Secretary to Minister of Agriculture): Madam Speaker, as concerns military support and intervention by a third party in Central America, the position of Canada is well-known not only to

Members of this House, but also to the governments of the United States, the Soviet Union and Cuba, as well as the countries of Central America. As the Prime Minister (Mr. Mulroney) has stated, we deplore the fact that East-West disputes have spread to Central America and we do not approve of any country providing weapons to any faction whatsoever in the region.

In the case of El Salvador, Canada does not favour a military solution to the internal conflict. We promote a dialogue between the Salvadorian Government and the insurgents and regret that the expected third series of discussions between the two parties did not take place last September. However, we hope that these meetings can be held in the near future. On the other hand, we do not believe that legitimacy is equally shared between both parties. The Duarte Government received the support of the population in the 1984 elections which are considered by both Canadian and international observers as reflecting the will of the people.

The issue of the American policy on refugees concerns only the United States. As for our own policy, as explained by the Minister of Employment and Immigration (Mr. Bouchard), it is determined by the particular concerns and needs of Canada. In the past, there have been consultations between the two Governments on this issue and there is no doubt that the process will continue.

The Acting Speaker (Mrs. Champagne): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 o'clock pursuant to Standing Order 3(1).

The House adjourned at 6:18 p.m.

HOUSE OF COMMONS

Friday, February 6, 1987

The House met at 11 a.m.

STATEMENTS PURSUANT TO S.O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

TOXIC POLLUTION OF NIAGARA RIVER—CLEAN-UP DECLARATION OF INTENT

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the Declaration of Intent to cut in half the nine tonnes of toxic chemicals flowing into the Niagara River is a good start. However, there are some disappointing aspects to the declaration.

First, there is no commitment to carry the reduction to the logical and safe objective of zero chemicals in the Niagara River as expressed in Article II of the 1978 Great Lakes Water Quality Agreement. Otherwise, the assumption will be made that we are willing to live with the prospect of 4.5 tonnes of toxic chemicals flowing daily into the Niagara River, Lake Ontario, and the St. Lawrence River, for eternity.

Second, the reference to excavation and destruction of the toxic chemicals in dumps lining the Niagara River is only to "review and report in depth—on the state of the new and emerging technologies".

This is a far cry from what the Minister of the Environment (Mr. McMillan) said in the House on May 15, 1986, when, in quoting from the work plan "the basic objective is the extraction and destruction of the toxic contents of the dump sites", as reported at page 13317 of *Hansard*, he led Canadians to believe that extraction and destruction would be part of the clean-up plan. Clearly the effort to clean up the Niagara River has just started and a lot of political will is necessary to do the job properly.

* * *

• (1105)

SPORTS

CANADIAN FIGURE SKATING CHAMPIONSHIPS

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, the Nepean Figure Skating Club together with the Cities of Nepean and Ottawa has twice in the last decade hosted the World Figure Skating Championships and Skate Canada. That tradition is continuing this week as they host the Canadian Figure Skating Championships which were officially opened by our Minister of Fitness and Amateur Sport (Mr. Jelinek). Some 350 volunteers, mostly from Nepean, have been involved in planning this competition. More important, the 241 competitors have competed in local and regional competitions in order to compete in the Canadian Championships.

This year's contest is the largest figure skating competition ever held in Canada. The winners will go on to represent Canada next month in the World Championships and form the core of next year's national team.

Figure skating and amateur sport are healthy in Canada, thanks to Sports Canada's "Best Ever" program, good coaching, and the dedication and skills of our athletes.

* * *

BANKS AND BANKING

CANADIAN IMPERIAL BANK OF COMMERCE—CLOSURE OF OFFICES ON QUEEN CHARLOTTE ISLANDS

Mr. Jim Fulton (Skeena): Mr. Speaker, once again one of the big five Canadian banks is turning its back on a small Canadian community. I am shocked to learn that the Canadian Imperial Bank of Commerce is shutting down its last remaining offices in Sandspit and Queen Charlotte City. The Commerce is the last chartered bank on the Islands. This closure will mean the loss of 11 jobs. For small businesses, loggers, and fishermen it means the elimination of access to a financial service.

The Canadian Imperial Bank of Commerce is the third largest bank in Canada. In 1985 the Commerce registered a whopping 28 per cent profit increase, the second best increase among the majors. Last year it had a net income of $341 million taken from the pockets of ordinary Canadians like those who live on the Queen Charlotte Islands.

Members of the Liberal Party and members of the Mulroney Conservatives know how wealthy the Commerce is. It gave those two political Parties $35,000 each in 1985. Surely it can afford to put this money to more productive use by keeping these small branches open.

The scheduled date of withdrawal is Friday, March 13. It is like a rerun of a bad horror movie. I call upon the Commerce to place a moratorium on this closure, to meet with local businessmen, workers and their families. The Bank has made a lot of money from the Islands and it is important that the people get some service in return.

S.O. 21

HOUSING

NEED FOR RENTAL ACCOMMODATION

Mr. Alan Redway (York East): Mr. Speaker, last year housing starts exceeded all expectations. In fact home builders had their best year since 1978.

The real estate market, particularly in Metropolitan Toronto, has been red hot. Without the housing boom, however, the rental vacancy rate in Toronto presently at an historic low of 0.1 per cent would be lower yet. With interest rates declining and continued economic growth, housing starts in 1987 should be even better than last year. But we need more rental housing as well. The main responsibility for this, of course, lies with the provincial and municipal Governments. However, our Government could help too if the Minister of Finance (Mr. Wilson) would allow rental apartment builders and owners to write off their depreciation against other income as they could prior to 1970.

* * *

[*Translation*]

WINTERLUDE

TRIBUTE TO ORGANIZERS AND INVITATION TO ATTEND

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I should like to remind Canadians that noon today marks the opening of a festival which takes place in the National Capital here in my riding of Ottawa—Vanier. I am referring to festivities which have gained international recognition, Winterlude, organized by the National Capital Commission on the Rideau Canal and the National Capital Region.

As the scene of a wide variety of events, Winterlude offers all National Capital residents and thousands of tourists an opportunity to enjoy winter activities with their families.

On this occasion, I want to pay homage to the many people who worked tirelessly to prepare everything and make sure all facilities are ready so as to guarantee the full success of this Winterlude festival which will rank among the major attractions of the world, Mr. Speaker. Welcome to Winterlude, have fun!

* * *

• (1110)

[*English*]

POLITICAL PARTIES

ELECTION OF NEW LIBERAL PARTY CAUCUS CHAIRMAN

Mr. Bob Hicks (Scarborough East): Mr. Speaker, it is with sadness and regret that I draw to the attention of the House an unbelievable attitude emerging from the Liberal caucus toward the highly regarded Canadian Jewish community. The election of their new Caucus Chairman prompted within one hour—

Some Hon. Members: Oh, oh!

Mr. Speaker: Order. The Chair is very hesitant to interrupt any statement of a Member and particularly at this time, but I wonder if the Hon. Member could defer the statement, consider his remarks, and perhaps come back on Monday after having given it some very careful consideration. The Hon. Member for Saint-Léonard—Anjou.

* * *

[*Translation*]

CANADA POST CORPORATION

REQUEST FOR HOME DELIVERY SERVICE

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, at least two months ago, the Conservative Government put a stop to installing the so-called superboxes because they were defective.

They were the second version being installed by Canada Post. Both kinds have caused serious problems, and one fatal accident has already occurred.

On July 31, 1986, a six year old boy, Dany Di Pietro of Saint-Louis-de-Terrebonne in Quebec, was killed when a post box fell on top of him.

Instead of insisting on having the mail delivered to these boxes, the Government should let Canada Post deliver the mail to our homes.

Canada Post lettercarriers don't kill but post boxes do!

* * *

[*English*]

FORESTRY

SPRUCE BUDWORM INFESTATION IN BRITISH COLUMBIA

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, a very serious epidemic is sweeping through the forests of central British Columbia and is quickly approaching a crisis situation. Western spruce budworm infested more than 400,000 hectares of prime forest land in 1986 and will infest another 400,000 hectares this year, with another 1.4 million hectares at risk. The potential loss of the forest resource is frightening, but what is even more astonishing is that with an environmentally safe biological control agent available, the British Columbia Government says that it has no money and cannot afford it.

Twenty-one million dollars are required to control this infestation, and with the British Columbia Government now

receiving $400 million from the softwood export tax this year alone, how can that Government claim to have no money to combat this threat to B.C.'s forestry resource? I urge the Minister of State for Forestry (Mr. Merrithew) to intervene immediately in an attempt to bring the British Columbia Government to its senses and to ensure that hundreds of millions of dollars worth of prime British Columbia timber is protected and preserved.

* * *

[*Translation*]

THE ECONOMY

GOVERNMENT'S PERFORMANCE

Mr. Gilles Bernier (Beauce): Mr. Speaker, there is good news for the unemployed. Yesterday, in a magnificent show of co-operation, Quebec and Ottawa signed a new agreement on employment programs.

Under the agreement Quebec will receive $139 million annually in federal funding. It will be up to the province to approve or turn down the training plans submitted by companies with 200 employees or less. Our Government will take care of the other manpower training projects. It is expected that annually about 90,000 people can be reached under these agreements. It is good news for the people of Quebec.

The Canadian economy has been showing increasing signs of vigour in the last two years. I am thinking of the drop in interest rates, the drop in unemployment, the improved state of our public finances, and so forth.

Mr. Speaker, I would rather not go back to those black days in 1982-83 when the Liberals were in power in Ottawa and interest rates were up to 23 per cent. It was a disaster.

In fact, Canadians are doing pretty well with the Conservatives!

* * *

[*English*]

CANADA POST CORPORATION

REFUSAL TO ISSUE STAMP COMMEMORATING BICENTENNIAL OF ANGLICAN EPISCOPATE IN CANADA

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, five years ago officials of the Anglican Church of Canada asked Canada Post to issue a commemorative stamp in 1987 to mark the 200th anniversary of the establishment of the Anglican Episcopate in Canada. That request has been refused. It is beyond comprehension, but I speak of it not only because it has given offence to two million Anglicans in Canada but because it is a loss to all Canadians.

The consecration of Charles Inglis as Bishop of Nova Scotia in 1787 was significant not only to members of his church and the people of his province but to all of us. The establishment of a bishopric to serve the English-speaking settlers of Nova Scotia was a sign that those people had sunk their roots in this country and that they were here to stay. It was the beginning of what Canada is today, two traditions living in friendship side by side. What we are as a country today goes back to what those pioneers established, and it is a shame and a loss that this great event is treated as a non-event by Canada Post.

• (1115)

Some of us in this House worry about protecting Canadian culture against the Americans. Who will protect it against Canada Post?

* * *

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

VACANCIES ON ADVISORY COUNCIL

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I wish to compliment the members of the Canadian Advisory Council to the Department of Employment and Immigration, established in the late 1970s. There will be seven vacancies on that Council by this fall, and by the end of March only six of the 21 members will be women. There will soon be no native Canadian, no advocate for the disabled, no advocate for non-governmental organizations, and no one from Manitoba or Saskatchewan. In addition, there is now no advocate for older workers.

[*Translation*]

Mr. Speaker, I would like to see equal representation of men and women on the Council. I would like to see representation of native groups. I would like to see representation of the disabled and non-governmental organizations and older workers.

Mr. Speaker, last year we passed employment equity legislation. It is time we had equity on this very important Council. Now is the time to act.

* * *

[*English*]

THE SENATE

CALL FOR REFORM THROUGH ELECTION OF MEMBERS

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, unfortunately Canadians are losing faith in the Senate as an institution and it is high time we made some changes to the outdated manner in which Senators are selected. If we are going to retain the institution the public should decide who holds those

much sought-after positions. The only way to restore public confidence in that body is to elect its members. Moreover, a Senator's term should be limited to six years so a broad range of ideas are represented there.

It is very important that different regions of Canada should be equally represented in the Senate. This would not only make the system more fair but it would appear to be more fair than the present system where western Canadians and Atlantic Canadians particularly all too often feel they are shafted in the decision-making process because they do not have many Members either in this House or in the other place.

Over the next two years I hope we will see more changes in the Senate than we have seen in the last 100 years. Unless we do, the public will soon be demanding the abolition of that body rather than its reform.

* * *

THE ADMINISTRATION

NEWSPAPER HEADLINES—RCMP INVESTIGATIONS

Mr. John Nunziata (York South—Weston): Mr. Speaker, it is my respectful submission that the Government is in trouble. I came to that conclusion when I was reading the newspapers this morning. The headlines today read as follows: "Fourth friend of PM linked to Oerlikon". "PM accused of intervening in lawsuit". "RCMP conducting criminal probe of influence peddling by Tories". "PM to axe error-prone Ministers, insiders say". "Ottawa trying to make us look bad at constitutional talks, Indians say". "Justice Minister misled Canadians on appointment of Lyon, MP says".

It is quite clear that the Government has lost its moral right to govern. It has been plagued by scandals, ministerial resignations, influence peddling, patronage, and corruption. It is rotten to the core. The RCMP are so busy investigating Conservatives that they have no time to investigate murderers, rapists, and bank robbers.

Some Hon. Members: Oh, oh!

Mr. Nunziata: I call on the Conservative Government to set up a special unit of the RCMP exclusively to investigate and prosecute Conservatives.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—MINISTER OF TRANSPORT'S MEETING WITH NEWFOUNDLAND PREMIER

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Deputy Prime Minister. By now he knows that the Prime Minister's special emissary, the Minister of Transport, after meeting in St. John's, Newfoundland, this morning with Premier Peckford has concluded that meeting in total disagreement with the Government of Newfoundland. What instructions were given to the Minister of Transport for his meeting with Premier Peckford? Was he given the authority to negotiate with the Government of Newfoundland over the Canada-France fish treaty, or was he merely sent to restate the completely unacceptable federal Government position on the Canada-France fish treaty?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I do not think the Minister of Transport needs any specific instructions when it comes to looking after the interests of Newfoundland and Atlantic Canada. That principle is deeply ingrained in the Minister of Transport.

• (1120)

I can advise the Hon. Member that a meeting did take place. It was very friendly and frank.

Mr. Broadbent: That's not what I heard.

Mr. Mazankowski: Well, it is not what the Leader of the NDP heard, but I just finished talking to the Minister of Transport and I must take him at his word.

Mr. Broadbent: I talked to the Premier.

Mr. Mazankowski: It was a productive meeting. They thoroughly explored the issues involved. It may please the Hon. Member that there are still some areas of disagreement, but it was a good meeting and there will be further meetings to attempt to resolve this very serious issue which the Government and the Minister of Transport take very seriously.

Mr. Tobin: Mr. Speaker, I am beginning to believe that the Minister of Transport needs a life raft rather than instructions during these negotiations in Newfoundland.

REQUEST FOR APOLOGY TO NEWFOUNDLAND CIVIL SERVANTS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, yesterday, on behalf of the Government, the Minister of Transport, in collusion with the Minister of Fisheries, issued a statement in a telex suggesting that senior Newfoundland government officials were well aware of all of the negotiations with the French leading up to the Paris meeting. Today,

February 6, two Assistant Deputy Ministers from intergovernmental affairs, a Deputy Minister of Fisheries and a Chief of Staff, all civil servants in the Newfoundland Government, signed statements saying that those allegations by the Minister of Transport and the Minister of Fisheries and Oceans are absolutely untrue.

In the face of the statements signed today which arose out of the friendly meeting this morning between the Minister of Transport and the Premier of Newfoundland, is the Deputy Prime Minister, on behalf of the Government of Canada, now prepared to apologize to the officials who were named and who have responded, and to the Government and people of Newfoundland for the attempt to sow confusion and mislead the Canadian public about the process leading up to this Canada-France treaty?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there has been no more confusion on this issue than that which has flowed from the lips of the Hon. Member and his colleagues across the way. They seem to believe that it is in their best interest to create confusion, fear, and anxiety. They think that is the best way in which to gain cheap political points. The fact is that this is a very serious matter which no political Party should seize for political opportunity. Rather, we have an opportunity, at long last, to resolve an issue which has been outstanding for many, many years.

In case the Hon. Member has not been informed, my information is that the word emanating from France is that they sense that they got the short end of the deal and Canada ended up with the better part of the deal. Therefore, notwithstanding the confusion which emanates from the Hon. Member, the agreement is good in that it will set the stage for further negotiations to resolve this longstanding issue.

Mr. Tobin: Mr. Speaker, the only confusion which reigns in the House obviously emanates from the lips of the Member who has just spoken. He is obviously trying to communicate a message to the Premier of Newfoundland through his attack on the opposition benches. However, on this issue we are strangely in concert.

ALLOCATION OF NORTHERN COD STOCK QUOTA TO FRENCH VESSELS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, is it not true that the decision to give northern cod to the French as part of a Canada-France fish treaty was made in early December and was meant to be communicated to the Prime Minister of France, Mr. Chirac, during his scheduled, but since cancelled, visit to this country in mid-December? Is it not true that one month before the deal was signed the decision had been made in Cabinet?

Humorously enough, the French are even saying now that this is a bad deal. The Newfoundland Government and all of the Atlantic Premiers are saying that it is a bad deal. The fishermen and their unions are saying it is a bad deal. Everyone involved, except Ottawa, thinks this is a bad deal. Therefore, will the Deputy Prime Minister now do the intelligent thing? Will he cut and run, save some face, and cancel this terrible deal now?

• (1125)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member can shout and scream all that he wants. He certainly will not impress me, any Canadian, or anyone else, I believe.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: He can flash all the documents that he wants. The fact of the matter is that the Canadian Government and the Government of Newfoundland are presently sitting down to work this through. We have alluded to the fact that there has been an inadvertent breakdown in the process. We have acknowledged that and have apologized for it. That is not to suggest for one minute that it is not in Canada's interest and Newfoundland's best interest to resolve this deal once and for all.

* * *

[*Translation*]

THE ADMINISTRATION

BRODILAF-HAMA AFFAIR—REQUEST FOR CLARIFICATION OF ROLE OF CHIEF OF STAFF AND PRINCIPAL ADVISER TO PRIME MINISTER

Hon. Jean Lapierre (Shefford): Mr. Speaker, my question is for the Deputy Prime Minister. This morning's *Globe and Mail* revealed the existence of an influence peddling scheme linked to the Conservative Party and the Government, particularly in the Brodilaf-Hama case. Can the Deputy Prime Minister advise the House concerning the role played in this case by Bernard Roy, the Prime Minister's Principal Secretary and Chief of Staff?

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, I too get to see newspapers and this morning I read about the case mentioned by the Hon. Member. No political Party is immune from people who abuse the confidence of others. An investigation is under way. Someone has been condemned and the Royal Canadian Mounted Police are continuing their investigation. These measures clearly indicate that as far as the Government is concerned there will be no compromise when it comes to public morality.

INQUIRY WHETHER RCMP INVESTIGATION COVERS CERTAIN PERSONS

Hon. Jean Lapierre (Shefford): A supplementary for the Minister. The Government may have read newspapers this morning, but I know that Mr. Bernard Roy of the Prime

Minister's Office, Mr. Pierre-Claude Nolin who was a PMO special assistant at the time, Mr. Benoît Roberge and Mrs. Camille Guilbault of the Prime Minister's Office have been aware of this case since March 25, 1986. My question to the Minister: Does the RCMP investigation cover these four individuals and their involvement in the Brodilaf-Hama case?

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, I have just said that public morality is not negotiable. What we are trying to do as a Government is to dismantle this system which the Liberals set up with consummate artistry over the past twenty years.

* * *

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—PREMIER'S POSITION—REQUEST FOR RENEGOTIATION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns the deal that the Government of Canada has entered into with France on a basis that is totally unacceptable to the people of Newfoundland and which changes the fisheries regulations off the coast of that province. Considering that the Premiers of Canada have decided to hold a meeting early next week, I am informed, to express their opposition to the Government of Canada on this important matter, considering that the people of Newfoundland in particular are opposed to the deal, and, perhaps most relevant of all, considering that the Prime Minister of France said in France today that the Government of France is prepared to renegotiate this sell-out of our resources, will the Government of Canada come to its senses and accept renegotiation?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I presume that the Premiers of the other provinces are obviously interested in this issue. I am sure they would be interested in ascertaining all the facts relevant to this particular case and not the facts as presented by one side. We certainly welcome that.

As far as the statements that the Hon. Member alluded to, respecting the President of France—

Mr. Broadbent: The Prime Minister.

Mr. Mazankowski: The Prime Minister of France. I have not seen the comments and I have not been able to look at them in detail. However, it is rather interesting that France does see this as not a very good deal for it. This would only reaffirm the fact that the agreement that was negotiated was probably a good deal for Canada.

STATEMENT ATTRIBUTED TO FRENCH PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I would be glad to send a copy of the words attributed to the Prime Minister of France to the Deputy Prime Minister. He said, among other things, that this deal is clearly creating unhappiness in Canada. He did indeed say that some people in France were unhappy with it as well, which simply proves that this Government has managed to have a deal which is pleasing no one on either side of the Atlantic, and I now use words which have been attributed to the Prime Minister of France: "We should discuss and find a new arrangement". If the Government of France is now responding to Canadian and other pressure, will the Canadian Government do the right thing and renegotiate this deal in our interests?

• (1130)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pretty soon the Hon. Leader of the New Democratic Party will come around to the fact that this has not been a bad proposal for Canada. We will just wait, because it would not be the first time that happened.

I can only repeat what I said earlier. The Minister of Transport has met with the Premier of the Province of Newfoundland. They had a very frank and productive meeting. There are a number of areas which are of concern to both the Minister of Transport and the Premier of the Province of Newfoundland. However, I believe quite sincerely that those problems can be resolved. We, as a federal Government, are interested in one thing, resolving a longstanding issue and resolving it in such a way that it will be in the best interests of Newfoundland, the Atlantic region, the fishermen of the Atlantic region, and in the interests of Canada as a whole.

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Deputy Prime Minister did have a reputation for reasonableness. I talked to Premier Peckford this morning as well, after the meeting. He said his position has not changed one bit. The people of Newfoundland are still totally opposed to this deal. The Premiers of the provinces are going to have a meeting, which has to be seen as highly exceptional. For the first time in my knowledge of recent political history the Premiers have decided to meet on a single issue about which they are critical, and the Government of France has now said it is prepared to renegotiate. Why this stubbornness and inflexibility on the part of the Government of Canada? Why do you not renegotiate?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is not stubbornness and intransigence on the part of the federal Government.

An Hon. Member: It's stupidity.

Mr. Mazankowski: It is not stupidity, either, as suggested by the Hon. Member sitting over there on his seat rather than standing up and asking a question.

Mr. Young: He's up next.

Mr. Murphy: Wait.

Mr. Mazankowski: I am sure that the Hon. Leader of the New Democratic Party would certainly not expect the federal Government to walk away and say: "Here it is, take it or leave it". We are working with the Province of Newfoundland and with the industry. The discussions are ongoing. Certainly the fact that the French have taken the position they have will be a matter which will be taken into consideration.

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THE ADMINISTRATION

AWARDING OF PUBLIC WORKS CONTRACT IN DRUMMONDVILLE, QUE.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns political influence in the awarding of a Public Works contract to Brodilaf. Can the Deputy Prime Minister explain to this House how, and by what process, the Department of Public Works gave a contract in Drummondville to the Brodilaf Company when the officials inside the Department of Public Works had recommended in favour of someone else? Is it a coincidence that this Brodilaf Company is a well known Conservative firm? And how can this kind of abuse of the taxpayers' dollars be allowed to go on?

[*Translation*]

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, I answered part of this question earlier. Since the investigation is now underway, I think it would be inappropriate to comment further on this case.

[*English*]

DEPARTMENT'S RECOMMENDATION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, the fact remains that when the contract in question left the staff of the Department of Public Works there was a recommendation in favour of a company known as Hama Inc., and that is supported by a Department of Justice document I have in my hand. I want to know who changed that recommendation? Was it the former Minister of Public Works, the Hon. Member for Joliette? Was it the President of the Treasury Board? Was it the Prime Minister's Office, or the Prime Minister himself? Who did it?

[*Translation*]

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, we have an established bidding procedure, and we act according to that procedure. I said earlier that the Government has no intention of making any compromise with respect to public morality.

* * *

[*English*]

THE ADMINISTRATION

ALLEGED ACTION BY PRIME MINISTER CONCERNING CIVIL LITIGATION

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Deputy Prime Minister. A Tory fund raiser, Walter Wolf, has alleged under oath that the Prime Minister attempted to persuade him, through his lawyer, Michel Cogger, out of pursuing a $300,000 lawsuit against the Prime Minister's old friend and adviser, Fred Doucet.

Will the Deputy Prime Minister undertake to the House to enquire into these very serious allegations and report back to the House at an early date?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Yes, Mr. Speaker, indeed I will and indeed I have. Once again we have some slight inaccuracies in the reporting of this particular issue. I am advised that Mr. Cogger is not the counsel of record in this particular case. I understand that the counsel for Mr. Wolf is the firm of Lang Michener. While that name may not mean anything to Hon. Members of the House, Mr. Jean Chrétien is associated with that firm.

Mr. Gauthier: Oh, come on.

Some Hon. Members: Cheap shot.

Mr. Mazankowski: I thought Hon. Members were asking questions for the purpose of information and I am giving it to them.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: It was not intended, Mr. Speaker, as some Hon. Members suggest, as a "cheap shot". I have a tremendous regard for Mr. Jean Chrétien. He has been an outstanding Member of Parliament and an outstanding lawyer. So on that basis the Hon. Member may want to go back and check his facts and the press story. That is the information which has been given to me as of now.

ALLEGED CONTACT WITH MICHEL COGGER

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, the Deputy Prime Minister has not answered the fundamental question. Did the Prime Minister in fact contact Michel Cogger and attempt to persuade Michel Cogger that in fact the lawsuit should be dropped, and if the lawsuit against Doucet was not

dropped, that Wolf's firm would not get any more money? Is that not in fact what happened?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if there was any such conversation, I would submit to the Hon. Member it was a private matter.

Some Hon. Members: Oh, oh!

ALLEGED INTERFERENCE BY PRIME MINISTER

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Deputy Prime Minister has just admitted in this House that it is a private matter if the Prime Minister of this country places a phone call in which he makes threats about cutting off government business. I have in my hand a copy of the sworn affidavit which is part of the court record which is tabled not by the lawyer, Michel Cogger, but by the lawyer, Michael Eisen, who is the lawyer in question as reported in the story. I ask the Deputy Prime Minister whether he really believes it is appropriate for the Prime Minister of the country to interfere in a lawsuit and use his muscle as the Prime Minister to try to determine a legal outcome?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member is making some very serious allegations. I undertook in the earlier question to look into this matter. I have looked into it in a peripheral way and I indicated to the Hon. Member that Mr. Cogger was not the counsel of record in this particular case.

Mr. Gauthier: We knew that.

Mr. Mazankowski: Another firm is involved. I will attempt to ascertain further facts as I look into the matter.

STATEMENT ATTRIBUTED TO LAWYER

Ms. Sheila Copps (Hamilton East): Mr. Speaker, in the deposition, the lawyer for Mr. Walter Wolf, Mr. Michael Eisen, states:

> The legal action commenced by Mr. Wolf was discussed by Senator Cogger, among other things, with Mr. Mulroney in a telephone conversation in or about October of 1985.

If I have been able to ascertain this, I want to know why the Prime Minister is not here in the House to answer questions—

Some Hon. Members: Order.

Ms. Copps: —and why the Deputy Prime Minister is trying to stonewall the Opposition with comments about Jean Chrétien and other people who have nothing to do with this case, and hiding behind the process which the Prime Minister has quite clearly abused?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure, but this is a matter which is before the courts and I think—

Mr. Tobin: You should have told that to the Prime Minister.

Mr. Mazankowski: I think it is a matter of *sub judice*. But if there is any truth to the very serious allegations which the Hon. Member is perpetrating here, these will be matters which will come out in the court proceedings. I would suspect that that would be the most appropriate place for this to be dealt with.

• (1140)

DISTINCTION BETWEEN PRIVATE AND PUBLIC BUSINESS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is for the Deputy Prime Minister and it is along the same lines. Can he explain to us the division between private business and public business in a matter of this sort which certainly involves government business? How does he draw the line? Canadians consider public business to be extremely important and would not want to trivialize this as a purely private affair. Will he explain that division?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I indicated earlier to the Hon. Member, whose question I took in a serious vein, that I tried to answer it to the very best of my ability on the basis of the information that I had. I did undertake to look into it further. But I remind the Hon. Member that this is a matter that is before the courts. If there are allegations that come before the courts, such as those suggested by the Hon. Member for Hamilton East and others, then that is the place where this issue will be fully aired.

DEPUTY PRIME MINISTER'S POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my supplementary question is for the same Minister. Yes, it is a matter under investigation. But I think we need to understand the nature of the public involvement in this matter. The Deputy Prime Minister has not answered why, if it is a purely private affair, there is an investigation at all. How will he explain this to Canadians, who want an end to these types of scandals and who want to see Government taking the public's business very seriously? How will he cop out on this being purely private? The public's business is at stake. Will he not concede that?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will not concede, as the Hon. Member suggests, that this is a scandal. This is a matter that is before the courts. I have given an indication that I will look into it further, and I will report in due course.

ENERGY

REQUEST FOR ASSISTANCE FOR OIL AND GAS INDUSTRY

Mr. Alex Kindy (Calgary East): Mr. Speaker, my question is for the Minister of Finance. As he knows, the oil and gas industry faces a great many difficulties. It lost 30,000 jobs last year, as well as the depletion allowance. Unemployment figures this morning indicate that in Calgary the unemployment rate is 12 per cent—a jump of 2 percentage points. Does the Minister of Finance have any measures in mind that will help this industry?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think it is quite well understood on this side of the House that the oil and gas industry has been undergoing some difficulties, particularly as the price of oil has dropped over the past year. I am sure the Hon. Member is aware that the oil price has picked up in the last month or so, which will be of some benefit to the industry if that trend continues into the future. We are continually looking at various options that come before us, and we will continue to do so.

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[*Translation*]

THE ADMINISTRATION

ALLEGED INTERVENTION BY PRIME MINISTER IN CIVIL LITIGATION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Deputy Prime Minister.

I may remind him that Canadians believe everyone is equal before the law. And that is why this morning they were dumbfounded, as I was, when they heard that the Prime Minister personally intervened in a civil case to protect one of his friends and a member of his staff, Fred Doucet.

I am not satisfied with the Deputy Prime Minister's previous answer that this was a private matter. We are talking about the Prime Minister of Canada.

What I want to ask the Deputy Prime Minister concerns Government policy. Is it Government policy that the Prime Minister may personally intervene to change the course of civil litigation between two Canadians? That is the question we would like to see answered.

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there is absolutely no evidence of that at all. It is obvious that Mr. Wolf, with the help of the Hon. Member for Hamilton East, is attempting to have this case aired in the court of public opinion. It is a matter that is before the courts. If there are any complaints about it, they will no doubt be fully aired before the courts.

[*Translation*]

GOVERNMENT POSITION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I may remind the Deputy Prime Minister that the case has not yet reached the courts. In any case, the *sub judice* convention does not apply, according to Beauchesne's, Citation 337 on page 118.

To get back to the Deputy Prime Minister, I would like to ask him quite simply: Is it Government policy that from now on, the politician with the highest position in the country, namely our Prime Minister, may intervene at will in civil cases involving citizens of this country, to protect friends or members of his staff? Is that a new Government policy? Yes or no?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I thought I answered that question. There is no clear and direct evidence of the intervention of which the Hon. Member speaks. If there are any complaints—

Mr. Nunziata: There is a sworn statement under oath.

Mr. Mazankowski: If there are any complaints, such as the Hon. Member suggests, they will be fully aired in a court of law.

Mr. Guilbault (Saint-Jacques): What about government policy?

[*Translation*]

THE PRIVACY OF A CONVERSATION—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a question for the Deputy Prime Minister. A few minutes ago, he suggested that a conversation with the Prime Minister about the bidding process between the federal Government and private companies was a private conversation. It is unusual, to say the least, for the Government to take that position. I want to ask the Deputy Prime Minister to clarify the situation right away. Does the Government believe that kind of conversation is in order? Is it an entirely private matter or is it something that concerns the Canadian public?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is not what I said at all.

Mr. Broadbent: It is what you said!

Mr. Mazankowski: No. I said "If there was a conversation—". I do not know whether there was a conversation. I do not know what the conversation was about. I would assume that it was a private matter.

CONDUCT OF PUBLIC BUSINESS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, if the Deputy Prime Minister checks the record he will find out that that is not what he said. I would like to ask the Deputy Prime Minister this. Since we have had all these scandals and since in the press today we had news or allegations about three more possibly serious violations of public morality, when will integrity become the rule of public business for the Government instead of the exception?

Some Hon. Members: Hear, hear!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it would help a lot if Members opposite stopped their muck-raking, innuendo—

Mr. Fulton: Blame it on us!

Mr. Riis: It's called truth.

Mr. Mazankowski: —and suspicion that are part and parcel of the whole Opposition's attack.

Mr. Riis: What are you covering up?

Mr. Mazankowski: Members of the Opposition are not interested in constructive proposals or in being constructive. They are interested in character assassination, character destruction, muck-raking, innuendo and suspicion. That is what they are interested in.

* * *

FISHERIES

CANADA-FRANCE AGREEMENT—REQUEST FOR CANCELLATION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is for the Deputy Prime Minister. It has nothing to do with innuendo or suspicion. In answer to an earlier question posed by the Leader of the New Democratic Party he said that negotiations were still going on with Newfoundland. We know that that is not so. The Premier of Newfoundland—and it takes two to tango—has said that he will not dance to the Government's tune. We have talked to him. In light of that will the Deputy Prime Minister admit that there are no discussions going on with Newfoundland? Will he now, as the honourable man that he is, take this opportunity, in view of overwhelming public opinion across the country, including the Premiers who have agreed to meet, to cancel this odious deal which smells as awful as fish offal?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I know the Hon. Member is very sincere in his representation. However, I would simply ask him to reconsider the fact that discussions have gone on this morning and will continue to go on with the Government of Newfoundland in an attempt to address the concerns and some of the disagreements that are inherent within the proposal.

The bottom line of the federal Government is to work toward a permanent solution that would be in the best interests of Newfoundland, the Atlantic provinces and, in particular, the fishing industry. That is our commitment. That is what the Minister of Transport and the Minister of Fisheries are mandated to do. I hope that we might have the support of the Hon. Member in trying to achieve that goal.

• (1150)

PUBLIC OPINION FAVOURING CANCELLATION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, there is no way that they will ever get support for this deal on this side of the House or anywhere in the province or anywhere in the Atlantic area. Once more I ask the Deputy Prime Minister will he now respond to the overwhelming feeling of people in the Atlantic and across the country? Will he listen, on behalf of his Government, and will he now say that he will cancel that deal with the French?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think I answered that question earlier. I do not want to be flippant, but I just simply want to say that the discussions which are going on with the province, and of course the stated comments by the Prime Minister of France, will certainly be matters that will be taken into consideration as we work our way through this issue.

* * *

VIA RAIL

REPORTED REMOVAL FROM SERVICE OF PASSENGER CARS

Mr. Les Benjamin (Regina West): Mr. Speaker, I have another matter to raise with the Deputy Prime Minister which, in my opinion, is not only scandalous but incompetent and bad management. The Deputy Prime Minister knows from previous experience the difficulties VIA Rail is having with old, worn out equipment and an insufficient number of cars. One cannot get a reservation in the spring, summer, fall, or Christmas-time because they are full. Would he explain why VIA Rail has ordered 58 of its passenger cars taken out of service—stripped but not to be cannibalized—sold or leased, and eventually to end up in Mexico?

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the question is a good one. I indicate to the Hon. Member, on behalf of the Minister of Transport, that the deal is not going ahead. It is being reviewed. There is an indication, as the Hon. Member knows, that there is a reduced demand for those cars. He is asking, as is the Minister of Transport, why there is a reduced demand for those cars.

When that is investigated, I assure the Hon. Member that if it is incorrect those cars will not be leased to Mexico. I travel VIA Rail, as does the Hon. Member, and I am fully in support of his concern.

Mr. Benjamin: Mr. Speaker, I hope that turns out to be correct and that they will not be disposed of. They will require refurbishing until we can get new cars.

ORDERING OF NEW PASSENGER CARS

Mr. Les Benjamin (Regina West): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister who, I believe, sits on the Treasury Board. If he does not, he should, because he had no success with them when he was Minister of Transport. When will VIA Rail be allowed to place an order for at least 150 new rail passenger cars for transcontinental trains? Since we have been receiving announcements from him and previous Ministers for the last eight years, when will it happen so that VIA Rail can operate efficiently and provide better service to the people of Canada?

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, again the representation is a good one. The matter is being considered presently. I can only repeat—

Mr. Benjamin: Every year.

Mr. Kilgour: We restored 21 per cent of the service which was removed by the previous Government. We on this side of the House believe in VIA Rail. The Deputy Prime Minister and members of our caucus travelled from sea to sea looking into the VIA Rail problem. I can assure him that we believe in it and will do our best to make it viable.

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FISHERIES

CANADA-FRANCE AGREEMENT—ALLOCATION OF QUOTAS OFF NOVA SCOTIA

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Deputy Prime Minister. Newfoundlanders can take comfort in the fact that Atlantic Canadians and Canadians from coast to coast are supporting their claim that they have been treated unfairly with regard to the Canada-France deal on fish. The Deputy Prime Minister will know that in the Province of Nova Scotia, in an area known as 4VN, the Sydney Bight, that stocks are declining. In fact, the Minister of Fisheries has cut the quota by almost 20 per cent. The Premier of Nova Scotia and the Minister of Fisheries are outraged that 1,200 metric tonnes have now been given to France. Will the Deputy Prime Minister explain to the House why Newfoundlanders and Atlantic Canadians have to take the brunt of the incompetence of the Minister of Fisheries and Oceans and the Prime Minister? Why?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I wonder if the Hon. Member would allow me to take that question as notice and have the Minister of Fisheries respond to it when he returns to the House on Monday.

Mr. Dingwall: Mr. Speaker, I will accept the Deputy Prime Minister's undertaking. However, on another matter, if the Prime Minister of the country can call to support a friend who is involved in a legal action, surely to God the Deputy Prime Minister—and I ask him—will give an apology to the four individuals who were named by the Minister of Transport—

Mr. Speaker: The Hon. Member rises on a supplementary question, but it would seem to be another subject. I would ask him to raise the matter at another time, when it is the issue of his question.

REQUEST THAT AGREEMENT BE RENEGOTIATED

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the people of Newfoundland, the Government of Newfoundland, the Atlantic Premiers—and now all Premiers in Canada—and the Prime Minister of France have said that this is not a good agreement. The Prime Minister of France says "We have to find another solution". I ask the Deputy Prime Minister whether the Government is not now prepared to recognize that the deal is a bad one for all concerned and to sit down to begin to renegotiate one which is acceptable to the people of Newfoundland.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is a similar question which has been asked on two or three different occasions, and I think I have answered it. To state it simply, the Minister of Transport has met with the Premier of the Province of Newfoundland. There will be ongoing meetings and discussions. As I indicated earlier, the comments by France will certainly be taken into consideration as we try to work our way through this issue.

POSSIBLE REQUEST BY PREMIERS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have a supplementary question for the Deputy Prime Minister who said that the question has been asked before. If it is asked by the Premiers of Canada when they meet, will the Government then agree to cancelling the deal and sitting down to negotiate one which is acceptable to the people of Atlantic Canada?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is a rather hypothetical question. We certainly do not have any difficulty with the Premiers meeting, but we would certainly hope that the Premiers, when they meet, will ascertain all the facts surrounding this issue. Obviously there are two sides to this issue, and we would certainly be prepared to provide the Premiers with all the information relevant to the background

to this deal—how it came about and what are our bottom-line goals and objectives in reaching an agreement over a long-standing issue that other Governments feared to challenge over the years.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF LEGISLATIVE SECRETARY TO PREMIER OF SASKATCHEWAN

Mr. Speaker: I wish to draw the attention of Hon. Members to the presence in the gallery today of Mr. Sherwin Petersen, MLA for Kelvington Wadena and Legislative Secretary to Premier Grant Devine of Saskatchewan.

Some Hon. Members: Hear, hear!

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[*Translation*]

LABOUR RELATIONS

WORKER'S PAY CHEQUES—REQUEST FOR EXPLANATION CONCERNING CERTAIN DEDUCTIONS MADE AT SOURCE

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. On July 7, 1986, Judge John White, a Justice of the Ontario Supreme Court, ruled that under the Rand formula, union dues deducted from each worker's weekly paycheque were to be used exclusively for union business. It is common knowledge that the socialists opposite use these funds to finance the party. It is also a fact that the decision will be appealed. Meanwhile, will the Minister demand that the socialists put in trust the funds belonging to Canadian workers and the deduction of which is being questioned?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, that is a very interesting suggestion. I am not sure of the jurisdiction of my Department in that regard, but I will certainly look into it and get back to the Hon. Member.

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THE ADMINISTRATION

ALLEGED ACTION OF PRIME MINISTER CONCERNING CIVIL LITIGATION

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Deputy Prime Minister. It concerns the conduct of the Prime Minister. I have a transcript of the proceedings of the Examination for Discovery where Mr. Walter Wolf, in referring to Mr. Fred Doucet, said the following under oath: "He went to" the "Prime Minister" to "complain that I took legal action against him."

Q. How do you know that?

A. Because the Prime Minister called Mr. Cogger and gave him shit.

Q.—

Mr. Speaker: The Chair is in some difficulty with the particular question, although the Hon. Member is quoting from a document which is now in the public domain and was clearly referred to in the press this morning. The Chair has a problem. If the evidence from a court case is going to be used extensively as the preamble for a question, it does create some difficulties. I point out also that that is a statement by somebody about something. There has to be some limit, I think, on the extent to which Hon. Members are wont to read the testimony itself. I think the Hon. Member has laid sufficient groundwork for the question. I would ask him to get on with his question.

• (1200)

Mr. Nunziata: Mr. Speaker, while the Government maintains that the conduct of the Prime Minister is a private matter, we in the Opposition maintain that the Prime Minister's conduct is public in nature.

I would like to put the question again to the Deputy Prime Minister. In view of the evidence given by Mr. Walter Wolf, under oath, would the Deputy Prime Minister not agree that it is improper and inappropriate for the Prime Minister of Canada to intervene in a private civil suit in order to assist a friend of his?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would be very reluctant to take any action on any interpretation placed upon anything by the Hon. Member. I think if he is really honest and serious about this issue, there is clearly no evidence to support the interpretation that he has placed with respect to the involvement of the Prime Minister.

I find it absolutely regrettable, Mr. Speaker, that in a case that is being considered as a civil court case the issue should be heard and considered in the newspapers and on the floor of the House. It seems to me that the most appropriate place for this issue to be resolved is in the courts.

REQUEST THAT PRIME MINISTER MAKE PUBLIC STATEMENT

Mr. John Nunziata (York South—Weston): Mr. Speaker, this issue goes to the root of the administration of justice in Canada. In view of the statements made by the Deputy Prime Minister and in view of the serious nature of the allegations made by Mr. Wolf under oath, will the Prime Minister today make a public statement to clarify his involvement in this public case?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, what does go to

the basic root of the Canadian justice system is the element of fairness and the presumption of innocence until otherwise proven guilty.

* * *

TRADE

LUMBER EXPORT CHARGE—USE OF PROCEEDS IN BRITISH COLUMBIA

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is for the Minister for International Trade. Would she explain to this House why the $400 million that is to be raised through the export tax for British Columbia is not tied into the federal-provincial reforestation agreement which would require those dollars to be spent on reforestation in British Columbia by law? Surely by December 30 that Minister, above all others, knew in her dealings with the Premier of British Columbia, Mr. Vander Zalm, that he was a snake and unlikely to spend those dollars on reforestation.

Mr. McDermid: You do so well until you get to those cheap shots.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I am sorry the Hon. Member diluted the very good point he was making by a rather dismal and atrocious comment. I think if he would rephrase his question in a more parliamentary manner, I could answer it.

Ms. Mitchell: You are not the Speaker, Pat.

Mr. Speaker: Order. I must advise Hon. Members that the time allotted for Question Period has expired. It is time to move on.

* * *

BUSINESS OF THE HOUSE

STATEMENT BY PRIME MINISTER—AFRICAN VISIT

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question to address to the Government House Leader on a matter of the business of the House. Some days ago, before the Prime Minister (Mr. Mulroney) returned from his trip to southern Africa, it is my recollection that the Deputy Prime Minister (Mr. Mazankowski) undertook, on behalf of the Prime Minister, that once he returned he would make a statement to the House. The Prime Minister has been back for several days. He has been in the House and he still has not made a statement. Will this promise be kept or is it to be added to the list of unkept promises that is growing every day?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is true that I gave an indication that the Prime Minister (Mr. Mulroney) would be making a statement later this week. It still is the intention to have such a statement. I am sure the Hon. Member appreciates that the Prime Minister has been preoccupied with a number of other matters. I think it was the intention of the Prime Minister to await the return of the Secretary of State for External Affairs (Mr. Clark). We will certainly be in touch with the representatives of both Parties so that they will have ample notice before such a statement is made.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PRESENTATION OF SECOND REPORT OF STANDING JOINT COMMITTEE

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, I have the honour to present the second report of the Standing Joint Committee on Regulations and Other Statutory Instruments in both official languages.

Pursuant to Standing Order 99(2), the Table requests that the Government table a comprehensive response to the report.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, for about the fiftieth time, I guess, I have the honour and duty to present a petition from your friends and my friends in Senior Power Inc., people from Regina, Oxbow, Alameda, Redvers, Wawota and Alida and Glen Ewen in Saskatchewan who humbly petition this Parliament that the proposed measure to amend the Patent Act will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs and that the proposals of the federal Government will result in higher costs to the provincial Government drug plans, and they petition the Parliament of Canada to reject these proposals which they believe will increase prescription drug prices for Canadians.

TRANSPORT—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): I have a further petition, Madam Speaker, from residents of Paddockwood, Christopher Lake, Prince Albert, Spruce Home in Saskatchewan in which they submit that in their opinion transportation is a natural monopoly without economic regulation and that economic regulatory reform or, in other words, deregulation of the dimensions proposed by Bill C-18 will create unnecessary chaos in the transportation industry leading to unnacceptable

reductions in safety standards as well as deterioration in the quality, type, frequency of service, and your petitioners humbly pray that the House of Commons will have Bill C-18 withdrawn.

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, I have the duty and the honour to present some 30 petitions from constituents and from Canadian tourists to the national capital who would like to avail themselves of their ancient and undoubted right to present a grievance common to your petitioners. A decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the RCMP and the office of the Governor-General, without prior notice, and the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud, and area residents from the entire National Capital Region who have used and enjoyed the grounds of Rideau Hall, recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120 acre park to public access, the undersigned, and there are thousands of them, Madam Speaker, humbly pray and call upon Parliament to open that decision for consultation by a group of citizens representative of the large and growing opposition, in order that a *modus vivendi* be created that would satisfy both the Government and the public.

• (1210)

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Madam Speaker, I have the honour to present a petition signed by residents of Winnipeg, The Pas, and Flin Flon, Manitoba. The residents of those communities express their opposition to the Government's intent to change the Patent Act related to prescription drugs. They believe this will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs and they believe that it is yet another example of the Canadian Government's concession to the United States at the expense of average Canadians in the free trade negotiations. Therefore, the petitioners humbly pray and call upon Parliament to reject this proposal which will increase prescription drug prices for Canadians.

Mr. Vic Althouse (Humboldt—Lake Centre): Madam Speaker, I have a petition from a number of Canadians who are praying and calling upon Parliament to reject the proposals to change the Patent Act relating to prescription drugs since these proposals will increase prescription drug costs for Canadians and they humbly pray that the House of Commons react to their plea.

Mr. Malone: Madam Speaker, the last Hon. Member who put a petition before the House did so as I think it appropriately ought to be done. Those presenting petitions previously have been doing what I believe is not appropriate in the Parliamentary process, that is, they have been using the presenting of petitions as an opportunity for debate and they have been placing within the presenting of a petition a position of argument.

The whole history of Parliament has been that an Hon. Member presenting a petition is to cite its title and a sentence or two about its subject matter and then to resume his or her seat. It has not been to use the process of placing petitions before the House as an opportunity to engage in debate. I think it is only appropriate that that tradition of Parliament be respected.

Mr. Murphy: Madam Speaker, I rise on the same point of order. This is not the first time a member of the Government has tried to tell the Speaker how to allow petitions to be presented. There was an attempt by the Deputy Prime Minister (Mr. Mazankowski) to insist that he see petitions before they were presented in the House. I think the point is that people are allowed to make a short explanation of the petition. None of us have made any attempt to make long, drawn out introductions and we have followed the rules of this House quite well.

Mr. Mazankowski: Madam Speaker, with all due respect to the Hon. Member, never at any time did I insist on seeing all the petitions that were presented. I asked if they were deposited at the Table so one could see them. The Hon. Member is just perverting the facts.

Mr. Gauthier: Madam Speaker, I rise on the same point of order. I do not know if the Hon. Member was aiming his remarks at my presenting of petitions today but I took exception to them. Over 1,000 people took the time to sign the petitions I presented and they wanted them presented individually. I presented all 30 of them with names attached at one time. I think it is an unconscionable accusation to make of people who want to use their right to present petitions in the House. I cannot understand it.

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Crowfoot (Mr. Malone) made what I think is a quite justifiable comment. I know all Hon. Members who are presenting petitions do feel quite strongly about those petitions, but I would ask them to keep their presentations short and according to the rules. The Chair can be lenient, but I think, as there are many petitions to be heard today, it would be helpful for the House and for the Chair if the presentations were to be kept very short and close to the rules.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, I will attempt to follow the recommendations of my hon. friend from Crowfoot by simply reading the title and two

of the sentences in the lengthy petition. It is my pleasure to present, pursuant to Standing Order 106, three petitions, but my remarks will only reflect one of them. The petitions come from Quebec, British Columbia and the Province of Alberta. This particular petition simply says in its title that the petition of the undersigned residents of Canada who now avail themselves of their ancient and undoubted right thus to present a grievance common to your petitioners and in the certain assurance that your Honourable House will therefore provide a remedy, we humbly sheweth, and the first sentence is that the federal Government's proposal to change the Patent Act relating to presecription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Again, following the advice of my hon. colleague, the second sentence of many is that the proposed measure will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. The petitioners are simply asking the Government to remove this legislation from the books so that this rise in prescription drug prices will not occur.

Mr. Neil Young (Beaches): Madam Speaker, I too have a number of petitions all dealing with the same subject. These petitions have been certified correct as to form and content and are signed by residents of such cities as Ottawa, Kent, Orleans, Calgary and the Province of Saskatchewan. The petitioners all exercise their undoubted right to present a petition to Parliament and state that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers. They petition the House of Commons to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

REQUEST THAT CANADA POST PLAN BE REJECTED

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Madam Speaker, I have three petitions. One is from the Montreal area, one from the town of Sainte-Julienne and the last one from Saint-Jacques. In all three cases, the undersigned petitioners state that Canada Post's new corporate plan is creating two classes of citizens with the installation of permanent super-boxes in urban and rural areas; that closing rural post offices will deprive Canadians of a unique federal presence and reduce this vital service in rural regions; and that the rate increase, especially for second-class mail, will jeopardize the continued distribution of many weekly and regional newspapers, magazines and religious publications.

Wherefore they humbly pray that Parliament reject Canada Post's plan and urge the Corporation to deliver the mail to all Canadian taxpayers, without exception.

[*English*]

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Jim Fulton (Skeena): Madam Speaker, I am pleased to present to the House, in conformance with Standing Order 106, a petition certified correct as to form and content from a number of Canadians who are concerned that the present training of pilots of NATO countries in low-level flights at the Canadian Forces Base in Goose Bay, Labrador, disrupts the lives of many native people. Since it is their view that hunting, fishing, tourism and mining could provide more stable, healthy and peaceful employment, the petitioners call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) ends all low-level flight training at the Goose Bay Canadian Forces Base and that he ceases negotiations with NATO for the establishment of a larger base there.

DECOMMISSIONING OF LIGHTHOUSES

Mr. Jim Fulton (Skeena): Madam Speaker, I have a number of other petitions certified correct, pursuant to Standing Order 106, in form and content. These petitions are almost entirely from British Columbia and concern the proposal to close six West Coast light stations and to reduce the strength to a single light-keeper and an additional five. Many mariners are deeply concerned about the effect this will have on the loss of local weather services and assistance for search and rescue and they are concerned that many of these lighthouses in the remote part of British Columbia will be unmanned. The petitioners call upon Parliament to revoke the Transport Canada directive immediately and request that a complete and thorough public inquiry be held in the Province of British Columbia into the need for manned light stations on the West Coast of Canada.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Ms. Margaret Mitchell (Vancouver East): Madam Speaker, I have three petitions, all of which have been certified under Standing Order 106, and they are on the same subject but from different localities. The petitioners appeal to the federal Government to withdraw its proposed changes to the Patent Act. They are very concerned that there will be an increase in drug prices for Canadian consumers and the proposed measure will unfairly hurt Canadians whose health needs require prescription drugs. It will result in higher costs to provincial Government plans and is another example of Canadian Government concessions to the U.S. in the free trade negotiations.

• (1220)

The first petition is from petitioners in Nepean, Ontario, and Squamish, Burnaby, North Vancouver and Vancouver, British Columbia. The second petition on the same subject is from residents of North Vancouver, Delta, Burnaby, Surrey, and Richmond, British Columbia. The third petition is from a number of residents in Newboro, Ontario, who are also very concerned about this Bill and ask that it be withdrawn.

DECOMMISSIONING OF LIGHTHOUSES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Madam Speaker, I have three petitions all of which have been duly certified by the Clerk. The first relates to the elimination

of personnel at lighthouse stations on the British Columbia coast. The petitioners point out that the savings from this elimination will be negligible and there will be an increased risk to life as well as a loss of weather services. They call upon Parliament to revoke this directive immediately and request a complete and thorough public inquiry in the Province of British Columbia into the need for these manned lighthouse stations on the West Coast.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Jim Manly (Cowichan—Malahat—The Islands): The second petition relates to changes proposed for the Patent Act which will increase the price of prescription drugs, imposing an unfair hardship on seniors and provincial medicare plans and pharmacare plans. They call upon Parliament to reject these proposals which will increase prescription drug prices.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Jim Manly (Cowichan—Malahat—The Islands): The third petition relates to low-level flights at the Goose Bay Labrador Canadian Forces Base which disrupt the way of life of native people there and represent a provocative and aggressive war-fighting action in view of the practising of low-level flights into eastern Europe. They call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at that base and cease negotiations with NATO for the establishment of a larger Base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): Madam Speaker, I have two petitions, both duly certified by the Clerk of Petitions as being in the proper form. One is from a number of residents of Sorrento, British Columbia. They oppose the Government's proposal to change the Patent Act which would in their opinion cause an increase in the price of prescription drugs. That would unnecessarily hurt Canadians who live on low incomes and it would also be a further concession to the Americans' point of view on free trade. The petitioners humbly pray and call upon Parliament to reject these proposals which they believe will increase prescription drug prices for Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): The other petition is from a number of residents of White Rock, Castlegar, South Slocan, Cache Creek, Trail, New Westminster, Richmond and Kelowna, British Columbia. They are concerned about the present Canadian Forces Base at Goose Bay and its training of NATO pilots for flights into eastern Europe by using the hills of the Goose Bay area for low-level flying practise in a way which disrupts the people there and constitutes a provocative and aggressive war-fighting action. They request Parliament to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at that Base and cease negotiations with NATO for the establishment of a larger base there.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Ian Waddell (Vancouver—Kingsway): Madam Speaker, I have a petition from people in North Vancouver, Burnaby and Delta, British Columbia, in which they ask that the federal government proposal to change the Patent Act relating to prescription drugs be withdrawn. They say it will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. In other words, they do not want the Government to cave in to the multinational drug lobby and I would like to table this petition.

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mrs. Sheila Finestone (Mount Royal): Madam Speaker, I rise today on a serious issue of concern to people from Dorval, Montreal, Toronto, Ottawa and other places. Their concerns relate to the decision to close the Rideau Hall grounds. The decision was made by the National Capital Commission, the Department of Public Works, the RCMP and the office of the Governor General without prior notice. The closure of this attractive and tranquil park affects thousands of visitors to the Capital who hold Canada's unique and accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canada and Canadians are so justly proud. Area residents have used and enjoyed the grounds of Rideau Hall and they recognize the security concerns which prompted the closure decision. However, they cannot accept a blanket closure of the 120-acre park to public access. Therefore they humbly pray and call upon Parliament to open that decision for consultation with a group of citizens representative of the large and growing opposition in order that a *modus vivendi* be found to satisfy the needs of both sides. I am going to table about 25 petitions in that regard.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): As you well know, Madam Speaker, I have previously presented my serious concerns about the book tariff and I continue to urge the Minister of Finance (Mr. Wilson) to take this into consideration. I now have before me—

The Acting Speaker (Mrs. Champagne): Order, please. This is the time for petitions. I do not think the Hon. Member wants to be urging the Minister to do something when she should be telling us about the petitions.

Mrs. Finestone: Madam Speaker, it was because he is present in the House and I thought he might listen to this petition. I will direct the petition to you with the hope that other ears of importance are listening.

The Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited access by Canadians to literature. It is a tax on reading. The tariff has had little negative effect on the publishing industry in the U.S., yet it has penalized Canadian consumers, book

publishers, sellers, distributors and Canada's culture. There has been a serious drop in the number of units sold, particularly those of children's books. Rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. Therefore the undersigned pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations. I table about 300 names in that regard.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Cyril Keeper (Winnipeg North Centre): Madam Speaker, I wish to table a petition signed by residents from my constituency of Winnipeg North Centre. They indicate that the federal Government's proposal to change the Patent Act relating to prescription drug prices will increase drug prices for Canadian consumers. They call upon Parliament to reject those proposals immediately.

* * *

The Acting Speaker (Mrs. Champagne): At this time I wish to bring to the attention of Hon. Members that the time recorded under Bill C-19 in today's projected Order of Business is wrong. The time remaining for debate is six hours and 42 minutes.

* * *

• (1230)

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, there have been discussions among the Parties and I think you will find a disposition to pass the following motion unanimously. I move:

That, notwithstanding any Standing Order and further to the order of this House adopted on Friday, January 30, 1987, when the Minister of Finance has completed his presentation of the Budget on Wednesday, February 18, 1987, the House shall immediately revert to introduction of Bills in order to provide for the introduction of the Bill respecting borrowing authority, and the House shall then resume consideration of Ways and Means proceedings No. 10.

Motion agreed to.

* * *

ENERGY, MINES AND RESOURCES

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. Ian Waddell (Vancouver—Kingsway) moved:

That the first report of the Standing Committee on Energy, Mines and Resources, presented to the House on Wednesday, November 5, 1986, be concurred in.

He said: Madam Speaker, this being my motion, I would like to speak on it. The first report of the Standing Committee on Energy, Mines and Resources, presented to the House on November 5, 1986, dealt with the consideration by the committee of a number of Order in Council appointments. That was a first because it came under the new rules of Parliament which allow MPs to consider government appointments. The committee was particularly concerned with the appointment to the Atomic Energy Control Board, the National Energy Board, and to the Chair and Presidency of Atomic Energy of Canada Limited. I think you have a copy of the report on file.

I have moved to debate the report because I am concerned that the Government has been blocking a debate on the nuclear industry in Canada. The previous Conservative Prime Minister, the Hon. Member for Yellowhead (Mr. Clark), promised in 1979 that there would be an inquiry into the nuclear industry. He had perhaps started to move toward that, but was not around long enough to have a national public inquiry. There have been provincial inquiries on the nuclear industry, but never a national inquiry.

The national Government is deeply involved in atomic energy through the Atomic Energy Control Board which regulates the nuclear industry and to which some of the appointments were made. It is involved in Atomic Energy of Canada Limited, the Government Crown corporation which manages and develops atomic energy in Canada, including the Candu reactor and the new facilities 220 meters beneath the Canadian Shield in Manitoba which I had the honour of visiting last week. They are experimenting there with the disposal of high level nuclear waste, meaning those from nuclear reactors. The Government is also involved in Eldorado Nuclear.

I look more dishevelled than usual this morning, Madam Speaker—

Mr. Wilson (Etobicoke Centre): No, no.

Mr. Waddell: The Minister of Finance (Mr. Wilson) says I look my normal dishevelled myself. I had to get up very early this morning in southern Ontario and drive the beautiful 300 miles from Port Hope, Ontario, to the gentle atmosphere of Question Period in the House of Commons where we considered more scandals.

I was in Port Hope last night to hold an inquiry on behalf of the New Democratic Party into the nuclear industry there. Last night we heard from people who are concerned about the low level waste disposal, that is, all the nuclear waste which was mined in the past through refineries and by Eldorado Nuclear in Port Hope, Ontario. Port Hope is about 120 kilometers east of Toronto. I heard from 13 people representing unions, government bodies, industry and from ordinary people who live there regarding their concerns about nuclear

waste. It is a big concern in the country. The Government of Canada is deeply involved in that.

This is an opportunity for the House to consider the appointments which were approved by the Energy, Mines and Resources Committee of the House of Commons. We in the NDP were particularly concerned with one appointment which was not made. It was the very shameful treatment of a prominent Canadian, Ursula Franklin, a distinguished scientist from Toronto. She was appointed to the Atomic Energy Control Board by the former Minister of Energy, Mines and Resources. The appointment was suddenly revoked.

I see the Hon. Minister for International Trade (Miss Carney), the former Minister of Energy, Mines and Resources, in the House. I hope she will take part in this debate. The Hon. Minister is a good friend of mine in many ways. She has done some good things in her career. However, I suggest to her that this will go down as a black mark. Perhaps it was not entirely her fault, but she appointed Ursula Franklin to the Atomic Energy Control Board and then that appointment was revoked because—

Miss Carney: She wouldn't sign the security oath.

Mr. Waddell: No, it was not because she would not sign the secrecy oath, it was because she raised the question of the nature of the secrecy oath. I will not go through this in debate today, but I went through it chapter and verse in letters that were sent.

The fact is that Erik Nielsen, the then Deputy Prime Minister and other people in the atomic energy establishment realized that the Hon. Minister had actually appointed someone who had an open mind about the nuclear industry and who would not be, if you will pardon the expression, a patsy for the atomic energy establishment. It was a good appointment of a distinguished Canadian, a prominent woman scientist, and it was shamefully revoked because Ursula Franklin had asked about the nature of the security oath. She did not say that she would not sign an oath. She did not say that she would not take the oath.

The Government revoked that appointment and the position was open for a year and a half. In the committee report to the House which we are now debating it is indicated that Mr. Robert N. Farvolden was appointed as a member of the Atomic Energy Control Board to replace Miss Franklin.

Quite frankly, I am surprised that more Conservative Members did not take up the cause of the shameful treatment of a prominent Canadian woman. I thought some female members of the Government would have raised this question, but they let it slip by.

• (1240)

I have just been informed that the appointment of Ursula Franklin was revoked before she even requested clarification of the secrecy oath. That is a serious charge. The Government hid behind the letter she had written asking for that clarification, which means the questions of the secrecy provision was a red herring.

Atomic Energy of Canada is very secretive because it was established after the war when we were developing nuclear weapons. The law was set up during the cold war in the 1950s, which means the industry was associated with weapons. There was also the belief that it was necessary to develop atoms for peace, as President Eisenhower said, so that nuclear technology could be used for peaceful purposes rather than for something as horrific as the bombing of Hiroshima and Nagasaki. That secrecy has bedevilled the industry since its development. Only recently have we begun to see Atomic Energy of Canada become more open. In fact, the Government promised to conduct an inquiry into the nuclear industry. However, since the Government has refused to do so and the Liberal Party is totally committed to nuclear energy while ignoring the environmental implications and other questions about nuclear energy today, the New Democratic Party has conducted its own inquiry.

Let me relate what I have learned in the past few days. I visited Port Hope yesterday, where I learned about low-level nuclear waste. Sweden will phase out its nuclear industry in 40 years. I admit that if we take similar action, we must provide alternate jobs for the workers in the industry. Last night I talked to workers in the industry and heard concerns about safety and future development of the nuclear industry. It is projected that nuclear energy will represent about 13 per cent of the energy use in Canada to the year 2000.

When the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) and myself went to Toronto to hold further hearings, we heard from the Samiid people, who are reindeer herders in Sweden. They indicated that they were initially in favour of nuclear power because they did not want the valleys in central Sweden to be flooded. They supported the construction of reactors in Stockholm, especially, because they had faith in the competency of Sweden's technicians. However, the Sami people said that they even felt better when the Swedes told them that—

The Acting Speaker (Mrs. Champagne): The Chair has read the report from the committee and finds it difficult to reconcile what the Hon. Member is saying with what is in the report. Perhaps the Hon. Member could make his remarks pertain more closely to the report. It would be helpful to the Chair.

Mr. Waddell: Madam Speaker, I am relating what we heard in our nuclear inquiry to the appointments that deal with the Deputy Minister of Energy, the Atomic Energy Control Board, and Atomic Energy of Canada Limited.

The Acting Speaker (Mrs. Champagne): The Member may want to keep his comments more relevant to the report.

Mr. Waddell: I am saying that Atomic Energy of Canada and the Atomic Energy Control Board are failing to deal with the nuclear problem in this country. That is why I do not like the appointments and how they were made.

Many of these concerns stem from the Chernobyl incident in the Soviet Union where the reactor melted down. This raised many questions about whether it could happen in Canada. The testimony of the Samiid people is important because they were directly affected. They thought they were safe. When the nuclear cloud from Chernobyl came over central Sweden, it happened to rain and it meant the end of their reindeer herds and perhaps the end of their culture. Many of them told us that they wanted to emigrate to Canada because they could no longer raise reindeer. They also told us that if it had not rained, that nuclear cloud would have continued northwest over Canada. Had it rained over part of Canada's vast territory we would have had a similar problem here. We were not informed of this by the Atomic Energy Control Board.

I asked several questions of the Atomic Energy Control Board, including some of these appointees, during the meeting of the Standing Committee on Energy, Mines and Resources of the House of Commons. I asked if Canada is prepared for such an accident and able to monitor radiation as effectively as Sweden.

Miss Carney: Scare tactics.

Mr. Waddell: The Member says they are scare tactics. They are not scare tactics; the people of Canada are genuinely concerned about Canada's ability to do these things. For instance, are there adequate monitoring stations?

Mr. Kempling: Madam Speaker, I rise on a point of order, just so the Hon. Member will not get off track. That sort of monitoring is done at the Canada Centre for Inland Waters in Burlington, in my riding. I have seen the studies and they are quite complete and exact. I am sure they are available if the Hon. Member wants them.

The Acting Speaker (Mrs. Champagne): The Hon. Member will recognize that that is not a point of order, but a matter of debate. He will have a chance to make his point later.

Mr. Waddell: Madam Speaker, it is debate but I appreciate the Hon. Member's information in light of the great interest about this across the country. I should advise him that we heard from scientists in Vancouver who told us that they were not satisfied with some of the monitoring. They indicated, in fact, that they had received information from American sources that the Americans had monitored some radiation discharge that we believe should have been detected at Chalk River but was not. People want to know more about these matters and that is why there should be a nuclear inquiry in Canada, as was promised by the Conservatives.

Mr. Donnelly has been appointed President of Atomic Energy of Canada Limited. The fact is that Atomic Energy of Canada is bankrupt. The nuclear industry is having difficulty selling CANDU reactors abroad. In order to keep the industry going, it is becoming more involved in irradiation of food which will be a major issue in Canada in the next two years. It is considering proposals for slowpoke reactors, which are small reactors in northern towns. It is considering proposals for high-level waste disposal, a multimillion industry. Atomic Energy of Canada is pursuing these questions without any public input.

Mr. Benjamin: There is no public policy either.

Mr. Waddell: The policy is being created by AECL, not by the Government. Any time we ask questions we hear, "Well, it's nuclear, It's very secret", and we cannot get all the information. What the Government has to do is face this problem. I will give the Government credit in that many Government Members are prepared to deal with it, unlike the Liberal Party, which would not do so and just poured billions of dollars into the nuclear industry. It even established a cartel, and it was so difficult to get information that the then environment critic of the Conservative Party, later Leader of the Conservative Party, later Prime Minister of Canada, the Hon. Member for Yellowhead himself took a lawsuit against Atomic Energy of Canada Ltd. That was one of the origins of the Conservative policy to open up the windows. It opened up this tight little group which was spending billions of dollars in taxpayers' money for a policy which was not really debated and sanctioned.

• (1250)

The question is, does Canada want to phase out nuclear power? Does it want to expand nuclear power? Does it want to get into the disposal of waste from all over the world? Does it want to expand its low-level waste techniques? Does it want to be a world leader in irradiation of food or does it want to reject that? This is a country which rejected developing the nuclear weapon. When the history of the 20th century is written, it will include the fact that Canada chose, after World War II, not to develop the nuclear weapon, even though we could easily, have done so. Instead, we chose to develop atomic energy for peaceful purposes.

I will let you wait for our report, Madam Speaker. If I can put a plug in, it will be out, I believe, in the summer, and I hope the Government will reconsider. I say personally to the Minister that that is a shameful way to treat Ursula Franklin. I hope the Government will consider the matter of opening up the nuclear industry and having an enquiry. The country may decide to go pro-nuclear. Let us not close the doors. Right now we are dealing with secrecy on a policy Canadians have not had a chance to debate. Just appointing these people, with a short report by the Committee on Energy, Mines and Resources, is not enough.

Mr. Riis: Madam Speaker, it was with a great deal of interest I listened to my colleague, the Hon. Member for Vancouver—Kingsway (Mr. Waddell). He indicated in a variety of ways why he was concerned about this particular reference of the committee, particularly the significance of some of the appointments which have been made to these governing committees. As he so eloquently and adequately pointed out, the fact that the Government is proceeding to make these appointments in the traditional fashion, and the

fact that they now come before committee, is a very clear indication that the Government is planning to proceed, in this case, with the ongoing support for nuclear energy in Canada.

While the Hon. Member is perhaps not an expert in the field of nuclear energy cycles, he is very well informed and learned when it comes to these topics and I wonder if he could answer a question? Since the Government, through the discussions the Hon. Member has just presented, is obviously in support of continuation of the nuclear policy presently in place, and continues to support the development of nuclear energy, and since the particular task force which he co-chairs has, I presume, heard many, many expert witnesses, can the Hon. Member share with us any appropriate revelations which would indicate at this point a concern, perhaps, with one of the appointments to which he has been referring in his presentation?

The Acting Speaker (Mrs. Champagne): The Chair cannot really understand how talking about an upcoming report can be relevant to the report which is today being debated in the House. The Hon. Member for Kamloops-Shuswap (Mr. Riis) is really asking a colleague to answer something which would be totally out of order.

The Chair was quite lenient at the start and let the Hon. Member mention the upcoming report and talk about things which really had nothing to do with the nominations which are being debated in the House. Therefore, I would have to rule that question out of order.

Mr. Lewis: Madam Speaker, I listened with interest to the remarks of my colleague. I have before me the minutes of the committee which considered appointments of certain individuals, and which are reflected in the first report of the committee. The House will appreciate that the examination of appointments relates to qualifications and the ability to do the job, not Government policy. I think that is the difference there. If the Standing Committee was considering under Standing Order 96(3), which gives it the opportunity to investigate Government policy, that would be fair ball, a fair question and fair comment in the House.

I notice the Hon. Member was in attendance at the committee meeting. I know he is very diligent in his attendance at committee. Since the question before the committee was the qualifications and abilitites of the individuals being examined, could he tell me just what part he took in the debate in committee?

Mr. Waddell: Madam Speaker, the fact is that during the appointments of these persons we have no real say in terms of rejecting them. They go through. I will put it this way. I did not feel it was appropriate for us to attack some of these people. Mr. Donnelly, in his own way, sees himself as serving Canada and AECL.

What I am trying to do in using the report is highlight what I consider to be the shameful treatment of an individual. Mr. Farvolden was made a member of the Atomic Energy Control Board instead of Dr. Ursula Franklin. I am trying to bring out why I feel that is unjust. I think this is the place to do that.

Dr. Franklin was appointed by the Minister of Energy, Mines and Resources (Mr. Masse). Her appointment was then yanked after the Cabinet learned she was not a wholehearted proponent of nuclear power. Dr. Franklin is a scientist, an Officer of the Order of Canada and a renowned physician. However, she said publicly that she opposed the construction of the Darlington Nuclear Plant. She also said publicly that she wants to revamp the secrecy provisions of the Atomic Energy Control Act. That is why I talked about those secrecy provisions. Because she said that, she in fact had her appointment revoked. My point is that the Atomic Energy Control Board is supposed to be a watchdog over the nuclear industry. Instead, we have appointed people who are not really going to be watchdogs. They are all proponents, as far as I know, of nuclear energy. They are going to continue the secrecy.

I say to the Hon. Member for Simcoe North (Mr. Lewis) that it is shameful that this appointment was revoked. On April 15, the Minister appointed Dr. Franklin to the Atomic Energy Control Board. On April 22, Dr. Franklin received the Minister's letter. On April 22, Dr. Franklin posted a letter of response suggesting that she would like clarification of the secrecy provisions. She did not refuse to accept the appointment. On April 23, before the Government received her letter, Dr. Franklin was informed by telephone from the Minister's office that the appointment was a mistake. She was informed before the Minister received her letter. On May 29, a letter was sent to Dr. Franklin informing her that her appointment was made in error. The Hon. Member heckled during my speech saying, "We didn't put her on there because she wouldn't agree with the secrecy".

An Hon. Member: That is not true.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order. It being one o'clock, I do now leave the chair until two o'clock this afternoon.

At 1 p.m. the House took recess.

AFTER RECESS

The house resumed at 2 p.m.

The Acting Speaker (Mrs. Champagne): When the House rose for lunch, there were three minutes left for questions and comments. The debate was on the motion of the Hon. Member for Vancouver—Kingsway (Mr. Waddell).

[*English*]

If there are any questions or comments, there being three minutes left in the time allotted?

Mr. Heap: Madam Speaker, I would like to ask the Hon. Member for Vancouver—Kingsway (Mr. Waddell) to consider

the appointment of Mr. James Donnelly, as one of the people we are reviewing today. He worked previously as an executive with Canadian General Electric and the English Electric Company. His whole experience is in the managing of power plants. In others words, he is completely on one side of the question and he has been appointed as Chief Executive Officer and President. I would ask the Hon. Member to comment on the background of Mr. Donnelly, whether or not he is suitable or otherwise to the present balance of opinion on the Board of Directors of AECL.

Mr. Waddell: Madam Speaker, of course there is no balance of opinion on the board, it is all nuclear. If people who are proponents of furthering the nuclear industry, which American commentators have said is an almost bankrupt industry, are appointed to the board of AECL then there will really not be any opposing views, especially when combined with the secrecy provisions associated with the industry. What we will have as a result is an industry that is out of control, an industry which spends government money with little policy, little direction and very little public input.

When we consider Chernobyl, Three Mile Island and the circumstances surrounding the o-rings in the Challenger we see that the technology is not perfect. We have to be careful. The risk with nuclear power is that it is capable of destroying the whole world as a result of an accident. An accident in Toronto could destroy New York as well as Toronto. This is why we in the NDP, and we think Canadians in general, want to see openness in terms of letting some light and opposing views into this industry.

The Acting Speaker (Mrs. Champagne): Resuming debate with the Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Cyril Keeper (Winnipeg North Centre): Madam Speaker, I welcome this opportunity to address this question today.

Mr. Dick: Do you know what it is?

Mr. Keeper: I already hear a heckler. I guess he heckles to ensure that I am still awake.

Mr. Murphy: He is a cabinet Minister on his way out.

Mr. Keeper: The Hon. Member asks me if I know what the subject is. I do, which is why I am here in the House this afternoon. However, I am surprised that I have been given the opportunity to speak so quickly. I anticipated that there would be a government Member or a member of the Official Opposition Party who would want to speak, but that is not the case.

Obviously we need a more representative group of Canadians to sit on these various boards which deal with the nuclear industry. We have to open up a debate about nuclear power. We have to bring more points of view to bear on the issue. The committees which now exist are largely closed shops. They are made up of people who, by and large, are already committed to the nuclear industry. It is necessary for us to have some people on these boards and committees who will question some of the fundamental assumptions which underlie the nuclear industry.

When nuclear power first became a possibility it held out the promise of cheaper power. It was said that it would be a real blessing to mankind. With the passage of time we have been able to see the problems asso;ci;ated with nuclear energy, and they are immense. It is my view that one of the critical problems we face is how to dispose of nuclear waste. How can we continue the development of nuclear energy without a real solution to the question of what to do with the waste products of nuclear energy?

This question brings me very close to home because research into the storage of nuclear waste is presently being done in Manitoba. However, Manitobans are afraid that this is not just research, but that it will lead to the province being used as a dump for nuclear waste. Citizens have organized themselves into groups which are lobbying the federal and provincial Governments to ensure that Manitoba does not become a dumping ground for nuclear waste. Not only is there a question concerning what to do with nuclear waste, there is the question of finding some technologically feasible way of dealing with waste. The people of Manitoba have been clear in stating that they do not want this waste dumped in their backyards.

During the election campaign the Prime Minister (Mr. Mulroney) promised that there would be a public inquiry, a public debate, an examination of the whole question of nuclear energy. That is a promise which we want the Government to fulfil. I think it would do it some good if it were to fulfil it. It would do its credibility some good to live up to that promise. We need a full-scale public debate about nuclear energy. For some time my Party has been calling for a royal commission or a public inquiry into nuclear energy. In the absence of one, members of our caucus have been holding hearings across the country to examine the nuclear energy question.

Serious questions have been raised about nuclear energy. We do not know what to do with the wastes produced by it. The fact is that some of these wastes will last for thousands of years, and others for hundreds—they will all certainly last for generations. And here we are piling up more and more of them while we continue along with the development of nuclear energy. We continue to attempt to sell nuclear plants to other countries to keep the industry alive. Yet we still do not know what to do with the wastes from the process.

We need to re-examine the assumptions that underlie our commitment, the commitment of the Government to the development of nuclear energy. To do that the public must have all the scientific information and all the information with regard to the analyses of various policy options which are before Government. We need a process of education for our people because this question touches everyone.

• (1410)

I believe a royal commission would be a good means by which to do it, a royal commission which could visit, let us say, 80 per cent of the population to hear what they have to say. It could hear the opinions of local experts and citizens on nuclear energy. It is time for us as a nation to rethink one of the options facing us in the nuclear energy industry. Clearly the promise of cheap power is no longer realistic.

Do I see you indicating that I have four minutes remaining, Madam Speaker?

The Acting Speaker (Mrs. Champagne): What the Hon. Member for Winnipeg North Centre (Mr. Keeper) is seeing is the Chair being rather anxious for him to make a link between the report, which is being debated and talks about nominations, and the nuclear industry. The Chair is rather anxious for the Hon. Member to be more relevant to the debate.

Mr. Keeper: Madam Speaker, do I understand that you are asking me to make a link between my comments about the nuclear energy industry and the report before the House?

The Acting Speaker (Mrs. Champagne): Right.

Mr. Keeper: I understand the report concerns nominees to various boards and committees which oversee the Canadian nuclear energy industry. One of the nominees has been involved with the question of nuclear waste, Mr. Robert N. Farvolden. I will refer to part of his professional background. He was appointed to the technical advisory committee on disposal of high level reactive wastes of Atomic Energy of Canada Limited. He was involved in designing the experiment which is ongoing in Manitoba.

There is a practice in the country of appointing people who are of one mind and are sold on the nuclear industry to boards and commissions which oversee that industry. That is not a very healthy way in which to approach nuclear power, because there are very serious questions about nuclear power, about our commitment to its development, and about whether we have the technology or capacity to deal with the negative fall-out from nuclear power such as wastes.

These boards must have a more pluralistic membership and must represent not only the point of view of the industry but the public interest and differing perspectives, such as the perspectives of people who are now beginning to question the economic feasibility of nuclear energy, the threat to our survival of not having adequate technology in place for handling nuclear energy wastes, and the fact that we continue to develop, promote, and sell nuclear energy without solving the problem of what to do with the wastes.

Of course the latter question is vital to Manitoba because there is ongoing research there which could lead to it being used as a dumping ground for nuclear wastes. I am suggesting that the boards must be pluralistic and capable of debating the whole question of nuclear energy. That would be the first step.

The debate must be larger than that. It must involve all Canadian citizens. Clearly these boards and committees would not be adequate for that purpose. The debate should be carried on in the country, not just in the committees. In order to do that we must find an appropriate mechanism, and I suggest that it would be a royal commission, something which my Party has suggested for some time now and something which the Prime Minister promised when he was running for office.

Serious questions have now been raised about the nuclear industry. It no longer lives up to its early promises. When nuclear energy was first popularized it was presented as almost free energy or a cheap solution to our ever-growing needs for energy. That image of nuclear energy has been torn apart. We now know that we have very serious problems when it comes to nuclear energy, not only the impact upon our environment and upon the existence of human life but upon our economy.

We once thought that nuclear energy would be cheap. We are finding that it is expensive. We need a debate around the basic assumptions which underlie the Government's commitment to the development of nuclear energy, to its continued use, and to its promotion. This should not only take place in committees appointed by the Government, but also in the country. An informed public will set a wise direction for the country when it comes to nuclear energy. If we continue to promote and develop nuclear energy in the face of these questions, we gamble with generations to come. We in Manitoba are particularly sensitive to that question at this point because the federal Government, through its agencies, is conducting research on the feasibility of storing such wastes in Manitoba.

When people find that a problem is to be dumped on them, obviously they rise up and raise questions. Those questions are being asked in Manitoba, and I want them to be asked in official forums across the country. Not only the committees which regulate the industry should be able to ask those questions; every Canadian citizen should become educated about nuclear energy. On the basis of an educated population we will be able to set a wise direction for the future of nuclear energy and for the future of our energy policies.

Obviously an outcome could be to moth-ball nuclear energy plants. We could say, "Wait a minute, we must find a way of supplying energy for our industries and households in a manner which is healthy for us in the long term".

I am calling for public education on the issue and for the Government to promote such education. The Government cannot make the decisions it must make without being assured that every Canadian, or just about every Canadian, is informed on the issue.

Other public health programs, such as the ones dealing with people who have heart attacks, come to mind. People can be taught very simple methods by which to revive a person until first aid is available. I have heard that in some American cities as many as one out of every four or five people has been taught techniques for dealing with heart attack victims. In that event

the whole environment within which this type of occurrence takes place is changed. It is possible to educate the mass public so that the mass public can change the whole environment of public opinion. I suggest that we need to do that with regard to nuclear energy.

A good first step would be for the Government to appoint watch-dogs to the committees which oversee the nuclear energy industry, people with solid scientific backgrounds who would question some of the basic assumptions underlying that industry. The next step would be to follow it up with a royal commission which could travel across the country. Then Canadians could have their say. Public debate could take place and the public would become more and more educated on the issue. We have started that in our own way with a small task force from our caucus.

• (1420)

I want to thank my colleagues for moving this motion today giving me the opportunity to raise questions in this House about the fact that while the Government continues to be committed to the development of nuclear energy and its promotions, it still has not solved the questions of waste. People in Manitoba do not want the province to be used as a dumping ground for nuclear waste.

The Acting Speaker (Mrs. Champagne): Questions or comments.

Mr. Fennell: I am sure the Member for Vancouver—Kingsway (Mr. Waddell) has a question.

Mr. Waddell: Madam Speaker, the Hon. Member says he is sure that I have a question. I am prepared to sit down and yield to the Hon. Member for Ontario (Mr. Fennell) so he can pose his question. I will not take up his time.

Mr. Fennell: I would like to hear the Member's question, Madam Speaker.

Mr. Waddell: He would like to hear my question now, Madam Speaker. I trust that the Member will have a question to pose. I thank him for yielding to me and I will pay attention to his question when he raises it.

Is the Hon. Member aware that in the Energy, Mines and Resources Estimates for non-commercial operations of AECL, which includes, as defined, the laboratories at Chalk River and Whiteshell in Manitoba—about which the Member is speaking—there is a budget of $255 million for those facilities? Is he aware also that in the Estimates, there are funds provided, and I quote and ask the Member to note the wording, "To demonstrate safe management of radioactive waste and other byproducts"? It is not to find safe management, not to study whether you can find safe management, but to demonstrate safe management. Isn't this the kind of mindset of the atomic industry? It is sort of spending our money to show that there is safe management. In other words, the atomic industry has made the decision already that there will be safe management. Does the Hon. Member realize it needs to have "safe management" so the industry can build more reactors because it is "safe"? How does the Hon. Member feel about that going on in Manitoba with that kind of money? How does he feel about the fact that the Department of Energy in the United States is involved in Whiteshell and is paying some money to get involved in the research? The American Department of Energy is interested because it is interested in disposing of its plutonium which it uses for the nuclear bomb.

Mr. Baker: I rise on a point of order, Madam Speaker. Could you clarify just what are the parameters of the debate on this report? Indeed, appointments were made to the Atomic Energy Control Board, to the National Energy Board, to the Department of Energy, Mines and Resources, in fact, to a considerable number of boards. Am I to take it from your silence while discussions are under way in the House, Madam Speaker, that we are permitted to speak on anything during the debate for which the appointed are responsible? I would like that clarified before the Hon. Member answers the question.

The Acting Speaker (Mrs. Champagne): The Chair would be in a very difficult situation to wonder out loud whether the Hon. Member for Gander—Twillingate (Mr. Baker) was or was not in the House when the Chair did, on quite a few occasions since the debate, remind Hon. Members to confine their remarks to the report brought to the attention of the House by the motion of the Hon. Member for Vancouver—Kingsway (Mr. Waddell). Knowing the limitations of the report itself, the Chair has allowed some leeway to Hon. Members, but I have reminded each and every one on quite a few occasions since this morning to try to keep their comments to the report.

I will allow the Hon. Member to answer the question, as I did earlier with another Member from the same Party, the Hon. Member for Kamloops—Shuswap (Mr. Riis), but I ask the Members to be careful as some questions would automatically be out of order. Let us be careful. The Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Baker: I rise on a point of order, Madam Speaker. I am simply raising the point because a new procedure this year is for standing committees to examine appointments of senior positions. This is new in this Chamber. I still do not understand what are the parameters of the debate. If you were to confine yourself to what the report of the committee was then you could only talk about the persons who are named and were found to be competent in the performance of their duties. I was wondering whether or not, if we are permitted to talk about their duties, what the hon. gentleman is talking about would make the foundation of a good debate which would be perfectly legitimate. I am wondering how narrow we are comfined in this debate. Is it just to the persons and their competence, or is it more or less wide open, leaving us to wait for the Chair to bring us to order?

Mr. Keeper: Madam Speaker, I rise on the same point of order. I am not a member of this particular committee but in the Government Operations Committee we have examined Order in Council appointments. In that committee if you are to examine a candidate for an Order in Council appointment effectively you are not only allowed to look at what his or her qualifications are, what he or she did in the past, because that tells you something about the person's fitness for the job, but you can also examine what the job is. You have to examine people's attitudes with regard to public policy which fall within the jurisdiction of where a person is to be working. If you are going to do an effective job of examining Order in Council appointments then you have to take, shall I say, a Liberal interpretation of the examination process rather than begin too narrow-minded about it.

The Acting Speaker (Mrs. Champagne): The Chair does want to thank the Hon. Member for his comments which I think reflect the kind of leniency which the Chair has given this debate so far. I think that all of the different aspects which the Member mentioned would be allowable in this debate, but I will continue to remind Hon. Members if they go completely outside of what is in the committee report and discuss the subject at large. I think this is the right way of allowing Members to address the problem, instead of interrupting constantly. The Hon. Member for Winnipeg North Centre (Mr. Keeper).

Mr. Keeper: Madam Speaker, I will seek to link directly the question which my hon. friend asked with the report. My basic comment about these appointments is that these people are all of one point of view on the nuclear industry. They are gung-ho on it and they push the industry. They want the industry to expand. They do not take the kind of care that I would like to see as a Manitoban about nuclear waste. They make assumptions about the safety of the industry. That is the point my hon. friend was raising when he talked about the expenditures that have already been identified in the department. Those expenditures are there, but not to examine whether we presently have safe ways of disposing of nuclear waste or whether a particular method of disposing of nuclear waste, such as the shaft which is being dug in Manitoba, will be safe. It starts out with the assumption that that is a safe method, and that assumption is dangerous. The connection is this assumption that the nuclear industry is safe, as ensured by this group of people who all share the same point of view.

• (1430)

We need to have a more pluralistic approach to nuclear energy in Canada. We must bring into the debate people like Ursula Franklin who was nominated to this board. The Government withdrew that nomination after it discovered that this person would raise real, fundamental questions about the safety and economic viability of the nuclear energy industry.

We need a broader debate on nuclear energy rather than a more restricted approach. The problem up until now is that the debate has been framed in very narrow terms. We need to have the broadest possible debate about nuclear energy, not only in committee and in the country through public inquiries but also in the House.

Mr. Waddell: Madam Speaker, I am waiting to hear the question of the Hon. Member for Ontario (Mr. Fennell) who indicated to me that he would put a question or at least take part in the debate. I am still waiting.

The Acting Speaker (Mrs. Champagne): The Hon. Member knows very well that that is not a point of order.

Mr. Dan Heap (Spadina): Madam Speaker, this is a subject in which I have been interested for a good many years, although I have not had much opportunity to study it intensively. As one of the many members of the public, I am very concerned with the quality of management the public receives through the Atomic Energy Control Board from the people who are appointed to it. I am concerned about the people who have been appointed now as reported to us today.

What is needed is a board that will represent the whole range of public interests. We are dealing here not only with one of the biggest industries in Canada in dollar terms but with one of the most controversial sources of energy in Canada and the world. As has been pointed out today and often before, there was the expectation that nuclear energy would be an unparalleled blessing. We were to grow roses in the Antarctic and provide cheap energy and therefore food for everyone in the world. It has not gone that way and the question is why. Many people believe that it is because, as far as Canada is concerned, the wrong people are put in charge of atomic energy.

The fact is that these appointments look like a continuation of the old boys' network. I say "boys" advisedly. I believe all the members appointed were of the male gender. The only one that I have heard of who was refused happened, whether by coincidence or not, to be of the female gender. This is an old boys' network and the pattern set by previous appointments is being continued. The complexion of the board will not be changed at all in that way.

There is a very urgent need for a balance reflecting public concerns on this board, perhaps more so than on other public boards because of the secrecy associated with it. It is very difficult to get answers to controversial questions from members of this board. This has been experienced by the public generally and by Members of Parliament. Therefore, it is even more important that there be people on the board operating within the rules of secrecy who, because of their past commitment and expressed concerns, we know will raise the questions that we believe have not been raised by past members of the board and, in almost all cases, will not be raised by the people who have been reported to us as being on the board today.

I would like to look at the background of some of these members. Mr. Robert Farvolden was appointed to the position of member, Atomic Energy Control Board. We are told that

he has a university background and was appointed to the technical advisory committee on disposal of high-level reactor wastes, Atomic Energy of Canada Limited, in 1979 and served in that capacity until 1981. Prior to that, he was head of the groundwater division in the Research Council of Alberta. There is certainly something to be said for the need to have on the board a person who knows something about groundwater because that is one of the most critical questions in the treatment of atomic waste. However, this gentleman was on the board's technical advisory committee for two years and, in that sense, already has a close association with the board. To make him a member of the board now will not do very much in the way of bringing in any new range of thought or questioning.

I turn now to Mr. James Donnelly. There is a prize catch. Mr. Donnelly held executive positions with both General Electric Company of England and the English Electric Company and had experience in nuclear power plants and reactor and turbine generator fields from 1954 to 1974.

Let us go into a little more of the detail we were given. Mr. Donnelly was appointed President of Atomic Energy of Canada Limited on February 1, 1978, and that was a reappointment. He has frequently been in the news for taking very controversial positions regarding the sales of atomic reactors. His appointment is a continuation of the leadership that has brought a great deal of criticism on the board already.

In the past, this gentleman was connected with the nuclear power plant reactor and turbine generator fields in England. He was responsible for project management on the Hinkley Point and Sizewell nuclear power station projects in the United Kingdom. He later became general manager of power station projects for General Electric Corporation and then commercial director for turbine generators.

There is no question that Mr. Donnelly has experience in the field. The problem is that his experience is all on one side. He is on the side of making maximum profits out of nuclear energy. That is what his experience has been both in England and in Canada. I would then go on—

Mr. Edwards: Madam Speaker, I rise on a point of order. As I understand it, the purpose of the reform of Parliament was for individual appointments to be referred to Standing Committees for assessment and review. With respect, I think the Hon. Member is in the wrong place to be carrying out that examination. I think it would be more appropriate if he were to reserve this kind of an expression of opinion for the session of the Standing Committee.

Mr. Waddell: Madam Speaker, on the same point of order, perhaps I could comment on this as my Party's energy critic, apropos the previous statement made by the Hon. Member for Gander—Twillingate (Mr. Baker).

I think Your Honour is right in the way you have tried to define the parameters of debate in a new situation. We must remember that these are committees of this House which deal with business that could be done in this House. However, we have delegated that business to the committee. The procedure is that the committee gives a report back to the House where it can be challenged. Most of these reports go right through, but sometimes they are challenged as my motion today is doing. That gives other Members who are busy with all sorts of other committees the opportunity to debate it in the House. We have the same power as the committee. It can be argued that we have even more power because this is the House. Therefore the Hon. Member has the right to put forward the kind of debate that would go on in committee. The debate in committee would be limiited a bit and Your Honour has limited this debate a bit. I cannot just go off and talk about my nuclear inquiry, as much as I would like to. However, we can deal with the nature of the appointments in relation to these boards, the kind of people and ideas and how they affect the nuclear industry.

• (1440)

Mr. Edwards: Madam Speaker, I was not suggesting that the House of Commons should be limited in any way. Far from it. My point is parallel to the point that if a Bill is before committee it is not appropriate to debate the contents of that Bill. It is my understanding these appointments have been referred to the appropriate standing committee and thus I think it inappropriate to debate the merits of individual appointees at this time.

Mr. Heap: Point of order, Madam Speaker. It is my understanding that this report has been tabled in Parliament. Therefore it is not before the committee in the sense that Parliament would be restricted in dealing with it. I understand that is why the motion of the Hon. Member for Vancouver—Kingsway (Mr. Waddell) was in order and also why this debate is taking place. I hope the Hon. Member for Edmonton South (Mr. Edwards) does not believe it is out of order for us to discuss the report of the committee. I thought that is what the rule provided for.

Mr. Merrithew: You just want to filibuster.

The Acting Speaker (Mrs. Champagne): The committee has examined the qualifications of the appointees and reappointees. This report has been presented to the House. The motion presented by the Hon. Member for Vancouver—Kingsway (Mr. Waddell) is to debate the report of that committee. I must rule that the points touched on by the Hon. Member for Spadina (Mr. Heap) were relevant to the report and what is being debated in the House now. The Hon. Member for Spadina has the floor.

Mr. Heap: Madam Speaker, I certainly hope I am able to continue within the rule of relevancy. For that purpose I wish to turn the Hon. Member's attention to Mr. Robert Després, reappointed Chairman of the Board of Atomic Energy of Canada Limited. He has some background which seems quite relevant to the concern of the public about atomic energy. The trouble is it is redundant in the sense he has more or less the

same background as so many others. For example, after his academic work he was Comptroller of Quebec Power Company. Of course he understands something about the energy industry but from the very specific point of view of those who want to maximize profits. He was subsequently manager of the Quebec regional branch of the Administration and Trust Company. He held a number of other positions, some relating to finance, and then was appointed Chairman of AECL in 1980. He is also a member of the Board of Directors of many companies, including Falconbridge Copper, Domtar and Norcen Energy. In other words, he is very much a specialist from the point of view of the resource industries operating their enterprises for maximum profit.

Let us move to Mr. Andrew Boyd Gilmour. The first thing mentioned in his background is that he was a transportation and supply analyst with Imperial Oil from 1954 to 1959. Then he was supervisor of statistics in the sales Department of TransCanada PipeLine from 1959 to 1967. He joined the National Energy Board in 1967 as a staff member of the economics branch. He continued there largely in economic matters. Again, he has been in the business of concentrating primarily on how to get the most money out of our energy resources. I am sure he does that in a credible and efficient way and that is why he was appointed. I am sure he also gives very little attention to any considerations which would hinder profit, things such as the rights and needs of labour, and public safety. I am sure in his previous work his attitude was that it is his job to make money for the company and someone else's job to look after safety. Those who have had experience with some of these oil and gas companies and their attitude towards the general public can verify that.

Then we come to Mr. Leonard Good. An economist, he joined Energy, Mines and Resources in 1978 as Director General of Special Studies Branch, economic and policy analysis. He continued in the economic field. He is not in private enterprise but he is in Government and very much in that sector which has had a prime responsibility for developing atomic energy since the early 1940s. He was very much involved in the world-wide dilemma over nuclear energy. Can it really be used for peaceful purposes without also promoting its use for war purposes? Or, is the peaceful use of atomic energy to light the houses and industries of Ontario a by-product of the production of nuclear weapons in the U.S. and other countries, including the Soviet Union which shares some of the uranium produced in Canada? We do not really know what Mr. Good's view is on that. I am sorry it was not possible for me to attend the committee that day to question him, if in fact he was there for questioning. This is my only chance to publicly raise the issue.

Then we come to Mr. Arthur Kroeger, a very well-known person. Educated in the University of Alberta and in Oxford in philosophy, politics and economics, he has a broad education. He joined the Department of External Affairs. Most of his appointments were outside the country. One of them was to India. He was secretary to a trade delegation in Geneva following which he was posted to New Delhi for two years. Those are some of the years I believe when India was developing its nuclear industry with Canadian assistance. That eventually resulted in violation of their formal undertakings, in the production of an atomic device. I do not know whether Mr. Kroeger was trying to prevent proliferation when he served in India or whether he was assisting in proliferation, even unconsciously. Later on he was appointed to Washington, from 1968 to 1971. We know Washington's interest in nuclear energy, primarily for producing about 30,000 nuclear weapons. The rest of the nuclear industry is being allowed to go to pot. It is a financial bust, but nuclear weapons charge right ahead. Then he was named Deputy Minister of Indian Affairs and Northern Development. Later on he was Deputy Minister of Transport and then Secretary to the Ministry of State for Economic Development. Mr. Kroeger, although he is associated primarily with Government and not private industry, nevertheless has been a key person over many years in that sector of the Government which has developed the present policy and direction of the atomic energy industry and the AECL in Canada.

• (1450)

This is not good enough. There is no one there representing labour. I do not know whether there were previous appointments. I am willing to be told, but I have not heard of a previous appointment of a labour representative to the board. Yet, atomic energy is not produced without workers. Why does a public board appoint only members of Government or executives of the private profit-making and employing industry? Those are the people who decide to build a plant and hire, or lay people off and shut the plant down. The workers suffer the consequences of those decisions, whether in matters of safety or sudden unemployment and a ghost town. Why is the board allowed to be so lopsided? Among these appointments there are only men and only executives of private companies or the Government which has been working in this matter primarily with private companies over the years. Why do we seek only people who have been active for gain in the resource industries rather than people from other sectors to provide balance? Why are there no critics of the nuclear energy industry? Why not Ursula Franklin?

I know Ursula Franklin. She is very active and has strong academic credentials, and strong credentials as a responsible citizen and public figure in Canada, particularly in the City of Toronto. Why was she so suddenly dismissed after receiving a letter from the former Minister of Energy, Mines and Resources saying how delighted she was to confirm her appointment? What happened to that delight?

This is far too one-sided. These appointments reflect a continuation of the old line we have heard for years. People with academic backgrounds are appointed only if they are on the side of the equation interested in making money out of Canada's resources. People with government background who have been appointed are primarily concerned with making

money or developing energy resources, particularly atomic resources.

I believe that we must take a fresh look at these appointments in committee. It would be most useful to re-examine these appointments or, at least, for the committee to propose guidelines to Parliament to ensure that any future appointments would be made with the aim of redressing the extreme imbalance which we now have as a result of these six appointments.

Mr. Keeper: Madam Speaker, my colleague has just commented on the nature of the appointments to the board. The appointments were all of people who are sympathetic to the nuclear industry and have been involved in that industry. He mentioned the withdrawal of the appointment of Ursula Franklin. Ursula Franklin was independent of that industry but has a scientific and technical background. Could my friend comment on the advantages which the Government would have obtained had it followed through with the appointment of Ursula Franklin? What advantage could she have brought to the board which the existing appointees, including Mr. Farvolden, the substitute appointee for Ursula Franklin, could not?

Mr. Heap: Madam Speaker, there are three areas in which Ursula Franklin would have been a useful addition to the board. As indicated in her profile in *The Canadian Encyclopedia*, she is a physicist and educator born at Munich, Germany. She is a specialist in the structure of metals and alloys. In other words, she is a scientist in her own right. She pioneered the development of archaeometry, which applies the modern techniques of materials analysis to archaeology. She was educated at the Technical University of Berlin and did postdoctoral studies at the Universiy of Toronto. She has helped to develop science policy through the Science Council of Canada and the Natural Sciences and Engineering Research Council of Canada. That is a good profile. I have not read it all. When I was in high school it was jokingly said that girls cannot do physics. Perhaps the problem was that Ursula Franklin does physics too well. Perhaps some people are afraid of having her show them up.

That brings me to my second point. Ursula Franklin also happens to be a member of the Society of Friends. She is a Quaker, a very strong campaigner for peace, as are many other people in this country, including a number of retired officers of Canada's Armed Forces. Campaigning for peace does not mean that she is absolutely opposed to the use of nuclear energy or that she would be in any way irresponsible in her performance on the board. However, she would raise questions about safety and she would be very difficult to flim-flam because of her scientific competence. She would raise questions about what is being done with the waste material which is sent to the United States and is usable for atomic weapons, notwithstanding Canada's boast of being a non-nuclear nation. I wish that she were on the board to raise those questions, and so do thousands of other Canadians.

Mr. Waddell: Madam Speaker, I hope Canadians are not confused about the Atomic Energy Control Board, the regulatory body which overseas the nuclear industry, and Atomic Energy Canada Limited, which does development of the Candu reactor and so on. Therefore, it would be appropriate to have a background in engineering if you are appointed to Atomic Energy of Canada Limited. One would expect the president to be an engineer. We can see that. However, in a regulatory body such as the Atomic Energy Control Board we need people who do not have blinkers on.

Although Dr. Farvolden has a competent academic background, the fact is that from 1979 to 1981 he was appointed by Atomic Energy of Canada as a technical adviser to the committee on the disposal of high-level reactor wastes. I know the appointees were nominated by Canadian scientific groups, but the fact is that the man is closely associated with atomic energy research. Now he is to be a regulator. Would the Hon. Member not agree that the atomic energy industry in Canada is not really regulated at all because the regulators are all biased?

Mr. Heap: Madam Speaker, I would have no objection to Dr. Farvolden being on the board, even though he had served with Atomic Energy of Canada, if he were balanced by people of a different point of view. I think it makes sense to have the producers of the atomic material represented. I am not concerned about a producer who wants someone with whom he has worked on the Board. The problem is that they all support one side, whether it is the producer, Atomic Energy of Canada or the Atomic Energy Control Board, the so called regulator. In other words, we are putting the fox in charge of the chickens by asking the same people who want a free hand to be judge in their own cause. That is my objection to this list of appointments.

• (1500)

Mr. Keeper: During the Hon. Member's speech he mentioned Dr. Ursula Franklin and not only pointed out her scientific qualifications but the fact that she is a Quaker. I understood that to mean that the regulation of the nuclear industry not only involves scientific and economic questions but moral and spiritual questions. Given the Hon. Member's professional background, would he care to elaborate on that?

Mr. Heap: Madam Speaker, it is interesting that there are, in fact, not only members of churches but members of the clergy of some churches engaged in the atomic industry in Canada and the United States. Ever since the question was raised over 40 years ago with the bombing of Hiroshima, the churches have been acutely concerned about the impact of the nuclear industry on us. They have debated whether God has given humankind the power to destroy not only ourselves but all life. That question is still being hotly searched among all the major denominations. I believe it would be very valuable to have on the board a representative of a group which, for 300 years, has endured persecution for the sake of a strong stand for peace.

The Acting Speaker (Mrs. Champagne): Resuming debate. The Hon. Member for Gander—Twillingate (Mr. Baker).

Mr. Waddell: A Liberal dares to speak up.

Mr. George Baker (Gander—Twillingate): Madam Speaker, the Hon. Member says that a Liberal dares to speak in the debate. The reason I decided to say a few words is that this is a typical New Democratic Party flip-flop. Let us consider the motion the Hon. Member has introduced in the House today. He asks that the report of the Standing Committee on Energy, Mines and Resources, presented to the House on Wednesday, November 5, 1986, be concurred in. What does concurrence mean? It means to agree with the report that was presented to the House on Wednesday, November 5, 1986.

Mr. Benjamin: Madam Speaker, I rise on a point of order. I want to remind my hon. friend that under the rules one must move concurrence in order for a report to be debated. We cannot move non-concurrence. We do not at all like moving concurrence.

Mr. Baker: Now we are getting to the point. They even admit that they are asking the House to concur in something with which they do not even agree. They are asking us to concur with the committee which has examined the qualifications of the appointees and reappointees and finds them competent to perform their duties in their posts. I wish to disagree with the New Democratic Member who moved the motion. I do not understand how the New Democratic Party can say that every one of these people is competent in the positions to which they have been appointed.

Mr. Keeper: Mr. Speaker, I rise on a point of order. I enjoy the eloquence and rhetoric of my colleague but I must say that it stretches even my patience when he attempts to call black white or white black. The Hon. Member clearly knows our position with regard to these appointments. I wish he would respect that awareness.

Mr. Baker: That is not a point of order, Madam Speaker. Now that the NDP has admitted that it does not really believe in the motion it has moved, I will continue to say a few words about this issue.

Ms. Mitchell: Madam Speaker, I rise on a point of order. I also enjoy listening to my hon. colleague because he always speaks with deep wisdom and forethought, not to mention the great entertainment aspect. However, the Hon. Member seems to be confused about this motion. Since you are an expert on the House rules, would you clarify that a motion of concurrence in the House is really a motion of non-concurrence?

Mr. Baker: Madam Speaker, that too is not a point of order. I find it amusing to see Members stand up and say that I do not know too much about the rules or procedures. I have been here longer than they. In fact, I am perhaps the only Member in the House who is a former Chief Law Clerk in a provincial legislature.

An Hon. Member: Which one?

Mr. Baker: It is the legislature in which many decisions had to be made on rules of order. It is the legislature in which many very demonstrative people performed. It is the Newfoundland Legislature.

Of course, there is a rule here that the government benches and opposition benches must be separated by two sword lengths. We had to take that rule literally in the Newfoundland Legislature.

The New Democrats have just pointed out that they moved a motion to concur in the committee report but did not agree with it. They have moved a motion to concur in the competence of these people who they do not really believe are competent at all. I raise this matter because it points out that many of the recent rule changes in the House are very confusing. The examination of these appointees is very confusing to me, and I am sure to any impartial observer. Simply because someone has performed a particular function in a company in India or somewhere else does not mean that the person agrees with the company's philosophy today. In fact, a person's experience in that field may make him better qualified to be in his present position, which may be almost the opposite of what he was doing before. I do not believe it is valid for those Hon. Members to use a person's previous function prior to being appointed by Order in Council as a reason to suggest that perhaps the person is not qualified for the job.

As far as competence is concerned, it has been my experience that these people can be very competent but have very little knowledge. I know most of these appointees as a result of my experience in the House. They are very competent, but all of them told me in a standing committee, at one time or another, that the Come-By-Chance oil refinery would never reopen. They said that Hibernia would be on stream by 1982.

• (1510)

Mr. Heap: Madam Speaker, I rise on a point of order. We have had some concern expressed today about the rule of relevance. I really do not understand what the Come-By-Chance refinery has to do with these apointments. I always enjoy the words of the Hon. Member for Gander—Twillingate (Mr. Baker). I do not always learn very much, but that is all right, I always enjoy listening to him.

I really do not want to discourage the Hon. Member from continuing with his entertainment. However, I do feel that since he himself expressed some concern about the appropriateness of the motion, and since he is a self-confessed expert on the rules of order, it would be appropriate for him to set an example of relevance.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Spadina (Mr. Heap), I am sure, will agree that the Chair showed a lot of leniency towards the Hon. Member for Vancouver—Kingsway (Mr. Waddell) when he first started

with his motion. The Chair feels confident that, given a chance, the Hon. Member for Gander—Twillingate will find a link.

Mr. Baker: My time is almost up, Madam Speaker. I listened to the Hon. Members from the New Democratic Party talk about nuclear waste and this sort of thing, and I was trying to figure out what that had to do with the motion. The only connection I could see was that there was mention of the appointment of the Chairman of the Atomic Energy of Canada Ltd. and an appointment to the Atomic Energy Control Board. Then I looked down through the list of other people and saw the Deputy Minister and the Associate Deputy Minister of the Department of Energy, Mines and Resources, and I came to the conclusion that if it were relevant to talk about the duties of someone in Atomic Energy of Canada Ltd. or the Atomic Energy Control Board, then it would be relevant to talk about anything at all under the Department of Energy, Mines and Resources because we were appointing the Deputy Minister who is the most important person in that Department. That is why it is perfectly relevant for me to point out that these people who represent the Government of Canada and who appear before standing committees, really run the Department of Energy, Mines and Resources just as much as the politicians. The Minister could have some major policy change usually decided outside this Chamber either through provincial-federal relations or an election promise, but beyond that, the people who run the Department are the Deputy Ministers, the Associate Deputy Ministers and those few people at the top. One of these days we will have a Government, very shortly, I think, which will actually run the Departments. Ministers will actually run their Departments.

What amazes me is the record of some of these very competent people. I seek their opinions on a regular basis on the telephone. I seek their opinion as it relates to the prices of gasoline and oil, trying to understand why the Americans pay less for gasoline than we do in Canada. I try to understand why our oil is refined in refineries in Chicago somewhere, which pay less for it than do our refineries in Canada, and which sell it cheaper in the United States. One of the key issues in the Bill on transportation which is now before the House is that the American truckers—

Mr. Heap: Madam Speaker, I rise on a point of order. We are not talking about a Canadian board regulating a Canadian industry. I know that at one time Newfoundland was not part of Canada, but the Hon. Member for Gander—Twillingate should understand the difference between Canada and the United States. There will be another occasion to talk about the transportation industry and perhaps another occasion to talk about the American oil industry. The Hon. Member should stick to the subject we have at hand today.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Gander—Twillingate (Mr. Baker) had just seen a non-verbal sign from the Chair begging him to stay closer to the point being discussed today.

Mr. Heap: Thank you, Madam Speaker.

The Acting Speaker (Mrs. Champagne): The point of the Hon. Member for Spadina is well taken.

Mr. Baker: We should really give an honorary appointment to the hon. gentleman for being the deputy to the deputy to the Deputy Speaker in the House.

It is difficult to separate the United States from Canada these days as far as the present Government is concerned. As I was saying, quite often we telephone these people who have received their appointments from the Government. It seems somewhat of a farce for us to be talking about their appointments in the House, or for a committee to be talking about their appointments. We cannot stop the appointments. We cannot recommend that these people not be appointed, because they are appointed. We cannot recommend that their salaries be cut, because their salaries are set by Order-in-Council. We cannot recommend that someone else take their place, because they are already under contract.

So what option does the committee have? I do not know. Here I correct the hon. gentleman from the New Democratic Party, who is a newcomer to the House of Commons, in relative terms, that it is not the only option to the committee to report that everyone was competent. I am sure that if one sought a ruling, one would come up with a ruling to this effect, if one reads Erskine May or Beauchesne. What that Party could do, and I am sure the Chair would agree, is possibly to move a motion that the committee was unable to come to a determination of the competence of the people referred to the committee. If someone in the committee were to move such a motion, that motion would be perfectly acceptable in any standing committee when these appointments were under consideration. I do not think it has ever been tried. However, I pass this thought along to the New Democratic Party. Instead of coming into this Chamber and saying: "We want you to concur with something we do not believe in"—I am being helpful to those Hon. Members, some of them are only new to the Chamber—there is another way around it. The New Democratic Party could move a motion that the committee does not have enough information to come to a conclusion that these people are competent. The NDP could say that it cannot recommend these appointments to the Government. Again, that sounds sort of crazy because they have already been appointed but, I suppose, in greater honesty in the committees, one could say: "Well, we cannot really recommend that these people are competent for the appointments because we do not have sufficient information". I am sure that would be within the rules of the standing committee.

I see that my time is up, Madam Speaker. I would be pleased to answer any questions from the New Democratic Party, if they wish to put them.

Mr. Waddell: Madam Speaker, I have just one short comment. I am amazed that the Hon. Member can spend 20

minutes speaking about one word "concurrence" or "concurs". I am glad we did not give him a sentence or a paragraph.

• (1520)

The Hon. Member said that the New Democratic Party flip-flopped on the issue. While we have the chance to ask a Liberal about his Party's position, I wish to ask him if he is aware of the results of a poll that the Gallup people conducted, people whom politicians follow fairly slavishly. The question asked was the following: "At present, very little of the total electricity used in Canada comes from nuclear power generation. What do you think should happen?" The people asked the question could choose one of the following responses. They were: "Should increase"; "Should not develop more"; "Should stop"; and "Don't know". I would like to know the position of the Hon. Member who represents the Liberal Party of Canada. I ask him the question because I have heard many people say that the Liberals do not have any policies. Should we increase nuclear power? Should we not develop more, or should we stop? Or does the Hon. Member not know? Into which category does the Liberal Party fall?

Some Hon. Members: He doesn't know.

Mr. Baker: Madam Speaker, the hon. gentleman asks us to consider the nuclear power plants in Canada. He asks us to look back to consider where the money to build them came from. He will discover that most of the government contributions were federal government contributions. There is no doubt about that. That was the encouragement the federal Government provided to the industry. No matter what sector of the energy industry we consider there has always been cash to encourage someone to do something, whether it be to explore for oil or gas or to put up a nuclear power plant if they so wished. But there was a choice. If one did not want to go with a nuclear power plant then one could go with hydroelectric power.

In the case of Newfoundland what we did, instead of constructing nuclear power plants, was to put the money toward hydroelectric power. I say "we"; it was a decision taken by a Progressive Conservative Government of about 10 years ago. Some provinces took money to put toward nuclear power plants. What I wish to emphasize is that the federal Government always allowed a choice. So when looking at the policy of the Liberal Party one must look to what happened in the past to see that there were choices. Who made the decisions? The provincial Governments made the decisions within their own jurisdictions.

Mr. Waddell: Is that "Don't know" or what?

Ms. Mitchell: Madam Speaker, the Hon. Member for Gander—Twillingate (Mr. Baker) has belittled the New Democratic Party, and quite unfairly, by saying that we should not be raising the question of who is appointed to the Atomic Energy Control Board because the appointments have already been made. I wish to ask him his personal views on this matter. When I make my remarks later in the debate I will give more details.

Does the Hon. Member really believe we should not be questioning the fact that Dr. Franklin, who is an Officer of the Order of Canada and a renowned physicist in the field of energy, was first appointed only to have her appointment withdrawn? We strongly suspect that there was a connection between the fact that she is known to oppose construction of the Darlington nuclear power plant in Ontario and other controversial matters and her not liking the secrecy of the commission hearings. She would like to see open hearings under the provisions of the Atomic Energy Control Act. Is the Hon. Member saying that we are wrong to question the Government's withdrawal of such a person, presumably because it does not agree with her position? I think it is essential to have a person with this background on the board to give it balance.

Further, does the Hon. Member not think that there should be a woman on this commission? I understand that not one of the other appointees is a woman. I think that women by and large give a slightly different view to the whole question of nuclear power and matters concerning atomic energy because they are concerned about reproduction and their children.

Mr. Baker: Madam Speaker, I am sure that everyone respects Dr. Franklin. The only problem I see is that her name was not mentioned in the list of appointments. Therefore, it is out of order to even bring up the subject.

Some Hon. Members: Oh, oh!

Mr. Baker: I agree with the Hon. Member when she says that it would be nice to see more women appointed to these positions. I firmly believe—and perhaps I should not go on on this subject—that the most capable people should be appointed. I am sure that whoever made the appointments about which we are talking here today took that into consideration. I would certainly like to see more women appointed to these boards. I have found that, in dealing with some of the top civil servants who are women, they appear to be more straightforward in terms of voicing their opinions and so on. So I have to agree with the Hon. Member in that regard.

The reason I say we should not be discussing it is because we cannot change it. Can you imagine, Madam Speaker, voting on a motion which states that we find these people competent to be appointed? The fact is they have already been appointed. Perhaps the question should be whether or not they were competent enough to be appointed. Perhaps that should be taken into account in the wording of the motion. We cannot change the fact that they have been appointed. So why would this matter be referred to the standing committee? In the beginning the intent was to ensure that there were not political appointments.

Mr. Keeper: Madam Speaker, I have a question for my colleague. We are examining appointments that have been made by the Conservative Government, appointments of

people who have come directly out of the nuclear industry. My colleague, the Hon. Member for Vancouver East (Ms. Mitchell), mentioned Dr. Ursula Franklin, a scientist who is independent of the industry. If a Liberal Government were in office—and this is hypothetical—what sort of appointments would it make? Would the Liberals be prepared, as they were not in the past, to appoint people to this type of commission who would question the basic assumptions of the industry? Would they appoint people who would play watch-dog roles for the Canadian public? Would they redefine the whole question of secrecy as it concerns this board? What does the Hon. Member think a Liberal Government would do that would be any different from what the Conservative Government is doing today or from what the Liberals did in the past?

Mr. Baker: Madam Speaker, we have always appointed capable people to positions. Today, we hear a lot of doubt expressed across the country concerning political appointments. It seems that every appointment being made by the Government these days is political. I would like to assure the hon. gentleman that it will not be long now before the present Government will be replaced with a Liberal Government. At that time we will ensure that the people who are appointed are appointed on the basis of their qualifications and their dedication to the people of Canada.

• (1530)

Ms. Margaret Mitchell (Vancouver East): Madam Speaker, I had no intention of speaking on this subject today. However, I have learned a great deal since I was asked to participate in the debate, many things about which I had not really thought.

We have been talking about the whole way of appointing people to the Atomic Energy Control board and the way in which the appointment of Dr. Ursula Franklin was rescinded. I should like to review the process which was apparently involved in the appointment of and in the withdrawal of the appointment of Dr. Franklin. She was appointed to the board by the former Minister of Energy, Mines and Resources who is now the Minister for International Trade (Miss Carney). She is an Officer of the Order of Canada and a renowned physicist. She is also known to have been opposed to the construction of the Darlington Nuclear Power Plant. I must confess that I learned some things about that project this afternoon which I will share with the House later. Dr. Franklin wants to revamp the secrecy provisions of the Atomic Energy Control Act—the meat of the motivations of the Government and the very strange and questionable process related to the appointment.

I believe Dr. Franklin's appointment was rescinded last spring. The Leader of my Party, as well as one of my hon. colleagues, raised questions about the matter in Question Period and in the Adjournment Debate. During Question Period the Prime Minister (Mr. Mulroney) indicated that Dr. Franklin had refused the appointment because she could not agree to the secrecy provisions of the Atomic Energy Control Act. The correspondence to which I will refer in a minute will show that that indeed is not true.

The Government and Cabinet had decided to yank her appointment even before she wrote a letter saying that she had some concerns about secrecy provisions. Furthermore, although she said she had some concerns—and I would hope this is why she was considered for an appointment to the board—she did not refuse to take the oath of secrecy or to serve as a member. She questioned the process and the inappropriate protocol in terms of how she was approached.

The real story is that as soon as Cabinet learned that Dr. Franklin had a certain position on nuclear energy, it decided to remove her from the board after approaching her with an appointment.

A new appointment was made a year and a half after her appointment was withdrawn and after the Minister for International Trade left her former portfolio as Minister of Energy. The position was vacant during that period of time.

We must ask a number of questions. Why did Cabinet veto Dr. Franklin's appointment? We must question the inappropriate approach of the then Minister. However, putting that aside, why did Cabinet veto her appointment? Was there indeed some lobbying behind the scenes by the nuclear power industry? Undoubtedly the industry would present a different position and had a vested interest which would not be the same interest as that of Dr. Franklin.

I should like to document what happened. On April 15, 1985, a letter was sent to Dr. Franklin by the then Minister appointing her to the AECB. On April 22, 1985, Dr. Franklin received a letter from the Minister. On that same day Dr. Franklin posted a letter of response, to which I should like to refer, stating that she would like clarification of the secrecy provisions of the AECB and of the relationship of the board to the public. She did not refuse acceptance of the position in that letter.

On April 23, 1985, Dr. Franklin was informed by telephone by the Minister's office that the appointment was a mistake. What kind of stupid public relations is that, quite apart from the question of qualifications. I cannot believe that the Minister handled an important matter in that way. Dr. Franklin was informed of that on April 23 before the Minister's office actually received her letter.

On May 29, 1985, a letter was sent by the Minister to Dr. Franklin informing her that her appointment to the board by letter was "sent in error".

It was clearly between April 15 and April 23 that Cabinet vetoed the appointment of Dr. Franklin and, as the House will recall, that is when the Minister was away in China. Some hanky-panky was going on. One must be concerned that the Government does not want an appointee on that board with views which question the nuclear energy program or indeed might question the way in which AECB operates. It would be good to know why the Government vetoed the appointment.

The Hon. Member for Spadina (Mr. Heap) reviewed Dr. Ursula Franklin's excellent credentials as a physicist and as an

educator. She helped develop the science policy through the Science Council of Canada and the Natural Sciences and Engineering Research Council of Canada. She has done many other things. She has been a tireless advocate for Science for Peace and has received worldwide recognition. Indeed these are all to her credit as a scientist and a human being. I am also proud of the fact that she is a woman.

I would have thought that the Government would have welcomed her to the Atomic Energy Control board. Surely we should have an advocate of caution and control in that respect.

As I mentioned earlier, Dr. Franklin is opposed, or certainly questions very strongly, the gigantic nuclear plant in Darlington, Ontario. I learned a lot more about the plant by reading an article which appeared in a December edition of *Saturday Night* last year. The article indicated that Ontario Hydro continued to build a gigantic nuclear plant at Darlington despite Chernobyl and all the tragedies, fears, and anxieties created by that incident; despite the election of the Liberal Government in Ontario which opposed it; and despite the fact that this power plant might be quite unnecessary. Evidence shows that there is not enough demand for the power from that plant.

I would think, having read the article, that some of our western Members should be a bit concerned. I am not trying to stimulate competition between our regions, but we should be sensible in our planning. Apparently the Darlington plant is the largest construction project of a nuclear generating station now under way in North America. There was—and it is still the case—a striking lack of construction in Alberta at the time the plant was first begun. The article implied that there was a connection, and that nuclear plants around the world have displaced oil-fired plants. I am sure the Hon. Member for Vancouver—Kingsway (Mr. Waddell) could tell us more about that.

It seems that Ontario now thrives with the help of nuclear energy and it took control of its economy away from the "shieks" of Alberta and Arabia, according to the article. There have been massive shifts in prosperity from western Canada to eastern Canada. That has been a major factor, and the article pointed out that it could not occur without certain costs and risks. They also point out that it is strange that this very massive plant was developed during the period of the Liberal administration despite their opposition prior to being elected. It has also gone ahead despite the terrible disaster last April at Chernobyl and the fact that the power from this plant may not be needed in the future. That is just one example of the questioning raised by Dr. Franklin. You would think that that view should be represented on the AEC Board.

• (1540)

It is very important that there be women on this board. There should be a quality and parity on all boards. I have been corrected that there is another woman on the AECB, Dr. Sylvia Fedoruk, of whom I was not aware. Why is the presence of women on the board important? There are many consumers, Madam Speaker. I tend to feel that women often tune in more to the consumer side of things, particularly the family situation. Mothers are concerned about the next generation and what will lie ahead.

I think of an issue about which I have had many representations through correspondence and calls from people in my riding and from across Canada—I suspect other Members of Parliament have as well—namely, the question of food irradiation. We know that food irradiation is related to nuclear power so it is related to this debate. There are many many questions being raised about this process which is being pushed very agressively by the industry. It is a money saving process for the industry to preserve food in this way. Even more serious is the fact that this process is being approved by the Government. It seems quite ready to allow the irradiation of food products despite the fact that there is a real concern across Canada on the part of consumers and despite the fact that the Government has not called for any consultation on it. There has been no study of the health effects of irradiation. The Government has also not considered things like having warning labels on such products. We feel very strongly that this also is a consumer issue which should be aired. We are concerned that the industry is stepping up the production of irradiated food products and we feel it should be investigated.

There are many other questions that consumers would raise. I think people like Dr. Franklin are the ones to raise these questions. It is not enough for scientists to speak in technical terms to each other. They have to be able to reassure Canadians about what is being done today in the whole nuclear energy field and to be sure that it will be in the interests of future Canadians, not to mention our environment, the protection of workers and the protection of consumers generally.

Consumers want to have general information. For example, where is nuclear waste being stored now? Most of us are vague and worried about that. Consumers want to know what should be done about future nuclear waste. They want to know how important nuclear energy is. We hear debates on this question. Is it essential to go to nuclear energy in the future? We in our Party do not think so, but the Government apparently does. It actively supports the use of nuclear energy. Consumers want to know what the dangers are, not only from waste, but what are the dangers to workers in the field who must be very concerned about hazards. I, personally, and I am sure many of my constituents want to know what Canada is doing to Third World countries by exporting nuclear energy by sending some of these hazards overseas without having all these questions answered.

We feel that appointments to this board should be questioned very seriously and, in particular, we have great concern that Dr. Ursula Franklin's name was withdrawn after having been considered for this job. We feel strongly that her kind of expertise and attitude is needed.

Mr. Redway: Madam Speaker, I have two questions for the Hon. Member flowing out of her remarks. First, with respect to the appointment or non-appointment of Dr. Franklin, I do not claim to be an expert or to have any real knowledge as to what took place concerning that appointment, but the Member indicated that she felt that perhaps the Cabinet had vetoed the appointment of Dr. Franklin. The Member seemed to imply that there was something wrong in the Cabinet vetoeing an appointment on the basis of perhaps a different philosophy from that of the Government. I know that the Member from Vancouver takes part in the parliamentary review process of appointments to boards and agencies which has been set up for the first time in any parliamentary democracy anywhere in the world by our Prime Minister (Mr. Mulroney), and I gather that, because she does take part, she thinks there is some merit in having a review process of that sort. As I understand the process, the committee would look at the qualifications of people who are appointed, the philosophy of those people, their positions on the issues, and I would assume that perhaps the Hon. Member for Vancouver East (Ms. Mitchell) would have felt that the committee, after reviewing all those things, might be entitled to have veto power over appointments. I gather from her comments that she feels the Cabinet should not have veto power when it disagrees with the philosophy. I gather what the Hon. Member is saying is that she would be opposed to a review committee having veto power over such appointments. I would like her comments on that.

Second, the Member indicated that there should be all points of views reflected on a committee board, all different philosophies and approaches. I would be interested to know, if she were appointing a committee or the board, whether she would make sure that every kind of point of view and philosophy were demonstrated or whether she would feel that everyone should have the philosophy and the position of the New Democratic Party. Particularly with respect to this board, would she feel comfortable having the board at least 50 per cent representative of the nuclear industry?

Ms. Mitchell: Madam Speaker, first, regarding the question about the veto power of the Cabinet, I think the Hon. Member missed the point. I would be glad to show him correspondence that documents the points I raised earlier. The reason we objected was that Cabinet actually gave a false reason. The Prime Minister himself gave a false reason for withdrawing the appointment of Dr. Franklin. Dr. Franklin said very clearly that she would not take the secrecy oath, and the Prime Minister said that that was the reason for the withdrawal. It was a matter of accuracy, and I would think, as a Member from the Toronto region, that my colleague would be looking into that a bit more.

• (1550)

If we formed the Government, of course we would appoint represenative committees. I have done so in my riding. The local advisory council includes representatives from business, labour, community groups and, I am sure, different political Parties. I think any Government would be extremely foolish if it did not have sound representation and affirmative action.

Mr. Waddell: Madam Speaker, I have a short comment to make. I think the Hon. Member, who is a good Member, should really look into that appointment. That woman from Toronto was dealt with very poorly—

Mr. Redway: Madam Speaker, I rise on a point of order. It is my understanding of the provisions in the rules with respect to questions and comments that they are supposed to be directed toward the Speaker, not toward someone who has made a comment or asked a question.

The Acting Speaker (Mrs. Champagne): The Chair is confident that the Hon. Member will ask his questions through the Chair.

Mr. Waddell: I will take that point, Madam Speaker, since it was more like a heckle. We in the NDP have put up a number of speakers on this particular matter. As you know, Madam Speaker, many of us are assigned different areas for which we are critics, and I would like to comment on the speech of my friend, the Hon. Member for Vancouver East (Ms. Mitchell). She is responsible for child care and social policy while I am responsible for energy.

In the beginning of her speech, the Hon. Member said that she has learned a lot today. I simply want to say to her that that was one of the best speeches I have ever heard in this House. I say that sincerely. The Hon. Member analysed this matter so thoroughly and honestly that I wish Hon. Members opposite would think about her remarks and respond to them.

Some Hon. Members: Oh, oh!

Mr. Waddell: I know some Hon. Members think this is funny, but we in the NDP believe that the nuclear industry is a serious matter. As well, we feel that the way this woman from Toronto was treated is a serious matter. That is why we do not apologize at all for taking up the time of the House this afternoon to put up speakers through an opportunity given to us to debate the appointments of these men who are all apologists of the atomic industry in which there is no fairness or openness. Some day Canadians will come to that conclusion and will force the Government to open up the process.

Mr. Baker: Madam Speaker, I wonder if the Hon. Member could elaborate on her feelings on the process of committees examining Order in Council appointments and whether or not she thinks it is a worth-while endeavour on the part of the Government. Is it a good exercise? Does she think that this is the proper mechanism for examining appointments made by Order in Council?

Ms. Mitchell: Madam Speaker, I must say that I have not really been involved in this process too much. I was involved in one committee, the Secretary of State Committee, which dealt with this process. By and large, our concern is that we want to be able to review appointments, but there is not much point in

simply reviewing them if there is no way of implementing the conclusions of that review. I would think that the committee should have a fairly strong impact on these appointments and should be able to question them in some instances, as indicated by the Hon. Member earlier.

Motion (Mr. Waddell) agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, I would ask that all questions be allowed to stand.

The Acting Speaker (Mrs. Champagne): Shall all questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed from Thursday, February 5, consideration of the motion of Mr. Crosbie (St. John's West) that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Spadina (Mr. Heap) had one minute remaining in his speech and then there will be a few minutes for questions and comments. Does the Hon. Member for Spadina wish to continue?

Mr. Dan Heap (Spadina): Yes, Madam Speaker. With my remaining minute, I simply want to summarize the main points I was making yesterday. This Bill has not been examined sufficiently. There are all kinds of questions which could be raised by supporters or opponents of the Bill and by supporters or opponents of different interests in the trucking industry and the transportation industry generally. All kinds of questions have been raised but not answered. It is very important that this Bill not pass second reading at this time but that it be returned to the standing committee so that the committee may travel across Canada to hear these different points of view.

Mr. Kilgour: Madam Speaker, the Hon. Member for Spadina (Mr. Heap) and I discussed what might be said during this question period about four hours ago and I would like to invite his comments on my remarks. The Hon. Member indicated that jobs would be lost because of this Bill. My understanding is that the U.S. Bureau of Labour statistics show that between 1980 and 1985, U.S. trucking employment increased 22 per cent and wage levels of U.S. trucking employees were 40 per cent higher than average private sector employees despite the U.S. recession in that period.

I would remind the Hon. Member that more than one million of our fellow citizens work in industries that rely heavily on transportation. The people in those businesses in every region of Canada have clearly told us that they need a more efficient and competitive transportation system in order to stay in business and to compete at home and abroad. As those businesses become more competitive, they create more jobs for men and women in Canada.

I would ask the Hon. Member to comment on that and, judging from his speech, I would ask him if he is only interested in protecting existing jobs in the trucking industry. I suggest to him that that policy is doomed to failure. Those jobs will slowly be lost if our resource producers and manufacturers lose markets because of the continuing uncompetitive nature of the Canadian trucking industry. We would then have the worst of all possible worlds. We would lose jobs in the producing industries and in the trucking industry because the producers would ship fewer and fewer goods.

The Hon. Member indicated that Canadian truckers cannot use American roads. I would ask him why he said that and remind him that some 1,000 Canadian carriers now hold licences to operate in the United States. In fact, Canadian truckers have increased their share of the total transborder market by between 8 per cent and 12 per cent between 1980 and 1984, 1984 being the last year for which I have figures. In short, Canadian truckers are already competing very effectively on American roads. How can the Hon. Member say that we will not operate there?

The point raised by the Hon. Member for Moncton (Mr. Cochrane) was that in effect, with the stroke of a pen, we could be denied access to interborder traffic.

The Acting Speaker (Mrs. Champagne): Order, please. It is with deep regret that I must interrupt the Hon. Member. I cannot allow the Hon. Member for Spadina (Mr. Heap) the right to reply.

It being four o'clock p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1600)

Mr. Kilgour: On a point of order, Madam Speaker. Because I used up the Hon. Member's time I wonder if, by unanimous consent, we might give him two or three minutes in which to reply?

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): I do not have unanimous consent and I have already called the next order of business.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*Translation*]

THE SENATE

SUGGESTED EQUAL PROVINCIAL AND TERRITORIAL ELECTED REPRESENTATION

The House resumed from December 16, 1986, consideration of the motion of Mr. Taylor that, in the opinion of this House, the Government should consider the advisability of introducing the appropriate measures to abolish the Senate and create a new Senate composed of Senators elected by the people of Canada on the basis of equal representation for each province and territory, and to initiate discussions to that end with provincial and territorial Governments at the earliest opportunity.

Mr. Nic Leblanc (Longueuil): Madam Speaker, the motion before the House today seeks the abolition of the Senate and the creation of an elected Chamber where the provinces would have equal representation. It is not the first time a motion of this kind has been before the House of Commons, and the Hon. Member for Bow River (Mr. Taylor) is probably aware that a number of interesting proposals have been submitted over the years to make the Canadian Senate more effective and more representative.

Madam Speaker, this afternoon I would like to go over a few of these proposals, starting with the 1972 report of this Parliament's Special Joint Committee on the Constitution of Canada. The Committee suggested that the Governor General in Council should continue to appoint half the senators according to the existing proceedure and the other half from a list of candidates submitted by the provinces. The Senate would have 130 seats, distributed so as to reflect the relative importance of the various regions. Quebec and Ontario would each keep their respective twenty-four seats. Nova Scotia and New Brunswick would have ten representatives, Prince Edward Island would have four, Newfoundland would have six and the remaining provinces would have twelve each. Finally, the territories would have two senators each.

In 1978, the Government of British Columbia suggested that the Senate's principal role should be to make the regions and the provinces participate in the institutional decision-making process. To that end, the Government proposed that appointing senators be left to the provinces and that the resulting delegations be each headed by a provincial Minister. The five regions would each send an equal number of representatives to a Senate that would consist of sixty members.

In 1978, Madam Speaker, it seems the concept of abolishing the Senate and replacing it with a House of the Provinces was very popular. The Ontario Select Committee on Constitutional Reform of the Ontario Legislative Assembly, the Canada West Foundation and the Progressive Conservative Party made proposals to that effect.

The Ontario Select Committee proposed that senators should be appointed by the provincial governments and represent those governments. Potential candidates could include provincial Members, Ministers and the Premier of each province. Representatives of the federal Government could take part in the proceedings of the House of the Provinces by tabling Bills and intervening in the debate on those Bills, but they would not have the right to vote.

The Canada West Foundation proposed that the House of Provinces be made up of provincial and territorial delegations authorized to cast a single weighted vote; the provincial delegations would include provincial Ministers, MLAs and civil servants. In addition, all provincial premiers would be *ex officio* members of the House of Provinces, each in turn acting as president. For its part the Progressive Conservative Party recommended that the majority of members be delegated by the provincial Governments, the others appointed by the federal Government.

In its 1978 report entitled "Towards a New Canada", the Canadian Bar Association recommended that the Upper House be reformed so as to represent regional interests. The CBA recommended that the members of this House be appointed for specific terms by the provincial Governments, and the federal Government would designate the representatives without voting rights.

In 1979, Madam Speaker, the Task Force on Canadian Unity co-chaired by Messrs. Pepin and Robarts proposed that the second House be known as the Council of the Federation, made up of provincial delegates speaking and acting on behalf of the provincial Governments. The Task Force recommended that a Minister head each delegation, and that federal Ministers be allowed to take part in the debates, introduce and defend their Government's legislative measures before the Council of the Federation, but that they not be allowed to vote. As to the *Fédération des francophones hors Québec*, in 1979 they recommended the creation of a House of the Federation whose members would be elected.

In its report on certain aspects of the Canadian Constitution—the Goldenberg-Lamontagne report—the Senate Standing Committee on Legal and Constitutional Affairs recommended that senators continue to be appointed by the federal Government, but that half of them be selected from a list submitted by the provincial or territorial Governments. The main criteria would be to achieve a relative balance in the representation of the various segments of the population, and to take into account the personal qualifications required for effectively discharging the duties of a senator.

In 1980, Madam Speaker, the Constitutional Committee of the Quebec Liberal Party made its own recommendations in a document entitled "A New Canadian Federation". This Beige Paper recommended the abolition of the Senate, urging that the federal Parliament be made up of only one institution, the House of Commons. However, the Constitution would provide for a new intergovernmental institution, namely a Federal Council of provincial delegations acting under the direction of their respective Governments.

Each provincial premier would be *de facto* head of his provincial delegation, and the federal Government would send non-voting representatives to express its views. Quebec would have a minimum representation equivalent to 25 per cent of the number of council members, and the smaller provinces would be guaranteed fair representation. In addition, the council would reflect Canada's duality through a committee whose membership would be 50 per cent francophone and which would be called upon whenever the Canadian duality might be affected by federal initiatives submitted to the council.

In 1981, the Canada West Foundation revised its position and recommended that senators be elected for limited terms. Their election would take place at the same time as the general national election, and senators would be elected in a province-wide riding through a transferable vote.

Madam Speaker, are you indicating that I have only one minute left? I have finished. Madam Speaker, thank you very much for allowing me to take the floor this afternoon and make these enlightening comments before the House.

• (1610)

[*English*]

Mr. George Baker (Gander—Twillingate): Madam Speaker, I agree with the mover of this motion inasmuch as I believe that we need a second Chamber which will hold the Government more accountable than does the present House of Commons. In making that statement, I realize that perhaps the procedures and customs of this Chamber could be changed to fulfil that need.

The House of Commons is structured on the presumption that it is a law-making body, that it holds the Government accountable to the people for its actions, and that it provides a place for recruitment of people who would form the Government. In other words, when our parliamentary system was created the Government of Canada only had responsibility for very limited activities such as the railway and the post office. At that time the House of Commons was actually initiating its own laws. The elected Members of the House of Commons actually initiated and passed laws for the Government of Canada.

The law-making function of the House of Commons has disappeared. As I see the function of the House of Commons today, it no longer bears any resemblance whatsoever to a law-making body. That is because the Government has become all pervasive. It covers everything in our society. Therefore, laws are being initiated either by the Public Service or by exterior factors such as federal-provincial conferences.

Today one cannot imagine a law passed in this Chamber which was totally initiated in this Chamber. Apart from policies which are established by a political Party running for office and laws brought in because of those public declarations, or because of federal-provincial conferences or any number of exterior factors, there are very few laws which can be categorized as even coming from the Public Service. The law-making function of the House of Commons has deteriorated substantially.

The only other function which the House of Commons has today is to keep the Government of Canada responsible. One wonders whether we even do that today. That is perhaps why this motion is so important. Under our present system, a Minister of the Crown does not have to answer a question and is not expected to know the answer to a question which deals with his Department. Precedent has been set by Speakers' rulings over the years that a Minister should not be expected to know everything that goes on in his Department. That is a matter of custom, a matter of law under the British parliamentary system. The issue of accountability has diminished as far as the House of Commons is concerned.

The House of Commons was created to fulfil one other function. It was originally created to provide recruitment for future Governments.

The original intention for the creation of the House of Commons was that politicians would learn over a period of time and would then become cabinet Ministers or would become skilled enough in the function of law-making and accountability to the people that they would be able to fulfil those functions. That was called recruitment. That has gone out of the window because in the 20th century the average period of time that a Member sits in this Chamber is three to three and a half years. Here today, gone tomorrow. That turnover of Members means that that function of the House of Commons is not being fulfilled at all.

I agree with the motion before the House. I did not hear the Hon. Member's explanation of how the model would be created, but I did listen to several Members speak on this motion the last time it was before the House. One of the Members referred to, although not in these words, the accountability function of the House of Commons, that is, the House of Commons as a group which makes the executive of the Government, who should be responsible for the decisions, but are not, accountable to the people of Canada. That person used the CF-18 contract as an example of how the Government is not being held accountable to the people of Canada. He said that that is why we should have a second Chamber, an elected body of sober second thought, to fulfil the function of accountability.

I will give you one example in which I do not believe that the Members sitting in the Government of Canada, the Cabinet of Canada, were responsible for a government decision. I refer specifically to the recent agreement on fishing signed between France and Canada. I have reason to believe that it was not the Minister of Fisheries and Oceans (Mr. Siddon) or the Minister of Transport (Mr. Crosbie) who were actually responsible for that signing. However, we have no way of making the Government accountable. There is no mechanism for holding that part of the Government which made the decision accountable to the Canadian people. The law-making

function has disappeared because of the complexity of our times. The accountability function has disappeared in this Chamber and the recruitment function no longer applies as a result of turnovers. Therefore, I support the hon. gentleman's Bill as it presently stands and I have other ideas on how to structure the model.

• (1620)

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the motion we are considering today states that we:

—should consider the advisability of introducing the appropriate measures to abolish the Senate and create a new Senate composed of Senators elected by the people of Canada on the basis of equal representation for each province and territory, and to initiate discussions to that end with provincial and territorial governments at the earliest opportunity.

The motion was moved by my colleague, the Hon. Member for Bow River (Mr. Taylor), and seconded by the Hon. Member for Prince George—Bulkley Valley (Mr. McCuish).

I believe that the central problem of representative democracy in Canada can be stated in one sentence. It is that two out of three Canadians live in a narrow band between Windsor and Quebec City. That is a demographic fact with which all of us must live.

The biggest problem facing those of us from outside the two central provinces is that we do not believe we are politically equal to those who live in the two central provinces. I believe that applies to those from Newfoundland as much as it does to those from Vancouver Island. It certainly applies to the region of the Prairies where I have lived most of my life.

Recently in Edmonton I gave a speech entitled "Representative Democracy in Canada: Strengths, Problems, and Reform". I pointed that many national institutions do not represent all Canadians with equal vigour. I used the example of *The National* which appears on our publicly financed television station every night at ten o'clock. I believe some 80 per cent of the budget for that news broadcast is spent within the boundaries of Metropolitan Toronto.

Mr. Redway: You can have it if you want it.

Mr. Kilgour: A Member from Toronto tells me that we can have it if we want it. The point is that those of us who live in the outer eight provinces do want it. It is patently unfair that 80 per cent of that budget should be spent in one city. *The National* should be renamed "The Toronto News". Those of us who live outside of Toronto, including people in northern Quebec, northern Ontario and Alberta, are not getting adequate representation in a news broadcast that we help to fund just as much as does the Member from Toronto. The point is that this national institution is not perceived to reflect all of Canada as it should.

I will now deal with the Senate. The area in which the most necessary reform still remains is our unloved and unworked Senate, down the hall from us. The Special Joint Committee on Senate Reform reported two years ago that an appointed Senate no longer meets the needs of Canadian federalism. It stated that only an elected Senate can fulfil its principal role, which is that of regional representation. How, in a representative democracy, can 104 men and women who are appointed until the age of 75 perform a dual role with this House which consists of elected men and women? Who are their electors and to whom are they accountable? They are accountable to no one but themselves.

There are 25 million who do not have a cushy, well-paid job with no responsibility. In a democracy, a Senator's job should be important, but there is no responsibility without electors. What do they do at election time? They do not have a meaningful role to play in a democracy, and that is why those of us who feel strongly about this issue believe they should be elected to represent each province equally. We are asked why people from Prince Edward Island should have four or five Senators compared to Quebec or Ontario?

[*Translation*]

I think it is the same thing in Rhode Island, for instance, or in Vermont, with two senators. People have been laughing about that as well, but the voters in New York are quite prepared to accept the situation to strengthen national unity.

[*English*]

If Rhode Island can have two Senators, cheek by jowl with New York, why can P.E.I. not have four or five Senators, the same as Quebec or Ontario? That is one symbolic way to show that all Canadians can have a greater stake in our democratic institutions. I suggest that this is a strong argument for having an elected Senate. It works across the border and it can work in Canada. California has a population of 25 million people and is situated next to Nevada, with 1 million to 1.5 million people. New York has a population of 18 million people and is situated beside Vermont, with slightly more than 500,000 people.

The counter argument is often made that a Parliament with two elected Houses cannot be reconciled comfortably with the principle of reasonable government as it has operated in Canada. Surely the answer is that only an elected Senate, with the political clout to dispute, when necessary, the decisions of a government supported by the House of Commons, can satisfy the original intent of the Fathers of Confederation, which is the provision of a Chamber that would balance judiciously the power of the Commons by safeguarding the legitimate interests of the people in the less populous provinces. Who in the House would suggest that the Senate in Australia does not work? While it may not be perfect, it works well there. I suggest it could work well in Canada. Do I see a smile on the face of the Member from Toronto?

Mr. Redway: Indeed you do.

Mr. Kilgour: I hope he will appreciate that we in Alberta and I hope other areas of Canada are deadly serious about this issue.

Since 1982, the method of selection of Senators cannot be altered except by a constitutional amendment approved by Parliament and by the legislatures of at least seven provinces representing at least 50 per cent of Canada's population. I suggest that all of the outer eight provinces could readily be persuaded to support an elected Senate, with perhaps five or six Senators from each province. Indeed, I believe that the Premiers of most if not all of the eight provinces have already indicated support for this.

It has been suggested that Quebec and Ontario would never accept this proposal, but surely the Premier of your province, Madam Speaker, might be persuaded to accept this if Quebec's veto over amendments affecting its legal authority were restored.

Perhaps Ontario legislators could be persuaded to make a grand gesture in the interests of enhancing political equality in Canada on the same basis as representation between New York and Rhode Island, or California and Nevada. One assumes that the Senate itself would have to face the inevitable if all three Parties in this House approved an amendment to this effect. The result, I suggest, would be an improved democracy in which all of us in this country from Nanaimo to St. John's could take greater pride.

• (1630)

I refer Hon. Members to "The Case for an Elected Senate" by Duff Roblin, published in the *Canadian Parliamentary Review*. There is a real, live, breathing Senator who believes we should have an elected Senate and makes that case eloquently. I may have been a little unkind when I suggested that only a third of the Senators appear to work in our present institution. The heading of a recent article is: "Half of the Senators Missed Most of the Fall Sitting". In fairness to the other House, I should point out that Senator Guy Charbonneau points out that in fact some of these Senators may have been sick. Some of them may have been entertaining foreign dignitaries. I am being a little facetious in paraphrasing his letter. The point is that it is a discredited institution and here is our chance, thanks to the Hon. Member for Bow River (Mr. Taylor), to do something to improve Canadian democracy.

Mr. Rod Murphy (Churchill): Madam Speaker, this is not the first time I have had a chance to speak during Private Members' Hour on the reform of the Senate. It seems to me it is getting to be a bit too often. However, I believe there is some purpose in discussing this issue a number of times. I firmly believe that the more we discuss the Senate, the more it comes to light, and the more chance that we will finally abolish the damn thing in the first place. I believe what is happening in this country is that people are becoming sick of the Senate. They are sick of the appointment system and the people who are appointed. They are sick of the inherent conflict of interest which exists among Senators. What the people want to see is the Senate abolished.

Other Hon. Members who have spoken have referred to all the different ideas for reforming the Senate. Some have suggested that Senators should be appointed by the provincial Premiers. Others have suggested that Senators should be elected in each of the provinces by proportional representation. Some Hon. Members talk about it as being a haven, or a way of saving the English-French conflicts in this country. I think those are all laudable suggestions and ideas. However, I think we have to ask why these suggestions are being made. I believe they are being made basically because we know there is no present purpose for the Senate. We recognize there are some very honourable Senators and that there are some individuals in the Senate who have done good committee work, but that is about all they do. I have spoken in previous debates and pointed out that on many days the Senate sits for 45 minutes, sometimes up to two hours and on one or two remarkable occasions, up to three hours. I also pointed out from a month-after-month statistic, that Senators were sitting 10 hours or 20 hours a month, and occasionally they may sit up to 25 hours a month.

Mr. Redway: If you would let us pass more legislation, they would have more work to do.

Mr. Murphy: The Hon. Member to my extreme right says that if we would pass more legislation, they would have more work to do, but the point is that when we pass legislation which is very controversial, after committee study, and in some cases after pre-study, it is passed in the Senate, if the Government wants, in half an hour's time, in any case.

The Hon. Member for Bow River may remember that we sat in committee until August 4 discussing the six and five program. We had a number of witnesses. We sat morning, afternoon and evening in committee on that piece of legislation. The Senate passed it the same evening it was sent to the other place. It is not a matter of what we do in this House. It is a matter of what they do not do in that House. So let us not use that old excuse.

My main point is that every time there is a problem in the Canadian confederacy, someone says we should use the Senate to fix it up. The studies and reccomendations which were made in the late 1960s and 1970s used the Senate to try to deal with the separation problem which existed in Quebec. A lot of the recommendations which came down at that time were put in place to try to deal with the problem of a really strong separatist movement in Quebec. The motions, and a lot of the speeches we hear, try to resolve the feeling in western Canada especially, and in Alberta specifically, that for some reason all the decisions seem to be made in Ontario and Quebec. The Government, whether Liberal or Conservative, always seems to worry about the political base it has in Quebec or in Ontario. As a result, the CF-18 contract did not go to Manitoba and the National Energy Program seemed to be forced upon Albertans. Presumably, the federal Government signed a cod contract with France so it would not have any controversial issues coming up when the Francophone summit takes place in a few months' time. That is a feeling expressed by a number of

people who spoke. Every time there is a problem the idea is to use the Senate because it has no purpose at the present time.

When I served on the last joint committee on the role and reform of the Senate, I listened to hundreds of briefs from all across this land. It became very clear that there is no consensus as to what we should do with the Senate. There are arguments for abolition and for an appointed Senate. There are arguments for a Premiers Council. We heard all sorts of ideas. None of them were accepted by any two groups, and none of them, I think, were very practical. The reason they are not practical, and why this particular suggestion is not practical, is that we have not dealt with how the House of Commons is going to relate to this new body. Are we supposed to be elected in the same old way? All the Conservatives vote together when the Prime Minister (Mr. Mulroney) says so. The Liberals vote no and we vote yes, no or maybe, depending on what our caucus decides. The Senate is a completely different body. Are we going to talk about the relationships? Obviously, if there is an elected Senate with equal representation from each of the provinces and the two or three Territories, depending on when this motion ever comes to pass, obviously the purpose, the role, the structures of this body would have to change as well. That is a fact of life. We could not have five Senators from Manitoba, presumably representing the three different Parties, taking one position and the Members of the House of Commons taking a completely different position. It just would not work.

I would argue that rather than our spending time debating the reform of the Senate—because it is there and we do not think it is doing anything, and all those other reasons which I think are justified—we should really be looking at the reform of the House. The problems are here. Certainly, the Senate is there and we have no excuse for it, no reason for its existence. However, the problems are really here.

We have the problem of government integrity, regardless of which Party forms the Government of the day. It is the problem of how we make decisions. We automatically support our Party when it is the Government. Therefore, the Conservatives, regardless of where they come from, had to support the Government's decision to put the CF-18 contract in Montreal, despite the fact there was a lower bid, and probably a more technically competent bid, from the Province of Manitoba.

If we had a committee system where decisions of this nature were investigated and where people did not vote always on Party lines, we could reform our own House. We would have more credibiilty, whether we are from Alberta, Manitoba, Quebec, Ontario or from Atlantic Canada. That is what should be happening.

Part of the problem in western Canada is that whether we have Members in the Opposition or on the government side, we assume they are not being listened to. If that is the case, and if government Members do not believe they have any clout in the House of Commons because they do not want to go against the government line, then they have a responsibility within their own caucus and within their own Government, to ensure they are doing the right thing. Presumably, those caucus meetings are not just rubber stamps. Presumably they are a place where real debate takes place. Presumably the men and women in that caucus are honourable people and will take a stand. If they disagree about something on a consistent basis, they will walk out. That is the honourable thing. I have sat in government caucuses. I am not just speaking because I am in opposition at the present time. I have sat in government caucuses in Manitoba. I have seen that Members will oppose Government, and be very vociferous in opposing government decisions. I have seen cases of decisions being turned around to represent all parts of Manitoba because of what happened in the caucus room.

• (1640)

I use Manitoba as an example not only because I am from there and not only because it has a New Democratic Government but because the majority of the seats in its Legislature represent the City of Winnipeg. There are 30 seats for the City of Winnipeg and 27 seats for ridings outside the city. Yet people from smaller areas are able to influence what the Government does because they get up to insist that the Government move in a reasonable fashion.

When we talk about reform let us not spend our time talking about the Senate. Let us talk about what we should be doing in this Chamber and what we should be doing in our own caucus rooms.

[*Translation*]

Mrs. Anne Blouin (Montmorency—Orléans): This afternoon, Madam Speaker, the Hon. Member for Bow River (Mr. Taylor) is asking us to take a position concerning the abolition of the Senate and its replacement by a Senate elected on the basis of equal representation for each province. Well, before attacking an institution which is so deeply rooted in Canadian history, we would be well-advised to take under serious consideration the reasons why it was established in the first place, and to make sure that the proposed reform will not undermine the orderly discharge of its original duties, however necessary they may still be.

So, what were these duties in 1867? Two objectives of the Fathers of Confederation immediately come to mind. Having drawn inspiration from the House of Lords in England, they wanted to create a Chamber of legislative sober thought responsible for putting the finishing touch to the sometimes hastily adopted House of Commons legislation. Several Members of this House have admitted that, by and large, the Senate has lived up to this challenge.

Another argument justifying the existence of the Senate in 1867 was its function to represent regional interests. Sir John A. Macdonald himself explained how the Senate was created.

It was felt that in order to protect the interests of the regions and to prevent interregional jealousy, it was necessary that the three broad divisions that constituted British North America at the time, namely the Maritimes, Quebec and Ontario, be represented in the Upper Chamber on an equal basis.

Madam Speaker, the Fathers of Confederation wanted to make the Senate similar in structure to what we now have in modern federations like the United States, Australia and Switzerland. With twenty-four senators from each region, the Canadian Senate was supposed to represent the diversity of these regions and provide them with equal power, thus balancing the differences in population reflected in the Lower House.

The concept of representation of regional interests has received somewhat questionable implementation by the present Senate of Canada. Most commentators agree that in recent year, the members of the Senate have not been ardent defenders of regional issues.

However, the regional interests issue alone should be reason enough to consider carefully ways of reforming the Upper Chamber to reflect those interests better than it does now. The motion before the House today indicates that one way would be to elect an equal number of senators from each province.

However, it was not the intention of the Fathers of Confederation to provide equal representation to the provinces; they preferred to speak of regional equality. Shall we follow their example or shall we accept, as requested by the Hon. Member for Bow River, that provinces obtain equal representation? Are the realities so different from one province to the next that they cannot be adequately reflected in the Senate if we apply the principle of regional equality? Before voting on this proposal, we must find answers to these questions.

I said earlier that the Fathers of Confederation had two objectives in creating the Senate: To make it a chamber of sober second thought and to represent the regions. However, for French Canadians at the time, the Senate had a more important purpose. It was to be the protector of the interests of the francophone minority, the key element of the constitutional agreement between the two cultural communities.

Madam Speaker, this is the concept which Georges-Étienne Cartier used to rally Lower Canada to the cause of Federation. Indeed, Quebecers were not alone in giving such an intepretation to the creation of the Senate. George Brown of Ontario recognized it when he said:

> Our friends in Lower Canada have agreed to grant us representation by population in the Lower Chamber at the express condition that they can enjoy equality in the Upper Chamber. We would never have reached an agreement if this condition had not been met.

The guarantees of representation for Quebec in the Senate, as well as the constitutional provision dealing with the use of French in both Chambers, were essential conditions for the entry of French Canadians into Confederation. It is this notion of duality that Francophones wanted to protect and it is this protection that they required from the Senate.

The fact is that we must recognize that the Senate could better meet its responsibilies for representing the two official language communities. If we accept today that this basic notion of duality still deserves to be better reflected in our central institutions and defended by the very mechanism of Parliament, it is important to consider the opportunities provided by the reform of the Senate in this regard.

There is no lack of reform proposals. Indeed, whether they are for an elected Senate, for a Chamber of provincial delegations or for Senators appointed by the central power, several Senate reform proposals would attribute to that institution special powers to defend the rights of the francophone community.

The Federation of Francophones outside Quebec even proposed in 1978 a Senate where both communities would be represented on an equal footing. According to the Federation:

> The Chamber of the Federation should be a privileged forum where both founding nations could meet as equals and develop together the policies of the federal State. The central Government cannot reflect the realities of both founding nations if it is under no obligation to deal with them on a regular basis and make sure that its projects meet the values and priorities of each.

Madam Speaker, this notion that Parliament should respect in its actions the values of our cultural communities can be found in most projects, although with less absolute arrangements. In short, these proposals would give the Senate, in the case of any measure having a special linguistic significance, a right of veto based on the double majority principle.

In 1978, Bill C-60, among others, required that to pass, a linguistic legislation be adopted by a majority of Francophone senators and a majority of Anglophone senators.

In order to further protect the interests of Francophones, the Macdonald Commission report, as well as the report of the 1985 Special Alberta Committee on the Senate Reform insisted that linguistic measures should be approved by a majority of Francophone senators and a majority of the whole Senate.

The same concern exists in all proposals for a Senate made-up of provincial delegations. For instance, the 1980 Constitutional project drafted by the Quebec Liberal Party, the so-called Beige Paper, proposed that a "dual committee" of the new Senate should ratify the initiatives of the Government which are likely to affect the Canadian duality.

Likewise, in 1978, the *Canada West Foundation* suggested to give the Quebec delegation an absolute veto to protect its unique character in cases of bills affecting culture and languages.

The list of possibilities is quite extensive, Madam Speaker. Over the past 20 years, there have been a great many Senate reform proposals; some of them, among the most interesting, originated in Parliament. The contribution made in 1984 by the Special Joint Committee is, in this regard, worthy of mention.

Under its term of reference, the Committee had to consider first of all the roles a possible reformed Senate could play. I dealt today with two possible roles, consistent with our history and the character of our country. The Committee insisted on the same objectives of regional representation and the need to maintain the dualistic nature of Canadian society.

According to that committee and in the opinion of several Canadians, the House of Commons cannot effectively reflect the regional and dualistic character of our country while carrying its mandate to represent the will of the majority. Now we know how those regional or cultural differences can become the source of tensions and conflicts that tend to question the future of this country.

I have already indicated that the motion introduced by the Hon. Member for Bow River should provide for equal representation from the provinces rather than from the region and I asked that the point be taken in consideration. However, for my fellow French-Canadians and myself, it is also very important to look at the means we could provide the Senate to represent the two language communities and guarantee the rights of the French Canadian minority.

By itself, equal representation from the provinces as proposed by the Hon. Member provides no guarantee for minority representation or protection. Equal representation from the provinces however is no obstacle to better representation from the linguistic communities, provided safety mechanisms similar to those I mentioned earlier are added.

Before the House is called upon to vote on the Hon. Member's motion, madam Speaker, I would ask him to look at the advisability of adding to any senate reform ways of guaranteeing that our linguistic duality, that important reality, will be reflected in that institution.

• (1650)

[*English*]

Mr. Dave Nickerson (Western Arctic): Madam Speaker, I have just a few points to make in a debate which has been with us for a long time. It is probable that the debate on Senate reform commenced the day after Confederation. Somewhere in the bowels of Parliament there must be a basement full of studies, report, and recommendations, which were made at one time or another, about our friends down the hall.

The Canadian Senate was established along the lines of the British House of Lords. However, unlike the British House of Lords, which had been in existence for a long time and was based upon aristocratic considerations and land ownership going back to feudal days, our Senate system was put into effect on the spur of the moment. As a result, we have been arguing about it ever since.

Let us look at some of the historical functions which the Senate is supposed to fulfil. Some people would argue that it was set up to represent the various regions of Canada. I do not see how it does that any more than does the House of Commons. If it were established on the American system with equal representation for each province, such as in the idea proposed by the Hon. Member for Bow River (Mr. Taylor), that would be a fact. However, it is not. Representation in the Senate is roughly along the lines of representation in the House of Commons—according to population. I do not see how one could argue that the Senate, under present circumstances, represents the various regions of Canada.

If we were to be honest we would admit that the Senate was really established with the idea of protecting property and wealth. Observers going back to the time of Aristotle have argued that the end result of democracy or a democratic system of government on its own, untempered by any other element, is likely to be chaos. Possibly that was in the minds of the formulators of the first Canadian Constitution.

Perhaps the Senate protected the interests of property for a time, but that is certainly not the case today. We still have that archaic requirement that a Senator have $4,000 worth of property, but one does not get very much property for $4,000 today. I do not think we can really argue that point any more.

The third item which comes to mind about historical functions of the Senate is that of the House of sober second thought, the House of reflection. I always thought there was something in that idea until a Friday afternoon when a Private Member's Bill was debated before the House of Commons. Because it was a Friday afternoon, as is the case today, only a handful of Members were present and a Bill to change the name of Dominion Day to Canada Day sneaked by. That was a time when we needed second sober reflection. It had not been looked at, debated properly, or thought about by the House of Commons. However, when I saw the Senators, as a result of impositions placed upon them by the Prime Minister of the day, go along with it—they were told to do it; there was no first thought, second thought; there was no thought at all—I lost any respect I might have had for the view that the Senate provided an opportunity for sober second thought.

However, in my mind the Senate fulfils certain useful functions. It does some excellent committee work. Two immediate examples come to mind—the recent report on the marketing of fish done by the Senate Fisheries Committee headed by Senator Marshall, and a recent report on military transport, which I thought was excellent work. In many of these ways it complements the work of the House of Commons.

It also provides—and this is important in any society—a way of honouring people who have contributed to the life of Canada over the years. It is a way of giving them an honour which does not cost that much. It is important for that to be available to us as a society. It is nice to see people receive the Order of Canada, but this is another way of showing how society appreciates work done over a long period of time by people in various fields. Most often it is politics, but occasionally it is for other good and valid reasons.

It also provides a way—and this is important in society as well—of promoting people out of the way. Sometimes it is necessary to get rid of people who perhaps have done a good job for years and years but must be replaced. We do not want them to be demoted, so we promote them out of the way, and the Senate provides a very good opportunity for doing that. It

also provides a reward for Party work. Occasionally appointments are made for rather partisan reasons. I can think of people from this House who were appointed to the Senate to make room for somebody else to run in their ridings.

Another very useful function of the Senate is that occasionally after election to the House of Commons we find that certain regions of the country are not represented at all. Of course this is not the case with the present Conservative Government which received a wide mandate from every region of the country. However, if we look back to the previous Liberal Government, we see that it was unrepresented in the West, and it was useful to have a mechanism whereby it could have someone from western Canada in the Cabinet of the day. The Senate provided a mechanism for that.

It is also useful—and I am thinking now in partisan terms—in that it provides an opportunity to bring to Parliament in its widest sense people who provide useful party functions like that of raising money. One of our Senator colleagues from the other side of the House has recently been in the news quite a bit. I would think that the other members of his Party thought in times past that he served a very useful function of raising money for their Party.

I see that I am out of time, Madam Speaker. In conclusion, I thank the Hon. Member for Bow River for providing this opportunity once again to engage in a debate which has gone on for 100 years. Because we will have to use the amending formula under the new Constitution to change the Senate, it will probably take another 100 years of debate before the issue is finally settled, if at all.

Some Hon. Members: Hear, hear!

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order, please. The hour provided for the consideration of Private Members' Business has now expired.

Pursuant to Standing Order 36(2), this Order shall be dropped to the bottom of the Order of precedence on the Order Paper.

It being 5 o'clock, this House stands adjourned until next Monday at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 5 p.m.

HOUSE OF COMMONS

Monday, February 9, 1987

The House met at 11 a.m.

[*English*]

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I move:

That the House do now proceed to Orders of the Day.

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

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

Mr. Speaker: All those opposed please say nay.

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Speaker: Call in the Members.

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

• (1110)

(*Division No. 62*)

YEAS

Members

Andre	Forrestall	Lanthier
Blenkarn	Fretz	Lewis
Bouchard	Graham	MacDonald (Kingston and the Islands)
Bourgault	Gray (Bonaventure—Îles-de-la-Madeleine)	Mantha
Clinch	Greenaway	Marin
Côté (Langelier)	Grisé	Mazankowski
Crofton	Hamelin	McCain
Crosbie (St. John's West)	Hamilton	McCrossan
Darling	Hardey	McKinnon
Daubney	Hawkes	Minaker
Desjardins	Hees	Nicholson (Niagara Falls)
Edwards	Hicks	Nickerson
Ellis	Johnson (Bonavista—Trinity—Conception)	Nowlan
Epp (Provencher)	Kilgour	Oostrom
Fennell		Pennock
Price	Scowen	Wilson (Swift Current—Maple Creek)
Reid	Siddon	Wilson (Etobicoke Centre)
Ricard	Sparrow	Winegard—59
St. Germain	Thacker	
Schellenberg (Nanaimo—Alberni)	Towers	
Scott (Hamilton—Wentworth)	Vézina	

NAYS

Members

Allmand	Foster	Nicholson (Trinity)
Althouse	Frith	Nystrom
Axworthy	Fulton	Ouellet
Baker	Gauthier	Riis
Blackburn (Brant)	Gray (Windsor West)	Robichaud
Boudria	Keeper	Robinson
Broadbent	Lapierre	Tobin
Cassidy	Mitchell	Waddell—27
Copps	Murphy	
Dingwall		

• (1140)

The Acting Speaker (Mr. Paproski): I declare the motion carried.

Mr. Allmand: Mr. Speaker, I rise on a point of order. So much for parliamentary reform and the treatment of committee reports.

The Acting Speaker (Mr. Paproski): Orders of the Day.

Mr. Riis: Point of order.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed from Friday, February 6, consideration of the motion of Mr. Crosbie (St. John's West) that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee.

Mr. Riis: Point of order, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Orders of the day have been called. I will recognize the Hon. Member for Kamloops-Shuswap (Mr. Riis) a point of order before I recognize the Hon. Parliamentary Secretary.

Mr. Riis: Mr. Speaker, I simply rise on a point of order regarding the business of the House. I would like to seek some indication—particularly when the Government House Leader is in his seat—as to whether or not we will have an opportunity to discuss the concurrence motion regarding lobbying. The feeling was, as a result of the events of recent days in the House and over the weekend, that it was appropriate to spend only two hours this morning discussing the process of lobbying and perhaps offering some suggestions and some potential solutions as to how the whole matter might be handled in the future. I am simply seeking some guidance as to whether we will have an opportunity to discuss this critical committee report some time later this week.

Mr. Mazankowski: Mr. Speaker, of course, we will be glad to discuss it. However, we would like to get on with some Government business. There are committees waiting for important Bills which the New Democratic Party refuses to debate. It has been engaged in stalling and procrastination in a very deliberate fashion, undermining, circumventing and subverting the rules of the House. On the one hand, members of the New Democratic Party say they want to debate and then they continually engage in flippant motions and in motions which do nothing but obstruct orderly debate. That is what we are interested in; we are interested in orderly debate and to get the business of the House moving. This Government has a responsibility to govern, and it is governing.

• (1150)

Mr. Gray (Windsor West): Mr. Speaker, I rise on the same point of order with respect to House business. I seek some clarification from the Government House Leader on the Government's position in this regard. Anyone reading the headlines or watching television with respect to reports of what happened at the Tory caucus in Quebec over the weekend would have thought that the issue of lobbying and government integrity, generally, was supposed to be first on the list of government business. Why is the Government House Leader afraid to have this issue discussed today even for two hours? What could be more important than the integrity of this Conservative Government, or lack of same?

Mr. Gauthier: Mr. Speaker, I rise on a different point of order, although I share the views just expressed by my House Leader; I think it is terrible to come in and shut off debate.

I want to refer back to the projected order of business for Friday and today. I am sure the Table will listen to me attentively because I think I have a point, that there is something here which is not only confusing but I think a mistake. It was certainly done by someone and I think it was done inadvertently.

On Friday the *Projected Order of Business*, states that if we get to Bill C-19 there is a 20-minute maximum for all other speakers during the next seven hours and seventeen minutes of debate and speeches are subject to a 10-minute question and comment period. We have had 43 minutes of speech on Bill C-19. Therefore, we knew we had seven hours and seventeen minutes left. In the *Projected Order of Business* for Monday, February 9, we find that although—

The Acting Speaker (Mr. Paproski): Order, please. I believe the Chair explained that there was a mistake last week and it was brought to the attention of the House. I refer to page 3193 of *Hansard* of February 6 wherein the Acting Speaker said:

> At this time I wish to bring to the attention of Hon. Members that the time recorded under Bill C-19 in today's *Projected Order of Business* is wrong. The time remaining for debate is six hours and 42 minutes.

Mr. Gauthier: I was aware of that, Mr. Speaker, and I thank you for bringing it to the attention of the House. Today we say there are six hours and forty-two minutes left because we had at best possibly 10 minutes on Friday for debate on Bill C-19. I take it also that in that time consideration, the 10-minute period reserved for comments and questions has been included in the total figure given to us today. I want that confirmed because that is an argument which I want to make to the Chair some day, that it should not be included.

The Acting Speaker (Mr. Paproski): It is included and I take the Hon. Member's remark as notice.

Mr. Lewis: Before I proceed with my remarks, Mr. Speaker, I would comment to the House that there have been discussions among the Parties as to the most expeditious manner of handling Bill C-19. I think it is fair to say that those discussions were tied into the way the House dealt with Bill C-18. Therefore, I think you would find unanimous consent of the House, Mr. Speaker, for the following motion:

> That Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, not be referred to a legislative committee but be referred to the Standing Committee on Transport upon second reading of this Bill.

Mr. Gray (Windsor West): Mr. Speaker, it is true that there have been discussions among the Parties on this matter and there is interest in this particular proposal. However, motions of this type are generally made during Routine Proceedings and the Government itself chose to blank them out. Therefore, I think this motion had better stand while we consider our position.

Mr. Riis: Mr. Speaker, there have been some discussions. We were anticipating that the Government would take the opportunity after the weekend, as a result of deliberations which went on late Friday, to use Routine Proceedings to introduce such a motion. that is why I think so many of us, likely including yourself, Mr. Speaker, were surprised when we found we would not be getting to that item today, but moving directly into debate. Therefore, I will have to follow the position taken by the previous speaker that we simply let the matter stand for the moment.

Mr. Kilgour: Mr. Speaker, I have had discussions myself with the House Leader of the Liberal Party and with the Hon. Member for Regina West (Mr. Benjamin). It was my firm understanding from both of those individuals that this motion

could be adopted with the consent of all the Parties in the House. With respect, to rise this morning and object because it is not being done under Routine Proceedings, but is being done now, I do not believe is an accurate representation of the understanding we had last week.

The Acting Speaker (Mr. Paproski): I need unanimous consent. Is there unanimous consent for the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is a real pleasure for me to participate in this debate. The House will know that this is the fourth day this Bill has been called for debate. Unfortunately, it has been unnecessarily delayed by members of the New Democratic Party.

On Wednesday of last week it was called and a concurrence motion was moved by a member of the New Democratic Party. I can tell you, Mr. Speaker, that we have no difficulty in debating concurrence motions on committee reports if there has been prior notice and an opportunity for all Parties to inform their spokespersons and for the House to have an informed, lively, intelligent debate. Unfortunately, that did not happen. There was no notice. Therefore, Wednesday was lost.

On Thursday, once again during Routine Proceedings, the New Democratic Party moved concurrence of a report of the Standing Committee on Public Accounts. As a former chairman of the Committee on Public Accounts, I can say it is a very non-partisan committee. It works very hard on behalf of the House. Those reports are almost always unanimous, well thought out and a lot of time is taken in their preparation. If we are going to debate those reports, it seems to me only logical that we treat them properly and give everyone notice so we have an informed debate. Once again, there was no notice. At eleven o'clock on Thursday concurrence was moved and we had probably an hour and three-quarters debate on that very important report of the Standing Committee on Public Accounts.

The next thing that happened was debate on Thursday afternoon on this Bill. On Friday, a concurrence motion was moved by a member of the New Democratic Party, the Hon. member for Vancouver—Kingsway (Mr. Waddell). I think this motion bears an even more intense examination because this was the third time in a row. The report in question was a report of the Standing Committee on Energy, Mines and Resources as to appointments. When one examines the transcript of the committee hearings at which the Hon. Member for Vancouver—Kingsway was in attendance one will find that at no time during the proceedings of the committee did the Hon. Member take any part in the discussions with respect to these appointments. However, when the matter came before the House, when Hon. Members were asked to concur in the report of the committee, suddenly the Hon. Member took a great deal of interest in the matter.

• (1200)

[*Translation*]

Mr. Gauthier: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Paproski): The Hon. Member for Ottawa—Vanier (Mr. Gauthier), on a point of order.

Mr. Gauthier: Mr. Speaker, the Hon. Member is trying to make a procedural point and I am not sure I understand why. It has no relevance to Bill C-19. I wonder if perhaps he could give us his position on the Bill before the House instead of indulging in sarcasm and ridicule the way he is doing right now, which is certainly not relevant to Bill C-19. I would like to know whether the Hon. Member could be asked to speak to Bill C-19.

[*English*]

The Acting Speaker (Mr. Paproski): I am sure the Hon. Parliamentary Secretary knows what is relevance in the House of Commons and, therefore, is coming to his point.

Mr. Lewis: Mr. Speaker, on behalf of the members of the Government I would say a strict enforcement of the rule of relevancy would be welcomed by us all.

Ms. Mitchell: How about setting an example?

Mr. Lewis: At any rate, for all intents and purposes Friday was lost to debate and we now have an opportunity to enter into debate. We think that we should have a good day's debate on this important Bill. For that reason, I move, seconded by the Hon. Member for Ontario (Mr. Fennell):

That this question be now put.

Some Hon. Members: Debate!

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the Parliamentary Secretary to the President of the Privy Council (Mr. Lewis) was in the process of condemning the New Democratic Party for a motion introduced on Friday and then proceeded to introduce what is in effect a closure motion on the debate. That has become the principle trade mark of the Government. Members of the Government say that they want to give the House more authority. They say they want to give committees more authority. Yet every second motion introduced by the Government in the Chamber is a closure motion. In effect, the Hon. Member has now ended debate with his motion.

He asks that the question be now put. Following speeches that will be given on his motion of closure the Conservatives will use their massive majority once again to shove another Bill through the House of Commons. This brings up the question of the accountability of the Government to the people of Canada. Members of the Government are not accountable for anything they do. I cannot think of one single thing for which the Government is accountable to the people of Canada. For the life of me, I cannot see what the value of the House of

Commons is under the present Government. It is muzzling Parliament.

The Government has an agenda upon which it is acting. Sometimes it does not know who makes the decisions. It does not know who it was who ordered the Canadian Embassy and the PMO to sign an agreement with the French. No one knows who ordered the decision to be made. I ask then what is the purpose of the House of Commons under the present Government? No one here can tell me or Canadians what the function of the House of Commons is under the present Government.

In very legitimate terms the House of Commons should be a law-making institution, but certainly not one which just rubber-stamps laws put forward by the Government. The Government has a massive majority and it can move a closure motion whenever it wants. Not one piece of legislation has been originated in the House since the present Government took office. By its own philosophy of the rich get richer and the poor get poorer what the Government has done is gone through a list of legislation that will benefit the powerful in the country. The Bill before us is another example of benefit to the United States truckers and United States carriers of freight. That is all this Bill is about.

What then is the bottom line of the Hon. Member's motion now before the House? We know that the House no longer originates legislation. It does not even talk about legislation. It has no meaning in the legislative process any longer. If it does not do those things then what does it do? It might be said that in Question Period there is some semblance left of making the Government accountable to the people of Canada. But motions of the sort moved by the Hon. Member throw accountability right out the window.

Even during Question Period a Minister is no longer held accountable for his actions. A tradition has developed since this Government took power wherein a Minister does not have to know what went on in his Department or who made a decision in his Department. It is disgusting to anyone who watches and follows the process.

When the Government was elected it promised to bring democracy back into the House of Commons. That was one of the Tory promises set out in the handbook of promises. It was promise number 299. Yet what have members of the Government done? Every second day they introduce closure in order to get their Bills through, Bills which match their philosophy. They refuse to answer questions in the House of Commons. The Parliamentary Secretary has just hammered another nail into the coffin of accountability of the Government to the people of Canada. People are wondering what the function of the House of Commons is. Does it play a recruitment function for future Governments? No, it does not. The turnover in this place is one-third every election. It is no longer a law-making body. So what does it do? It is certainly not accountable to the people of Canada with motions such as the one introduced by the Parliamentary Secretary.

I would now like to deal with why the Government wants this Bill shoved through Parliament. It wants it shoved through Parliament because it opens up, so the Government says, competition in the trucking industry. It says to all truckers in Canada today, "We don't care how much money you spent on your truck and your trucking service, we don't care how much insurance you had to pay, we don't care anything about that, but what we are doing with this Bill is opening up the industry to more competition from the United States".

• (1210)

It is what they call the *Freedom to Move* philosphy. They are saying let us have freedom to move not only in the private sector, but in the public sector with Crown corporations, with Marine Atlantic, with the ferry boats that go to the different provinces, and with the freight that is moved from one province to another in eastern Canada. Let us allow the carrier to bring up the cost of freight to match his charges. They say to Prince Edward Island or Newfoundland that, "We will jack up the freight charges to pay for the ferry transportation, we will jack up the charges to the people carrying the freight, the truckers, CN, and the people who are driving their cars across to bring it up to a profit-making venture".

If that is done, and when that is accomplished, what is the need of the Crown corporation? What is the need of it, because nobody will be travelling. Obviously, something will have to be done. People will have to start moving, because they certainly cannot afford to live on those islands with the projected increase in freight costs. What will be done with the loss of service along the coastline, with the coastal boat service now having to make money in the Province of Newfoundland, or the bus service that replaced the rail now having to break even across the province? The fact of the matter regarding the bus service is that it has actually been making money to pay for the salaries in Montreal for the past two or three years.

Under this Bill the fittest survive with an influx of competition from the United States. If it was fair competition, it would not be so bad. Where is the competition when gasoline can be purchased for three-quarters or close to half the cost it is on the Canadian side; that is using our oil that the Government has sold cheaper to a United States refinery than to a Canadian refinery? That is the policy of the Government. A United States carrier will start off with cheaper everything. He moves up here and by himself knocks out predatory pricing, and all of the carriers from one end of Canada to the other. That can happen under this Bill.

One wonders who started this Bill. Was it for the free trade negotiators with the United States? Was this another card to remove all the obstacles to all of the trucking companies in the United States so they could move up here and take over the Canadian market? It could be that that is exactly the purpose of this legislation. It is on the free trade table. It is the deregulation of the trucking industry, the rail industry, the airline industry, and of every other industry so that the Americans can take advantage of the market.

That is what the Government has decided to push through Parliament, again using closure and taking away the rights of the Chamber. It must be admitted that at times certain subjects before the House are addressed too thoroughly; sometimes there are too many speakers and the thing goes on and on. But that is the mechanism for the examination of legislation that we have under the Canadian parliamentary system which was borrowed from the British parliamentary system. Bills that drastically affect Canada, that are bad for Canada but for in respect of the Government does not want to face the music in the standing committees, on radio, on television, and in the House day after day, are the Bills that the Government puts through by closure—those are the ones that it shoves through. The Government has been shoving through a lot of Bills, and that means that there have been a lot of Bills that adversely affect Canadians.

With those few words, I am going to conclude my remarks on the motion put forward by the Government. It is typical. I cannot find anything more typical than this motion presently before the House. There is no sense now in talking about Bill C-19. There is no sense going over it. There is no sense going over the clauses, because it all goes out the window. We cannot even talk about what the Canadian Trucking Association has said. It does not matter any more what they told the standing committee, because closure has been introduced. Our time has been limited by this great Government that told us they were going to restore parliamentary democracy. A moment ago, I was looking for that particular promise number 299 in the list of promises that were made. The Government is certainly restoring democracy; it is democracy as they see fit.

The overriding concern and interest of the Canadian Trucking Association, CP Rail, or of the travelling public on an aircraft is that the Government, by an organized and planned initiative, is putting through this Chamber a series of Bills and laws that will mean that the more rural areas of Canada will receive a lesser service than the richer areas of Canada. The philosophy in this country was always that a carrier, whether it was on the road, in the air, or on the ocean, operating under federal and provincial licences had a responsibility to the people who were being served, either with freight or as passengers. The carriers were told that if they were going to go into the big financial markets of central Canada, or of western Canada, or anywhere, then there was a responsibility to serve the less profitable areas. The philosophy was that if you lived in Newfoundland, Ontario, Alberta, or British Columbia, the regulations would be such as to maximize the possibility of equality of service across the country.

We are now seeing a series of Bills that throw this completely and totally out of the window. The Bill presently before the House, on which the Government has imposed closure, will, over a period of time, destroy the trucking industry in this country. Was it great to see deregulation of the aircraft industry with all of those companies competing under deregulation for routes in various parts of this country? Where are some of those companies today, the ones that have not been taken over by the major carriers into complete monopolies? Those areas today are wondering what happened to the jet service that was there a year ago. Now there are two-propeller aircraft trying to serve the area. Where have they gone as a result of competition?

That is what will happen to the trucking industry. The United States trucking firms will come into the country under this Bill. They will be given treatment preferential to that given Canadian truckers, and they will assume the routes and take over. People will say that this is marvellous, we have all these United States truckers here, but Canadians will be laid off, and Canadian truckers will go bankrupt. That is the price they will have to pay for this competition. The United States truckers will not buy our gas or pay the taxes on the gas that they will have to purchase on the Canadian side of the border.

That is my short contribution to this particular Bill and motion before the House. I would encourage all members to vote against the motion introduced by the Parliamentary Secretary to the Government House Leader.

Mr. Gauthier: Mr. Speaker, I wish to congratulate my friend from Gander—Twillingate (Mr. Baker) for his very good speech. Since the Hon. Member mentioned this, I wish to ask him a question dealing with those 338 Tory promises which have not been kept. One in particular, regarding transportation, reads:

> Recognize and respond to the special needs of the Atlantic region for better transportation facilities to strengthen the economic base of the entire area and provide jobs both with the transportation sector and in those other sectors which rely on an efficient transportation system to make their products competitive.

• (1220)

That is a Tory promise. Coming from Newfoundland as the Hon. Member does, knowing about the issues of job creation and the high unemployment rate we have had over the years, and knowing the Member for Moncton (Mr. Cochrane) whose concerns we seldom hear about in this House, but knowing what happened in Moncton to the CN shops, could the Hon. Member comment regarding that promise made by the Conservative Government which was not kept and is far from being up to par.

Mr. Baker: Mr. Speaker, we had 449 lay-offs in Moncton just last week in rail. We have seen lay-offs and cut-backs with CN Marine. The Government almost got away the other day with laying off 350 people by changes in routes and by changes in the frequency of the ferry boat travelling from north Sydney to Port aux Basques in Newfoundland. The Minister of Transport (Mr. Crosbie) had to step in personally to put things back the way they were; he had no choice. As to transportation and the fulfilling of that great promise made in the election campaign, what did the now Prime Minister (Mr. Mulroney) say in St. John's, Newfoundland? He stood up and said, "I am not afraid to inflict prosperity on Newfoundland". What are the Tories doing now? They are inflicting prosperity on France.

Some Hon. Members: Oh, oh!

Mr. Baker: There is no example that I can think of where the Government of Canada has actually increased employment in transportation or increased the modes of transportation in Newfoundland or in the Atlantic region. The only thing I can see is that the Government created a Crown corporation. That is the first thing the Government did, yet it was opposed to Crown corporations. The Government was going to sell off all the Crown corporations, but it created one in Atlantic Canada called Marine Atlantic. Why did the Government do that? To save $20 million. We can see where the Government is saving it; in people's jobs, salaries, the discontinuation of routes, and in cutting back on what coastal communities the coastal boat will drop in at. All we have seen is a downgrading in service and a complete reversal of what the Government promised before the election. At this rate there is no hope in the world that the Government will receive anywhere close to the votes it got in the last election. In fact, I would say that Atlantic Canada will probably at this rate elect all Conservatives in the next election!

Some Hon. Members: Oh, oh!

Mr. Keeper: Mr. Speaker, I have a question for my colleague. He made a very vigourous attack on the Government's legislation. We appreciate that because this legislation deserves to be attacked. It brings to mind a few words of Jonathan Swift when he described the differences between political Parties as the "big enders and the little enders". He was talking about an egg at that time and it was just a matter of which end you came in on, the big end or the little end. While the Member attacks the impact of deregulation on the trucking industry his colleagues in the Ontario legislature are introducing legislation to do the same thing that the federal Government is doing in this Parliament. Would it make any difference what the Liberals would do if they were in office? Would they follow the lead of their Ontario colleagues? Would it be just a matter of the big enders and the little enders, or do members of the Liberal Opposition have any real commitment when they attack the Government regarding the negative impacts of the deregulation package on the trucking industry?

Mr. Baker: Mr. Speaker, not only will there be no Conservatives elected from Atlantic Canada in the next election, there will be no New Democrats will be elected from Atlantic Canada either in the next election. It was a joke when I said the Conservatives would be elected.

Some Hon. Members: Oh, oh!

Mr. Baker: The Hon. Member has to remember there is a fellow by the name of Pawley, Manitoba's Premier Howard Pawley. He joined with the Premiers of the other provinces in condemning this Conservative Government for introducing Bill C-19. The Government threatened the provincial Governments and said unless they bring in legislation, then it would bring in legislation to do what the provinces should be doing.

I have just gone over the press clippings. Not only Mr. Pawley but the Premier of Ontario and various premiers are very angry at the federal Conservative Government. All premiers agreed that if they are to do something like this it should be done over a much longer period of time. Actually the Government is out on its own. It is being criticized by Conservative Premiers, Liberal Premiers and New Democratic Party Premiers on this issue of deregulation of the trucking industry. I do not think you can find that any former Liberal Government—and I have been around here awhile—has ever said it would deregulate the trucking industry to the point of what this Bill is outlining to us today.

Mr. Kilgour: Mr. Speaker, is the Hon. Member for Gander—Twillingate (Mr. Baker) aware that there are 1,000 Canadian trucking companies doing business in the United States? Is the Hon. Member aware of the U.S. Bureau of Labour Statistics which indicates that between 1980 and 1985 U.S. trucking employment increased 22 per cent and the wage levels of U.S. trucking employers were 40 per cent higher than the average private sector employee, despite the U.S. recession at the time? Does the Hon. Member realize that transporter truckers from Canada have increased their share of total transporter traffic by between 8 per cent and 12 per cent between 1980 and 1984, 1984 being the last year for which we have figures? Does he not think that our trucking industry can compete south of the border? Coming from a region that is resource based, does the Hon. Member not have a thought for the shippers, for the men and women who work in our resource industries who need to have an efficient, competitive trucking industry if they are to get their goods to market to keep their own jobs? Not the Member from Gander—Twillingate but the previous speaker for the Liberals told us that these reforms would have a devastating effect on the trucking industry. Can the Hon. Member tell us why the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) when he was Minister of Transport proposed to the provinces the same type of reform that is in Bill C-19? I understand the Member from Fort Garry threatened the provinces that if they did not agree to reform the federal Government would step in and take over regulation of interprovincial trucking.

Mr. Keeper: Repeat that so he can hear it.

Miss MacDonald: They never listen.

Mr. Kilgour: Will the Hon. Member comment on all of the matters that I have raised?

Mr. Baker: I will be short, as you requested, Mr. Speaker, but I would remind the Hon. Member that this is not the United States. Newfoundland is not the State of Maine and Ontario is not the State of Montana. Number one, we are not the United States and we cannot compare the two.

• (1230)

As far as how wonderful competition will be, I wonder if the Government would tell us what provinces are in agreement with it. That is the question.

Mr. Tobin: Ten different sets of regulations.

Mr. Baker: There is a great deal of diversity across Canada while this Bill is being shoved through the House of Commons. The Hon. Member should ask a trucker who has put up his own money for a truck and who pays for his own gas if he is in agreement with this Bill. Of course the Americans are in agreement with this Bill. Perhaps that is the concern of the Government; if the United States agrees, fine, put it through.

[*Translation*]

The Acting Speaker (Mr. Paproski): Order! The period for questions and comments has now expired. Resuming debate. The Hon. Member from Bonaventure—Îles-de-la-Madeleine (Mr. Gray).

[*English*]

Mr. Darryl L. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, now back to the real world. I would like to begin by putting a few remarks on the record concerning safety.

Concern has been expressed that reform of economic regulations will affect trucking safety and that somehow the federal and provincial Governments will slacken in their resolve to protect the safety of highway travellers. Nothing could be further from the truth. The Minister of Transport (Mr. Crosbie) has stated that safety is and will continue to be his first priority. That commitment has been stated in the national transportation policy set out in Clause 3 of Bill C-18 and it has been restated day after day in the operations of the federal and provincial Governments.

As we should all know very well, the provincial Governments already have effective highway safety standards in place. Those standards are vigorously enforced and our highway safety record is very good compared to that of other countries. In ensuring that safe operations continue, our best allies are the truckers. They know that the biggest losers in unsafe operations are the truckers themselves.

Despite the high level of provincial safety regulations currently in place and despite our good record, the federal and provincial Governments are not resting on their laurels. A uniform national safety code for trucks and buses was approved by the federal and provincial Governments in October 1986. This code is a consolidation and an upgrading of the best safety standards in North America. Most of it is already in place in parts or in all of Canada.

Why then are we creating a national safety code? It is because it is something that is long overdue under any regulatory scheme. Under the code, we will be introducing increased uniformity and compatibility into the existing safety regulations for the benefit of the trucking industry and all users of the highways. I think it is important that we in the House should note, without grandstanding and play-acting, that it be clear for all truckers from the East Coast to the West Coast that the Government is very sincere when it talks about safety. We are not reinventing the wheel, nor are we starting from scratch. To even intimate such a thing would be to ignore 30 years of work on the part of the provinces.

There has been some concern expressed by the trucking industry in certain parts of Canada and repeated by Hon. Members opposite that the national safety code will not be completely in place when the new Motor Vehicle Transport Act is implemented on January 1, 1988. Let me inform the House of exactly what is there now and what will be there in the way of highway safety programs and standards for trucks and buses. The following five programs are in place in each and every province: First, driver testing. A driver-licence system which consists of different classes of licences that require periodic testing of truck drivers and filing of medical reports is in existence as well as stringent medical standards for truck drivers and extensive knowledge and skill testing for those who wish to qualify for a driver's licence. Second, driver control. No province allows any driver to hold more than one driver's licence. Truck drivers' licences are downgraded following identification of medical problems. There are demerit point and licence-suspension programs as well as the enforcement of impaired driving laws and rules of the road. Three, vehicle safety enforcement. Vehicle inspection programs are carried out on company premises and on the roadside. Load security compliance is enforced by all but one province and the Territories and weight and dimension limits are enforced at all weigh scales. Four, insurance. All jurisdictions have mandatory insurance requirements. Five, dangerous goods legislation. This is very important for the transportation industry in Canada. Uniform laws and standards are in effect across the country covering vehicles, driver training and placarding.

On or before January 1, 1988, under the uniform code, the following eight new initiatives will be implemented in each and every province. First, the CCMTA single-driver licence concept is an upgrading of existing systems which will enhance enforcement and control. Second, the CCMTA classified driver-licence system will standardize the classification systems presently in place. Third, CCMTA medical standards for drivers will involve minor modifications to the present system. Fourth, CCMTA model regulations for security of loads will see minor modification to existing standards and participation by all jurisdictions. Fifth, training courses for dangerous-goods trainers is a new initiative designed to provide qualified instructors to teach drivers how to handle dangerous goods. Sixth, we will join the Commercial Vehicle Safety Alliance involving inspection and out-of-service criteria. Canada has a Canadian Vehicle Safety Alliance now in place which is similar, but all jurisdictions have agreed to join the U.S. Alliance for North American recognition and uniformity. This involves a roadside inspection system which is reciprocally recognized in each member jurisdiction. Seventh, individual companies had first-aid programs previously but now all but

drivers will be required to know first-aid to a national standard. Eighth, the carrier fitness, entry and control criteria complements the entry standards contained in Bill C-19.

I have just described a comprehensive set of minimum and uniform standards which will be in place before Bill C-19 is scheduled to be proclaimed on January 1, 1988, exactly as requested by the trucking industry and by Hon. Members opposite.

This is not all. There is more. The following 10 items will be implemented after January 1, 1988. By October 1988, vehicle maintenance standards will be uniform in all provinces. By January 1989, knowledge and performance tests for drivers will be uniform and standards will be raised. By January 1989, driver-examiner training programs will have uniform standards and will be expanded to provide ongoing training. By January 1989, hours-of-service regulations will be in place in all provinces and legislation for this is required in some provinces. By March 1989, self-certification standards and procedures for training drivers will be uniform in all jurisdictions. There will be two initiatives regarding records systems. By March 1989, operator profiles will be introduced. These will be safety records for each and every company holding a licence. By January 1989, driver profiles will be improved and the system will be made uniform in all provinces. By August 1989, there will be procedures for the audit of employers' records. This new initiative includes a new enforcement procedure. By August 1989, there will be criteria for short-term suspension of drivers' licences. This new initiative is designed especially for impaired drivers. By December 1989, the new enforcement of an interprovincial record exchange will be a tool which will give each province access to the profiles of all trucking companies and drivers. By December 1989, there will be a new enforcement measure for audit and inspection criteria which is aimed at compliance with safety requirements in terminals.

All of these improvements will be in effect before January 1, 1990, a full year prior to implementation of the fitness-only entry test in Bill C-19. I also want to emphasize that the dates I have cited for full implementation mean that all provinces and Territories will be onstream by that date. Many provinces will have many of these items in place prior to those dates and some will even be ready with all elements before January 1, 1988.

• (1240)

This is a dynamic process. There will continue to be improvement to the system beyond 1990. It is completely unreasonable to ask that the safety code be completely in place before economic reform takes place. Some of the items I have mentioned require changes to provincial legislation and, therefore, cannot be proceeded with any faster. It is a red herring to suggest that we should delay economic regulatory reform until all the safety initiatives are in place. In many ways our safety system is far more advanced than that in place in the U.S. As I said earlier, even there deregulation does not seem to have a measurably negative effect on safety.

In summary, it should now be apparent that, as the Minister of Transport has said on many occasions, safety of the transportation system is the number one priority. When the Minister of Finance (Mr. Wilson) brought in his economic statement in the fall of 1984, both opposition Parties predicted that hundreds of thousands of jobs would be lost.

My riding was under the thumb of the Liberal Government for almost 25 years. The rules and regulations of the transportation system under that administration did not work for us. There are three types of people in our society who depend entirely on the vast transportation system of our country. They are the consumers, the shippers and the carriers. The opposition Parties continually grandstand and make false predictions. They want to sow fear that things will not work. I can understand the mentality of the Liberal Party in saying that. For 25 years it made things not work.

Transportation is not a political issue. It is crucial to our society. We proved the Opposition wrong on the economy. We have reduced the national deficit while creating over 700,000 jobs. All regions of Canada have benefited. The Government does not believe in grandstanding and sowing fear in the hearts of Canadians. The Government believes in the consultative process and the economic development of the country.

In conclusion, I am honoured to be the vice-chairman of the Standing Committee on Transport to which Bill C-19 is to be referred. The fact that the Government is willing to refer this Bill to that committee and have public hearings shows the Government's openness and willingness to listen to concerned people. The Government wants a National Transportation Act which will allow our consumers, shippers and carriers to compete internationally.

Mr. Gauthier: Mr. Speaker, I remind the Hon. Member that the House has not adopted the motion proposed by the Parliamentary Secretary that this Bill be referred to a standing committee. The Bill is still to be sent to a legislative committee. When the Government comes to its senses, stops pushing minorities around, and starts having meaningful debate on Bills, we may be a little more co-operative in terms of adopting such recommendations. Therefore, despite the fact that we would probably favour the referral of this Bill to a standing committee, as is indicated in today's Order Paper, the Bill is to be referred to a legislative committee.

During the last election campaign the Tories made 339 promises. They made a very strong commitment to Atlantic Canada. I would like to read one promise which is pertinent to the area from which the Hon. Member comes and is very important to the communities he represents. The promise was to:

—initiate discussions with the New England states on a joint cost-shared corridor or road system to reduce transportation costs from Atlantic Canada to Ontario and Quebec as well as open up additional business and trade opportunities between Atlantic Canada and the New England states

Is the Member aware of any discussions which have been opened with the New England states about this joint cost-shared corridor or road system? We are now two and a half years into the mandate of the Government. Does the Hon. Member know whether the Government has received representations recently from members of the Tory Party with regard to opening up this corridor to lower costs and make it more feasible for Maritime products to come to the central Canadian market?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, as I mentioned in earlier remarks in the House on Bill C-18, one of the problems confronting the Maritime provinces is that they have unequal transportation rights with the New England states. Under the regulations now in place the Atlantic provinces are restrained with regard to container traffic. They are not on the same competitive basis as the New England states. It is important that our transportation regulations be changed in order that they can be on an equal footing with the New England states. Since it has taken 20 years to modify the National Transportation Act, it is absolutely crucial that we are able to compete on transportation costs in order to be on a level footing with our neighbours to the south.

It is a misnomer to speak, as the Opposition does, about deregulation. Fear is being sown that everything will be wide open. The new National Transportation Act will not mean deregulation, it will mean economic regulatory reform. Once we have fair and equitable transportation costs we will be able to compete and succeed.

Mr. Gauthier: Mr. Speaker, is the member aware whether the Atlantic provinces have been consulted? Are they agreeable to having this corridor put in place? In addition to local licences, extra provincial truck licences will be required. Can the member tell me whether all Atlantic provinces have agreed to such an extra provincial truck licence scheme? If so, has this scheme been extended to include the New England states which are involved?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, the Hon. Member for Ottawa—Vanier (Mr. Gauthier) has raised the precise problem with which the country is confronted. In the past we have had different regulations in each of the 10 provinces, the Northwest Territories and the Yukon. That is the fundamental problem which we are confronting with Bill C-19. As mentioned earlier, the provincial Ministers of Transportation have been meeting since October, 1986 in an effort to put together a uniform code. The goal of the Government is to provide for interprovincial trucking rather than requiring goods to be shipped via the United States.

• (1250)

Mr. Althouse: Mr. Speaker, I noted that toward the end of his speech the Hon. Member said he was quite in favour of supporting the motion to send this Bill to the Legislative Commttiee. Is he aware that the motion we are debating now is not to send this Bill to committee but "that the question be now put"? It is a form of closure of the debate.

In light of this re-regulation, as he prefers to call it, does the Hon. Member honestly believe that one hour and 28 minutes of debate, shared equally by the three Parties of this House, is enough time to debate such a dramatic change in the transportation system of this country?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, I believe there was a motion to refer Bill C-19 to the standing committee. I repeat that, given the grandstanding by the Opposition in the House, the importance of this Bill makes it absolutely essential that Bill C-19—indeed Bill C-18—be referred to the Standing Committee on Transport so that further views and opinions can be heard in public hearings. This will allow Canadians to be duly informed and will ensure that Bill C-18 and Bill C-19 can form a National Transportation Act that will fit the needs of all Canadians.

Mr. Althouse: Mr. Speaker, there is no doubt that the process this House follows, as described by the Hon. Member, is the one to which we always revert. Indeed, the committee stage is where people outside of the House may apply to be heard. However, I wonder whether the Hon. Member perhaps skittered around my question.

It seems to me that if people are to feel comfortable in applying to appear before committees they would want some indication from the Government that they will be heard. The motion we are now debating was placed before the House after one hour and 28 minutes of debate. Does this not leave the impression that the Government is pushing the Bill through to the point where individuals and organizations who are interested in this process will also be limited in their ability to appear before the Standing Committee or any other committee that will be dealing with this legislation?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, the opposite is true. The Bill will be referred to the Standing Committee on Transport. Its members have been on that committee for two and a half years and have always been open to public hearings to hear many representations and meet the concerns of the people. As a new Member of Parliament, the openness of the Government to consult and listen to the people since 1984 is completely new. That was not the case in the past.

Mr. Althouse: Mr. Speaker, I cannot help but ask a final supplementary question. If it is indeed the function of the Government to increase consultation with the people, why is it refusing to listen to the Opposition who are the representatives of the people, no less than Members on the Government side? Why is it limiting us to one hour 28 minutes in this debate?

Mr. Gray (Bonaventure—Îles-de-la-Madeleine): Mr. Speaker, far be it for me to insult the Opposition, but during the debate on Bill C-18 last week I heard the speeches of

certain opposition Members. By times, to use a maritime expression, I heard members of the Opposition speak to Bill C-75 when they should have been talking about Bill C-18, and I heard Members talk about referring Bill C-18 to a legislative committee when it was being referred to the Standing Committee.

I believe that the new reform of the House is important because it will allow the Standing Committee on Transport to hear the direct concerns of all those people involved in the transportation industry.

The Acting Speaker (Mr. Paproski): Questions and comments have terminated. Is the House ready for the question?

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, the issue we are dealing with here is as old as the country itself: is there any economic reason for Canada to exist? Bill C-18 and Bill C-19 have demonstrated the Government's tendency toward adopting the old *laissez-faire* economic philosophy that was popular at the time of American independence. The neo-conservatism of those in the current Reagan administration, which the Government of Canada is copying, has led to the philosophy of less government involvement in order to allow free market forces to prevail.

Unfortunately, if Canada indeed lets the free forces of the market proliferate, the market forces in this country will naturally switch from the east-west configuration that we have attempted to maintain since 1867 to a north-south configuration. When we compare our economies, our population, and the political and economic power that goes with their size, eventually the dominating force will come from the south.

We are not only talking about control of the trucking industry or its deregulation, as the Government attempts to say, but the economic future of Canadians. Indeed, will they have an economic future in Canada, where western Canadians and eastern Canadians continue to trade and provide the base on which social interaction can continue? Without social and economic interaction there will eventually be no political interaction. It is absolutely vital to the maintenance of this country that we keep those east-west links at work. The trucking system is only one of the many policies that this country has adopted over the years in an attempt to maintain Canada as a separate and independent nation.

Since I am about to move on to the next portion of my speech, perhaps I might call it one o'clock?

The Acting Speaker (Mr. Paproski): When Orders of the Day are called, the Hon. Member will have 15 minutes remaining in his debate, plus 10 minutes for questions and comments.

It being one o'clock, I do now leave the Chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S.O. 21

[*Translation*]

THE LATE ARNOLD DAVIDSON DUNTON

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Over the weekend, Mr. Speaker, Canada lost an outstanding Canadian in the person of Mr. Arnold Davidson Dunton who died at the age of 75.

Holder of doctorates in sciences and law, he was directly involved in several aspects of Canadian life and culture.

He was a journalist in pre-war years and worked as a war correspondent from 1942 to 1945 when he was appointed to the management of the CBC.

[*English*]

In 1963 he accepted the Government's request to serve as Co-Chairman of the Royal Commission on Bilingualism and Biculturalism, more widely known as the Laurendeau-Dunton Commission. He was Director and later President of Carleton University, Chairman of the Ontario Press Council, and was involved at many stages of his career with newspapers and publishing. Mr. Dunton played a leading role in maintaining and preserving our cultural identity. Today, on behalf of my colleagues and myself, I wish to pay him the tribute he so richly deserves.

* * *

PORNOGRAPHY

CALL FOR REINTRODUCTION OF LEGISLATION TO AMEND CRIMINAL CODE

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, shortly before the House recessed last June, the then Minister of Justice introduced new legislation against pornography. This was in response to an exhaustive study, the Fraser report on Pornography and Prostitution, plus a great deal of input from Canadians in all walks of life.

Unfortunately, the Bill died on the Order Paper as a result of the proroguing of the session. However, we can all be assured that the spirit and purpose of the Bill have not died. My constituents in Fraser Valley East support the Government's initiative in proposing new measures prohibiting pornography and wish to emphasize the importance of this Bill.

I urge the Minister of Justice (Mr. Hnatyshyn) to reintroduce the Bill which makes amendments to Canada's Criminal Code, as soon as possible. Laws are society's guide for behaviour and in times like these we need a strong and moral framework by which to live.

AGRICULTURE

INDEXED GRADING OF BEEF PROPOSED

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, beef producers who attended the Canadian Meat Council meeting last Friday believe that the grading system for beef is discriminatory and should be changed. Sometimes beef producers suffer up to 20 cents per pound difference on a dressed weight difference in the prices they receive for A-1 heifers as compared with the price received for an A-1 steer. The price should be indexed for each grade so that the price would reflect the true quality and market value instead of unnecessary items such as gender.

When the grading system for hogs was introduced this gender discrimination was eliminated and the distinction was no longer necessary. Beef producers, from different prospectives, are asking for indexed grading and, in the name of fairness, I believe they should have it.

* * *

HEALTH

IMMIGRANT DOCTORS—DIFFICULTY OBTAINING INTERNSHIPS

Mr. Joe Reid (St. Catharines): Mr. Speaker, many new immigrants feel they are underemployed, more particularly several medical doctors of Polish origin who are currently fighting for the right to practise their profession in this country. Their qualifications were approved by the Medical Council of Canada. They have successfully completed the evaluation examinations but none are able to practise their skills here because they cannot obtain an internship position which is required by the province in which a physician proposes to practise.

Some of these doctors are now Canadian citizens. They came here as physicians. The national federal authorities have found their qualifications satisfactory. The taxpayers of Canada will not be required to subsidize any additional training. There are numerous rural and remote areas which need a doctor. Surely the provinces can find a place in their internship programs for those who have the skills to provide a service in areas of need.

* * *

[*Translation*]

THE LATE NORMAN MCLAREN

Mrs. Lucie Pépin (Outremont): Mr. Speaker, this House will undoubtedly echo the homage paid throughout Canada and the world to Norman McLaren whose death late last month in the Montreal region ended a career which gave this film producer, one of the greatest, access to the elite group of men and women who have made a name for themselves in arts, science, politics, or literature.

In 1941, McLaren left his native Scotland at the age of 27 and came to Canada. Since then the National Film Board has been his centre of activities.

Norman McLaren has no fewer than 80 works to his credit at the NFB. Who, in movie houses, in school and on television has not thoroughly enjoyed his short films on Canadian popular songs, and his philosophical productions such as *Neighbours*, *Il était une chaise*?

Here is what Montreal *Le Devoir* journalist Nathalie Petrowski wrote about Norman McLaren last January 31: "He was an artist, a real artist, an artist of a now extinct breed, an artist who was also a researcher ever prepared to question what he had discovered the day before, a patient and passionate man anxious to go to the end, and even further yet, on the other side of things."

With me, this House will certainly want to express its admiration and affection for Norman McLaren, this great artist, this Canadian citizen by his own choice, this citizen of the world, this modest and good man as he was.

* * *

• (1405)

[*English*]

DISASTERS

HINTON RAIL DISASTER REPORT—IMPLEMENTATION OF RECOMMENDATIONS

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, Mr. Justice Foisy recently reported on the Hinton, Alberta, train disaster. In his report Judge Foisy submitted a number of important recommendations that will strengthen railway safety.

The Minister of Transport (Mr. Crosbie) acted quickly in announcing major reforms to improve and toughen the safety standards of Canada's railways. Not only has the Minister identified longstanding rail safety problems, he has also taken decisive action in requesting a 60-day response from the railways and the rail unions.

As well, new railway safety legislation will be forthcoming. A new transportation accident investigation body will be created. There will be measures taken to deal with those who tamper with railway safety devices. Funds are being made available for implementation of the advanced train control system.

The Minister of Transport should be commended for his prompt and detailed response to the Foisy Report. In so responding he has reaffirmed the primary importance of transportation safety for all Canadians.

S.O. 21

CANADA PENSION PLAN

INCREASED DISABILITY BENEFITS—REDUCTION IN PAYMENTS BY BRITISH COLUMBIA GOVERNMENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there is no question that disabled Canadians require greater support from both the federal and provincial Governments. I think we would all agree with that. A positive step was a $151 per month maximum increase to the federal disability pension which began on January 1, 1987. It was a very positive step. It meant a great deal to the disabled of Canada, giving them hope that more opportunities would be made available to them.

These hopes were dashed recently when the Government of British Columbia cut its financial support for the disabled by the same amount as the federal Government increase. The British Columbia Government is actually taking money from the disabled, money from the federal Government which was rightfully theirs.

How low can the provincial Government go? The federal Government actually wrote to the provincial Governments requesting that they pass along this $151 per month maximum increase to the disabled, the people who rightfully deserve it. Yet the Province of British Columbia has agreed to take the money and not allow it to go to the people to whom it was directed.

I encourage the Minister of National Health and Welfare (Mr. Epp) to contact his provincial counterparts and encourage them to pass along this much needed increase to the disabled, which was the original intention.

* * *

ENERGY

ALBERTA OIL AND GAS INDUSTRY—RESTORATION OF EARNED DEPLETION ALLOWANCE ADVOCATED

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, Alberta needs federal assistance, and it needs it now. There are over 30,000 people in my province out of work due to the drastic fall in oil prices.

Out of 470 drilling rigs, 118 are making hole today. Some 50 per cent of the geophysical contractors are out of work. One-half of the people in the petroleum services industry, such as water-haulers, well-testers, and mud companies are out of work. There will be little or no activity until oil prices stabilize. That will take 10 to 12 months.

Alberta needs a temporary stimulus. I call upon the Government to restore the earned depletion allowance. It should apply to exploration and development expenditures. The write-offs should be deductible against total income of the taxpayer and be allowed to flow through to the investor.

AIR TRANSPORT

DEREGULATION—EFFECTS OF POLICY IN NORTH

Mr. Rod Murphy (Churchill): Mr. Speaker, we have already begun to see the detrimental effects of the present Conservative Government's efforts to deregulate the airline and transportation industries. It is obvious that the increased competition in consumer selection promised by the Tories will not be available to the people of the north.

Even before Bill C-18 is passed we begin to see the effects of this new policy. The buy-out of CP Air by PWA has eliminated a major carrier from the market-place and has seriously decreased the selection available to many Canadian consumers.

Conservative Members assured us that this would not happen. However, in Whitehorse, CP has 10 weekly flights while PWA used to have five. With the purchase of CP by PWA this has all changed. PWA has now announced that it will suspend its service to Whitehorse for the next seven weeks. And we do not know what it will do at the end of this period. So much for added service for Canadian travellers. To allow this *de facto* monopoly through the PWA takeover of CP makes a farce of deregulation.

The people of northern Canada deserve better than that. For far too long the people of northern Canada have been treated like second-class citizens by the federal Government. Postal service, economic policy, and now transportation policy all show that Conservative policies ignore the real needs of people in rural and northern areas.

* * *

• (1410)

FISHERIES

CANADA-FRANCE AGREEMENT—CALL FOR CANCELLATION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, this month unemployment in Newfoundland is 19.2 per cent. That is up from 18.9 per cent across the province last month. In my own riding unemployment is 26.5 per cent. That is up 4.4 per cent from 22.1 per cent last month.

Is it any wonder that Newfoundland fishermen want and deserve every pound of fish they can get in order to put bread and butter on the table? These tragic numbers speak to the urgent need for the Government of Canada to cancel the Canada-France fishing treaty. They also speak for the urgent need of the Prime Minister (Mr. Mulroney) to reconsider his view of a few days ago that he would not listen to the views of Canada's Premiers who will assemble this evening to talk about this emergency problem.

It is time to put an end to the family feud in the Conservative Party that is turning the fishermen of Newfoundland into economic orphans. As the Member for St. John's West (Mr.

Crosbie) and the Premier of Newfoundland go through a messy divorce, the victims are the fishermen of Newfoundland and Labrador, and the rest of Atlantic Canada. I again call upon the Government, in particular the Prime Minister, to cancel what is clearly a bad deal for my province and for my country.

* * *

ABORTION

ONTARIO REPORT RECOMMENDING ESTABLISHMENT OF CLINICS

Mr. John Oostrom (Willowdale): Mr. Speaker, the Ontario Liberal Government of Premier David Peterson has commissioned a report which recommends that Ontario establish 12 legalized abortion clinics. At a time when the Supreme Court is deciding on the legality of the Morgentaler Clinic, the Ontario Government has already decided on its course of action. This means that Ontario has legally recognized free-standing abortion clinics.

Over 70,000 abortions a year occur in Canada, and they are used primarily as a means of birth control. The Ontario Government is proceeding arbitrarily without consulting the people. So much for the major campaign promise of the Liberal Government to shut down free-standing abortion clinics.

* * *

CAPE BRETON DEVELOPMENT CORPORATION

CALL FOR HALT TO LAY-OFFS

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to urge the Minister of Regional Industrial Expansion (Mr. Côté) to assume his responsibilities as the Minister responsible for the Cape Breton Development Corporation. I urge that the Minister exercise his authority and use the provisions of Section 99 of the Financial Administration Act to order the Cape Breton Development Corporation to stop terminating jobs in the Cape Breton Development Corporation. The Minister will know that on April 1, 1987, 240 jobs will be terminated. The Minister also knows that on April 1, 1988, an additional 240 jobs will be terminated. The Minister also knows that 350 people have taken early retirement, and those positions are not being filled by other employees.

I would ask that the Minister responsible immediately order the senior management of that Corporation to stop the job terminations, and to begin negotiations on a new collective agreement which will provide dignity and economic viability to the miners who have worked at the Cape Breton Development Corporation for the last number of years. I urge him to do it forthwith.

S.O. 21

COPYRIGHT

TAPING OF TELEVISED MOVIES

Mr. Bob Pennock (Etobicoke North): Mr. Speaker, this past weekend First Choice Superchannel unscrambled their signal as part of a promotional exercise to increase subscriptions. As part of this sales gimmick, they continually suggested to viewers that movies appearing late at night could be taped on VCRs so that they could be enjoyed at a more convenient time. This is a flagrant disregard of the existing copyright law. It directly contradicts the spirit and intent of copyright reform, as put forth in a report from the Subcommittee on Copyright.

I am not naive enough to suggest that the taping of movies does not occur. But it is altogether a different matter when a federally regulated distributor openly suggests on public airwaves that people disregard the law. I am sure that Canadians would not appreciate a public call encouraging shoplifting. In principle it is the same thing. I call upon the CRTC to investigate this matter and take disciplinary action.

* * *

NUCLEAR ARMAMENTS

RESUMPTION OF NUCLEAR TESTS BY UNITED STATES

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, on February 3 the United States carried out its first nuclear test of 1987. This test occurred despite the knowledge that the Soviet Union would end its self-imposed, unilateral moratorium on nuclear testing should such an event take place. The Soviet moratorium which began on August 6, 1985, on the fortieth anniversary of Hiroshima, was three times renewed by the Soviets. It appeared that these moves could have been small but significant steps toward a comprehensive test ban treaty to outlaw all nuclear tests, had the American administration responded in kind.

It is indeed unfortunate that mankind is being propelled further into the nuclear arms race due to the regressive notion that nuclear testing can help.

* * *

• (1415)

BANKS AND BANKING

FAILURE OF CHARTERED BANKS TO SUPPLY CREDIT CARD INFORMATION TO FINANCE COMMITTEE

Mr. W. Paul McCrossan (York-Scarborough): Mr. Speaker, last June, by unanimous consent, the House established an investigation by the Finance Committee into credit card interest rates in Canada which lasted two months. At the end of its hearings the Finance Committee requested additional statistical information on credit card balances and income

from all witnesses. The five large chartered banks have failed to respond to the committee with the information requested. Meanwhile, interest rates have fallen substantially and not one of these five chartered banks has reduced credit card interest rates.

The time for polite requests has ended. At the next full meeting of the Finance Committee I intend to move a motion to summons the material from these five chartered banks and, as part of that motion, to indicate that, if the material is not forthcoming in two weeks, the chief executive officers of the five chartered banks should be brought before the bar of the House of Commons to explain their continuing contempt before Parliament. If there is to be a challenge of wills between the banks and Parliament, let there be no doubt as to who is going to win.

Some Hon. Members: Hear, hear!

* * *

THE ECONOMY

SUPPORT FOR GOVERNMENT POLICIES

Mr. William C. Winegard (Guelph): Mr. Speaker, I received a good message from my constituents this weekend. Many of them congratulated the Government on the lowering of interest rates and on lowering of the deficit. They wanted me to give the following message to the Minister of Finance (Mr. Wilson): "Keep it up. We like the policies of the Government, and you are going to lead us out of the morass into which the Liberals took us for 20 years".

* * *

THE LATE MR. JUSTICE JULIEN CHOUINARD

Mr. Speaker: I want to draw all Hon. Members' attention to the passing of a distinguished jurist of the Supreme Court of Canada, Mr. Justice Chouinard. I would ask that the Minister of Justice (Mr. Hnatyshyn) be recognized.

[*Translation*]

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, today I would like to pay tribute to the Hon. Julien Chouinard, Justice of the Supreme Court of Canada, who died last Friday. Mr. Justice Chouinard was well-known for his innate sense of justice and equity.

[*English*]

Born in Quebec City, he attended Laval University and Oxford University. He was a Rhodes Scholar and was called to the bar in the Province of Quebec in 1953. Mr. Justice Chouinard was Deputy Minister of Justice in Quebec from 1965 to 1968 and Secretary General of the Quebec Cabinet for seven years, and served Quebec as Judge of the Quebec Court of Appeal for four years, truly a well loved son of Quebec. Mr. Chouinard was appointed to the Supreme Court of Canada in September, 1979.

[*Translation*]

He helped draft most of the judgments handed down by the Supreme Court and was a master of the written word.

[*English*]

Mr. Justice Chouinard's contribution to his province and country was great, and his loss will be felt by the legal community at large.

[*Translation*]

We mourn the loss of a judge who was truly exceptional. On behalf of the federal Government and of all Canadians, I would like to offer my sincere condolences to Mrs. Chouinard and her children.

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I would like to join my Opposition colleagues in paying tribute to the Hon. Julien Chouinard. I have a number of reasons for wishing to make my own contribution this afternoon. Personally, I had the privilege of working with Mr. Chouinard for several years, and Members on this side of the House have other reasons for mourning his loss. In fact, the Leader of our Party was a Rhodes scholar at the time Mr. Chouinard, also a Rhodes scholar, was going to Oxford. When Julien was President of the Junior Law Society of Quebec City, our Party leader was President of the Junior Law Society of Montreal. It is these memories that give us further reason to mourn the passing of a man who served this country so well.

As I said earlier, I worked with him when he was Secretary General of the Cabinet in Quebec City, and I and many Canadians with me are aware of the role he played during that very difficult time in October 1970.

Mr. Chouinard was, as they say in Quebec, "*un homme solide*", solid as a rock. He was level-headed, intelligent and a hard worker, but also very close to his family and a faithful friend. He had a sense of humour which he sometimes had trouble hiding behind a perpetually serious exterior.

When death comes as quickly as it did last Friday, it comes as a reminder to all of us in the midst of our busy lives that our existence is indeed fragile.

I wish to pay tribute to Mr. Justice Julien Chouinard, to his life and his career, and on my own behalf and on behalf of all my colleagues in the House of Commons, and of the Leader of our Party, I wish to extend to Mrs. Chouinard and all the members of her family our sincerest condolences.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, on behalf of myself and my colleagues in the New Democratic Party, I also wish to pay tribute to Mr. Justice Julien Chouinard.

At the end of last week, Canada lost one of its most eminent and respected citizens. Mr. Justice Chouinard was for seven years a member of the highest court in the land, the Supreme

Court of Canada, after a career in education and the senior Public Service.

• (1420)

[*English*]

Hon. Members have already spoken of the honour and distinction Judge Chouinard brought to his service not only to the Bench but to the public service of his province and Canada generally.

[*Translation*]

Mr. Speaker, we deeply regret the loss of this extraordinary man. My colleagues and myself wish to join in extending our condolences to Mrs. Jeannine Chouinard, her son Julien and her two daughters, Lucie and Nicole.

[*English*]

Mr. Speaker: I would ask Hon. Members to join me in the appropriate tribute of one-minute's silence.

[*Whereupon the House stood in silence for one minute.*]

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—TERMS OF 1972 TREATY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, last week the Prime Minister attempted to lay the present situation off the coast of Newfoundland and Nova Scotia affecting our proposed agreement or treaty with France on the 1972 Canada-France treaty. I pointed out to him quite clearly that Article 3 of that treaty would have excluded any fishing of cod in the Gulf after May 15, 1986. How does the Prime Minister square last week's statements with what I take to be the official statement made by the Minister of Fisheries and Oceans in an official release dated November 26 last? I would like to quote this statement to the House:

> We have told the French that under the 1972 treaty, we have no obligation to provide them with any fish to replace what they have been catching in the Gulf and, specifically, no obligation to provide them with any northern cod . . . The catch in the Gulf of St. Lawrence—is now terminated under the 1972 treaty.

Will the Prime Minister now use this opportunity to readjust the misrepresentations he made to the House as to the effect of that treaty?

• (1425)

Will he say to the House that because of what he has done to the people of the Atlantic provinces, particularly the people and fishermen of Newfoundland, he is ready to annul the agreement with France and renegotiate it, if necessary?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is nothing inconsistent at all with what I have said. I realize that the Liberals find everything funny. This involves the rights of the fishermen of Newfoundland and Labrador. It is not a laughing matter at all; it is very serious. We have indicated very much that the position we hold is, of course, and has been contested by the French. They contend that indeed they have other rights which they want to see exercised. The Government of Canada has historically taken a different position, obviously, and there is nothing at all at variance with what I have said or what the Minister has said in this regard. We have been perfectly consistent throughout the piece, which is a far cry from some of the statements being made by the Opposition on a very sensitive and important matter.

ALLOCATION OF FISH TO FRANCE—MINISTER'S STATEMENT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, what the Prime Minister has said to the House flies directly in the face of the words of the 1972 Treaty and, indeed, the interpretation made of that Treaty by the Minister of Fisheries on November 26.

We can all recall the Prime Minister saying last week in the House, and I want to quote him accurately: "We have not given away a single codfish, not a single one". That is what the Prime Minister said.

Mr. Crosbie: That is exactly right.

Mr. Turner (Vancouver Quadra): The Minister of Transport is getting into this. I can understand his extreme anguish and his extreme embarrassment throughout this entire episode. However, the Minister of Fisheries said—and I commend the statement to the Minister of Transport—on November 26:

> We have offered the French substantial allocations of fish in Canadian waters.

That is a very generous offer to the French. Will the Prime Minister take the opportunity to correct the record, and will he tell us what happened between November last and January to persuade him to sell out the people of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as the Prime Minister has pointed out, there is nothing inconsistent in anything that has been said by members of the Government. In fact, with regard to the statement that not one additional codfish has been granted to France in this matter, that is indeed the case. The question of additional allocations being made to France in 1987 has been fully explained in past exchanges in the House as referring to allocations to which France is entitled under the EEC long-term agreement and other allocations provided for in the ground-fish plan for 1987, that amount to one-half the allocations to which France was entitled last year.

PROVINCIAL PREMIERS' MEETING

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, notwithstanding the feeble explanation of the Minister of Fisheries, he has provoked, almost single-handedly, a deep crisis in federal-provincial relations. We have some Premiers meeting in Toronto today. Without in any way

yielding federal jurisdiction over the matter—and we do not contest that—would the Prime Minister, instead of trying to save face by holding tough and hanging tough on this agreement with the French, admit that a very grievous error has been made and that the people of Atlantic Canada have been seriously let down? Won't he tell the Premiers that he is willing to listen to them and willing to renegotiate the deal?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I would be happy to listen to what the Premiers have to say after their meeting. They are entitled under their rules, I suppose, to get together whenever they want, even to consider matters that I suppose are not within their jurisdiction.

My right hon. friend mentions a deep crisis. There is no deep crisis. There is a difference of view involving a Government and the Government of Canada, but the Government of Canada and the Parliament of Canada speak for all Canadians in international matters. We shall not surrender our rights or our jurisdiction. This Parliament shall speak for Canada.

* * *

[*Translation*]

THE ADMINISTRATION

ALLEGED TRAFFICKING IN INFLUENCE NETWORK—ROLE PLAYED BY PRIME MINISTER'S OFFICE

Hon. Jean Lapierre (Shefford): Mr. Speaker, my question is directed to the Right Hon. the Prime Minister. Since he has had the whole weekend to take stock of people around him, can he tell us what role his office played in the affair of the influence trafficking network within the Conservative Party?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what a statement, and what a disgraceful question! I take the liberty of saying so because the Hon. Member is also supposed to belong to the Bar of Quebec and act as counsel to a Montreal law firm where, I should think, presumption of innocence still exists. This is shameful gossiping about scandals which the Hon. Member will have to withdraw immediately.

REQUEST FOR EXPLANATION OF MONEY DESTINED FOR PROGRESSIVE CONSERVATIVE FUND

Hon. Jean Lapierre (Shefford): Mr. Speaker, the Prime Minister may feel insulted about everything, but he knows very well that his former associate, Pierre Blouin, was convicted of influence peddling.

How can he justify the fact that, after this conviction, the $50,000 obtained through more than dubious means remained in the fund of the Progressive Conservative Party? Mr. Speaker, Gérald Martineau would not have done worse during the days of Duplessis. I want to know how the Prime Minister, as leader of the Government, can allow his Party to operate with dirty money.

• (1430)

[*English*]

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, what a disgraceful, scurrilous position to be adopted by a Member of this House, a member of the Bar of Quebec who is counsel to a major law firm in Montreal, who repudiates what the Leader of the Opposition quite properly pointed out on November 30, 1984, when the Leader of the Opposition, who is a distinguished counsel in his own right, said:

—and perhaps his own approach to investigations, by re-instating the practice that used to apply in this House, and I believe still should, reflecting the principle of presumption of innocence until proven guilty?

The Leader of the Opposition has restated a historic precept which must be respected by all Members of this House. The Member for Shefford is conducting himself in such a scurrilous manner as to make Joe McCarthy look like a choirboy.

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

PRIME MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. The Prime Minister said on the weekend that there is now some need to re-establish moral authority in public affairs in Canada. In that context he also said that he had some specifics in mind and would announce them at the appropriate time. The people of Canada think the appropriate time is now. Would the Prime Minister tell the House what specifics he had in mind, and when he will be announcing them?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I do not think that I said on the weekend that we had to re-establish a moral climate in Canada.

Mr. Blaikie: You do, even if you didn't say it.

Mr. Mulroney: I think I indicated that I and all Members of the House would, of course, be troubled by any accusations or any suggestions of impropriety or illegality, whether they involve the NDP, the Liberals, or the Conservatives. I indicated my position with regard to another matter in the House which is that if there has been any violation of the law, whoever is guilty should be put in jail pursuant to due process.

Some Hon. Members: Oh, oh!

Mr. Mulroney: Mr. Speaker, that is really quite absolutely shocking misconduct by the Liberals. If they think I am going to roll over and play dead for a bunch of hacks, they have it wrong.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Speaker: Order, please.

Mr. Frith: Bye-bye, Brian.

Mr. Rossi: Is there going to be a jail in Port Cartier for all your friends?

Mr. Speaker: I think I should draw attention to something which is self-evident. Unless accusatory questions establish a fact pattern upon which they are to be asked, they invite retorts in defence which can turn into attacks. There are questions which may be asked on issues of concern to all Members in this Chamber. They can be asked in an appropriate way and answered accordingly.

Mr. Broadbent: Mr. Speaker, the Prime Minister just made certain observations about the opposition Parties. Six Ministers of the Crown have had to resign under dubious circumstances.

Some Hon. Members: Hear, hear!

Mr. Andre: So much for the Speaker's admonition.

REQUEST FOR STATEMENT BY PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, since Parliament resumed after Christmas there has been information about people who are under investigation by the RCMP, there have been some people who have already been convicted, which we now know about, there have been charges of cronyism and charges of buying of influence—

Mr. Speaker: Order. I am trying to indicate that on matters which concern all Members of this place there is an appropriate way to ask questions. This is not an appropriate place to make speeches before the question is asked. I ask the Hon. Leader of the New Democratic Party to put his question, as I know he can, effectively and succinctly.

Mr. Broadbent: I will take your admonition under these circumstances, Mr. Speaker. Under the present circumstances, in which the public believes something should be done, would the Prime Minister introduce some specific proposals for change of the kind to which he alluded on the weekend, and which the public is demanding, within the next two weeks?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I indicated that we will have an appropriate response which deals with institutions, people, and the conduct of Ministers of the Government. Members on all sides of the House of Commons must be above criticism. Canadians are entitled to the highest standards and we shall work together to ensure that those standards, notwithstanding human imperfections, are achieved at all times. I give the Hon. Member that assurance. However, for someone of his reputation in the area of civil liberties, the preamble of the question contributes to destroying the presumption of innocence.

Some Hon. Members: Order.

Mr. Mulroney: There were unfounded allegations and the use of personal, unjustified and unsustained attacks trying to put it into a package. I say it is unworthy.

Mr. Speaker: Order, please.

Some Hon. Members: Order, order!

Mr. Mulroney: It is unworthy for the Leader of the NDP to be involved in McCarthyism.

Mr. Speaker: Order, please. I ask Ministers, in responding to these questions, to take into account the same admonishment as I have given to those asking the questions. It is the Chair's place to admonish, if that is indeed necessary.

ELECTORAL PROCESS—DONATIONS TO CANDIDATES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I received no specific commitment on the question I just asked the Prime Minister. There is another area I would like to question him on.

There is an increasing need to continue the reforms which were started in the period between 1972 and 1974 with regard to democratic control over spending as it affects the electoral process. Therefore, will the Prime Minister undertake to ask the Chief Electoral Officer, before May 1 of this year, to bring to Parliament a set of recommendations dealing with such issues as donations, disclosure, and ceilings on electoral financing?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I thank the Hon. Member for his specific suggestion in this regard. He may have noted some of my comments and concerns earlier. Any Prime Minister or Leader of a Party in Canada is clearly committed to the same premise of the purification and improvement of the process at all times.

I take good note of the suggestion raised by my hon. friend. As my caucus indicated on the weekend, there is a strong view in other areas that we co-operate to make substantial improvements in the laws which govern our conduct as well. I thank my hon. friend for his observation.

* * *

[*Translation*]

THE ADMINISTRATION

BRODILAF AFFAIR—REQUEST FOR EXPLANATION OF ALLEGED POLITICAL INTERFERENCE BY MEMBER OF PARLIAMENT

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister and also concerns the Public Works contracts in Drummondville.

I have here a copy of a letter from the Hon. Member for Drummond to the Minister of Public Works, dated March 25 1986, with a request for guarantees or some kind of

assurance that Brodilaf would receive the necessary endorsements for putting up a building in Drummondville.

Considering the fact that three copies of this letter were sent to the Prime Minister's Office, how can he tolerate. Political interference by one of his Members even before a call for tenders was made?

• (1440)

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, representations were made to our Department about the qualifications of certain bidders and the merit of certain proposals. The award was made on the basis of merit, having regard to the age of the building, to the location of the building and access to the building. The award was made based on quality and value.

Mr. Boudria: As interesting as that may be, it has nothing to do with the letter from which I just quoted. This is a totally different topic.

REQUEST FOR TABLING OF DOCUMENTS

Mr. Don Boudria (Glengarry—Prescott—Russell): My supplementary question is directed to the Prime Minister. I also have in my hand a notice of intent of a lawsuit against the Government by Hama Incorporated, the unsuccessful bidder, concerning this affair. Given that we now have criminal charges, a conviction, serious allegations, and now a lawsuit against the Government of Canada, will the Prime Minister—

Mr. Speaker: The Hon. Member's question is almost in order. I bring this to the attention of the Hon. Member who, I know, will co-operate, but also to indicate to other Hon. Members just what the rule is with respect to *sub judice*. If a question is asked concerning what somebody did on the periphery of a lawsuit, which does not go to the point of whether or not the claim in the lawsuit is justified, that is not *sub judice*. However, the Hon. Member is getting very close to asking about the lawsuit, in fact, and getting the issue which is in front of the court in front of this Chamber. That is *sub judice*. I see the Hon. Member indicating to the Chair that he would not have gone that far. Perhaps not, but the Chair cannot always anticipate exactly where the Hon. Member is going.

I want Hon. Members to understand the distinction quite clearly. The Chair is under an obligation to see that distinction or try to head it off if it is being abridged.

Mr. Boudria: Thank you, Mr. Speaker. I understand the distinction you just brought to my attention. Will the Prime Minister table in the House or ask the Minister of Public Works to table in the House all copies of tenders, evaluations and other Public Works and Treasury Board documents pertaining to the award of the Public Works contract in Drummondville? If not, was the Prime Minister serious over the weekend when he referred to this issue of public morality?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I am quite prepared to have the Hon. Member review the Treasury Board submission in this particular case and the Treasury Board ruling. It is available through Access to Information but I will make it available at his convenience.

* * *

THE ADMINISTRATION

CIVIL LAWSUIT—PRIME MINISTER'S ALLEGED TELEPHONE CONVERSATION

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Prime Minister. It concerns his intervention in the Walter Wolf matter. Will he clarify why he felt it necessary to intervene personally, by communicating with Michel Cogger with respect to a possible settlement of this matter? Furthermore, did he either directly or indirectly, during the course of that conversation or at any other time, indicate that unless Walter Wolf dropped his lawsuit against the Prime Minister's friend, Fred Doucet, he would in fact receive no further federal Government contracts?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I understand that Senator Cogger put out a statement on Friday afternoon in regard to questions that have been raised. He said, first, that I did not initiate the call as the Member suggested. That was the implication of what the Member just said, and that is false, as it is false to suggest that any threats of any kind were discussed. The person with whom I had the conversation, at his initiation, was Mr. Cogger. He states: "In the course of this conversation, which covered several subjects, Mr. Mulroney asked my opinion as to the possibility of an eventual out-of-court settlement of the legal proceedings—". I do not think that is either unreasonable or irresponsible. That is the extent of the involvement.

Mr. Robinson: Mr. Speaker, in regard to the question of public morality, Canadians want to know when the Prime Minister will stop using the highest elected office in the land as a post for jobs and graft for old friends and cronies of the Prime Minister—

Some Hon. Members: Order.

Mr. Shields: You are a clown.

An Hon. Member: Sit down.

Mr. Speaker: The Hon. Member began by asking a specific question about an alleged conversation. In my view it is peripheral to the main issue of the lawsuit in question and is a question that is allowed. I would ask the Hon. Member to stick to the issue and not begin his question with a speech.

[*Translation*]

ALLEGED INTERVENTION BY PRIME MINISTER IN LEGAL AFFAIR

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my supplementary is also directed to the Prime Minister. Does he agree with the Deputy Prime Minister who said last Friday it was only a private matter when a Conservative Minister intervenes personally in a court action and threatens that federal contracts will be cut off the action is not dropped? Is that just a private matter?

[*English*]

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member, who consistently makes eloquent speeches in this Chamber on the need for and the sanctity of individual rights and the presumption of innocence is, with the preamble of his question, right down in the gutter with the rats and the garbage.

Some Hon. Members: Oh, oh!

Mr. Mulroney: That is an unacceptable position for a Member of this House to take.

Some Hon. Members: Hear, hear!

Some Hon. Members: Order. Withdraw.

An Hon. Member: Look who talks about civility.

Mr. Mazankowski: The same civility as you project.

Mr. Speaker: I remind Hon. Members that there are many ways to make accusations and both sides are getting as close to them as they possibly can. I would ask everyone to stick to the facts and to the issue. There is an appropriate way to ask questions, and they are allowable. If they are not appropriate then I, on behalf of all of you—because I only administer the rules that we make for ourselves here—must intervene, and I do not want to do that too often.

PRIME MINISTER'S CONDUCT

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is also directed to the Prime Minister and I hope his comments about gutter rats and McCarthyism are not representative of his new civility. Notwithstanding statements last Friday by the Deputy Prime Minister that a telephone call involving the Prime Minister was a private matter, is the Prime Minister now prepared to admit upon reflection that it was inappropriate for him to involve himself, through a telephone conversation or any other way, in a private lawsuit involving a senior adviser of his office and Walter Wolf?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am prepared to state that in my absence the Hon. Member made two false statements in her question on February 6 in regard to my conduct. The member said: "—the Prime Minister of this country places a phone call", false, "in which he makes threats about cutting off government business", false. The Member should learn, once and for all in her parliamentary life, to stick to the facts and to use the same degree of fairness in regard to other people that she would want applied to herself and her family.

Some Hon. Members: Hear, hear!

Ms. Copps: If I had to make a judgment about the honesty of the Prime Minister or Walter Wolf, I know who I would choose.

Some Hon. Members: Order.

[*Translation*]

Ms. Copps: When I spoke, the Prime Minister knew perfectly well I was referring to the depositions that were made at the Supreme Court of Ontario. I would like to ask the Prime Minister once more whether he is now prepared to tell the House that it is inappropriate for a Prime Minister, whatever his political stripe, to interfere with testimony and witnesses, including the matter of 200 offices and the deposition by Walter Wolf, or by any Canadian, for that matter.

• (1450)

[*English*]

Mr. Speaker: The Chair has listened very carefully to the question, and the Hon. Member may want to rephrase the question, but it seems to me that the Right Hon. Prime Minister has taken both of the suggestions and allegations and clearly denied them. There is, of course, a rule in this House which is old and is not often used, that once a question has been answered, it ought not properly to be asked again. A certain amount of latitude has crept in over the years, but perhaps this is a time when all Hon. Members ought to be reminded of it.

Ms. Copps: Yes, Mr. Speaker, I am prepared to rephrase the question because I think the Prime Minister has already admitted he did participate in a telephone call.

PRIME MINISTER'S ALLEGED INVOLVEMENT

Ms. Sheila Copps (Hamilton East): Does the Prime Minister feel it is appropriate, upon reflection—he has had a couple of days to think about this—for the Prime Minister of this country to involve himself in a telephone conversation, or in any other way in a private lawsuit involving a senior adviser in his office and another party who, in this case, happens to be Walter Wolf?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is the Hon. Member's version today. She had a different version on Friday and, consistent with the practice of the Hon. Member for Sudbury, she will have a different one tomorrow. In regard to this House, perhaps I am wrong, but I am informed that the Hon. Member has been aware of this information, which she now alleges is major and important, for nine months. For nine months the Hon. Member remained silent. I have a question. If this matter was so important, why

did she not raise it? If so, did she share this information with the Right Hon. Leader of the Opposition? And if that was the case, why was action not taken before today?

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF THAILAND MINISTER OF PUBLIC HEALTH

Mr. Speaker: I wish to draw to the attention of all Members the presence in the Gallery of His Excellency, Mr. Tirdpong Jayanandana, Minister of Public Health for Thailand.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF JAMAICAN MINISTER OF STATE, MINISTER OF FOREIGN AFFAIRS

Mr. Speaker: I would also like to draw to the attention of Members the presence in the Gallery of Senator The Honourable Jeannette Grant Woodham, Minister of State, Minister of Foreign Affairs for Jamaica.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

THE ADMINISTRATION

INQUIRY WHEN PRIME MINISTER WILL DISCLOSE MEASURES TO ENSURE DEMOCRATIC POLITICAL FINANCING

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is directed to the Prime Minister. Still on the subject of democratic political fund raising and similar measures, the Prime Minister has indicated that he had some specific proposals. My question is as follows: Does the Prime Minister intend to act quickly to establish the political morality we need if the Government is to function properly, and when does he intend to disclose the specific measures he was referring to?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I already answered that question.

Mr. Toupin: Mr. Speaker, I will give him a chance to answer a third time. This question is very important to all Canadians. Does the Prime Minister intend to disclose as soon as possible, and he has the power to do so, his specific proposals for democratic political fund raising?

Mr. Mulroney: Mr. Speaker, if I am not mistaken, substantially the same question was put a few moments ago by the Leader of the New Democratic Party. I answered his question, and the same answer applies to this one.

Mr. Keeper: You didn't answer the question!

[*English*]

HEALTH

NATIONAL DRUG STRATEGY

Mr. Bob Pennock (Etobicoke North): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. In a recent response to a questionnaire, 89 per cent of my constituents felt that drug abuse was a serious problem in Canada, and want strong government action. Could the Minister inform the House of the progress in establishing a national drug strategy to deal with this serious problem?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Hon. Member will recall the statement and commitment made in the Speech from the Throne, which had clearly been signalled by the Prime Minister earlier in his speech in Vancouver. What has happened since the Speech from the Throne is that an interdepartmental committee has been established to co-ordinate not only the efforts now taking place with, for instance, the Solicitor General, the Department of Justice and the Department of National Health and Welfare, but also to put forward other proposals such as education, and Canada signing the International Psychotropic Convention on Drugs in Vienna in June of this year, which was negotiated 16 years ago. Those are, in the time allowed to me, only some of the details being worked on. There are others and we will announce them as they come forward this spring.

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THE ADMINISTRATION

GOVERNMENT ETHICS—PRIME MINISTER'S LETTER

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister has cited me on the presumption of innocence. When it relates to individual responsibility, of course I think everyone in the House is in favour of the presumption of innocence. But that is not what we are talking about here. We are not talking about individual responsibility. We are talking about ministerial responsibility. We are talking about the public administration of this country's business. We are talking about Ministers and how Prime Ministers comport themselves. The burden of proof is on the Government when it comes to public morality, when it comes to public ethics, and when it comes to the administration of the country's business.

I want to recite to the Prime Minister a statement he made in an open letter he gave to all Members of Parliament on September 9, 1986: "The ultimate responsibility for the ethical standards of the federal Government rests with the Cabinet and, more particularly, with me". Does the Prime Minister still stand by that statement? And will he live up to it in his responses to Hon. Members of the House?

Right Hon. Brian Mulroney (Prime Minister): Absolutely, Mr. Speaker. The Right Hon. Leader of the Opposition refers

to what I think is an important statement, one that all of us ought to struggle every day to seek to achieve. In all walks of life there are difficulties from time to time. My right hon. friend was in this House, I believe, at a difficult time for a Government of which he was a member at that time.

The fact that it happens from time to time in public life does not relieve me or my colleagues of the responsibility of establishing and seeking always to achieve the highest standards of public ethics and morality. Anything at variance with that is completely unacceptable to Canadians and to all Hon. Members of the House. I endorse the indignation of my right hon. friend because the matter at that level is not partisan. It is our commitment to Canadians always to do the very best we can in a very important area.

Mr. Turner (Vancouver Quadra): Mr. Speaker, I cannot quarrel with those words.

OERLIKON AND DRUMMONDVILLE ISSUES—REQUEST FOR PUBLIC INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Why does the Prime Minister not open the doors on all this mess we have encountered ever since we reassembled here after Christmas and have a public inquiry on the Oerlikon affair and the Drummondville matter? That will clear the air around here because, from the responses which have been given today, this is not going to rest today, tomorrow, or the next day.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Right Hon. Leader of the Opposition says the matter is not going to rest here. He will have to make up his own mind about the extent to which he wants to pursue the notions now being put forward by the Hon. Member for Hamilton East. In one of the matters which came before us, one of the first things done was the securing of the Minister's resignation and the police inquiry conducted by the Royal Canadian Mounted Police, who were appointed.

In regard to another matter which is raised here before the House, there is civil litigation which is ensuing before Canadian courts, by two Canadians. Surely the Right Hon. Leader of the Opposition is no stranger to these realities. This is the proper way for these matters to be conducted. I think I have set forward my position and the position of all my colleagues in regard to an earlier question.

If, on the one hand, it is profoundly and fundamentally unfair for members of the Opposition to indulge in half-truths and smear tactics, it is also true that the highest standards must be expected of the Government at all times. Notwithstanding the innuendo and half-truth, which are a disservice to the position just taken by the Right Hon. Leader, this Government remains committed to achieving the highest standards that Canadians demand of all people in public life.

• (1500)

Mr. Speaker: I should advise Hon. Members that in view of the fact that Question Period started late we will continue on for a few more minutes.

* * *

FISHERIES

CANADA-FRANCE AGREEMENT—REQUEST FOR CANCELLATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister. It has to do with the Canada-France fishing agreement. Today, Premiers from across the country are meeting in Toronto because of the very serious crisis between the federal and provincial Governments. Recognizing the total unacceptability to Newfoundlanders of the recently signed Canada-France fishing agreement, is the Prime Minister prepared to give his commitment that he will scrap the agreement and do it all over again with the full participation of Newfoundland and other interested parties from Atlantic Canada?

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, last week the position of the NDP in regard to this sensitive matter was to send in the navy. Today, the position is to unilaterally abrogate an international undertaking.

This is what happens. Members of the NDP look terrific until they have to make a decision. When they are called upon to make important policy decisions they strike out all the time.

Ms. Jewett: You would know all about that.

Mr. Mulroney: The Premiers are meeting. That is their business. They will give us their points of view. The Government of Canada advised by the Minister of Transport, who has represented so well the interests of Newfoundland and Labrador, will continue to represent the interests of all Canadians, including the fishermen of Newfoundland and Labrador.

FEDERAL-PROVINCIAL RELATIONS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is also for the Prime Minister. The people of Canada expect some action. They expect the Prime Minister and the Government to stand up for the rights of Canadians when dealing with foreign powers. That is what they expect.

The Prime Minister has broken many promises which he made during the last campaign.

Some Hon. Members: Name one!

Mr. Rodriguez: In his refusal to consult to the end with Newfoundland on this treaty he has created a crisis in federal-

provincial relations. Will the Prime Minister tell the House and the people of Canada what steps his Government will take to end this crisis in federal-provincial relations?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, that is the same question. My hon. friend refers to campaign undertakings. I suppose in that campaign if there was one very important formal undertaking made by my Party in regard to Newfoundland and Labrador it was that we would seek to resolve a matter of historic injustice to the people of Newfoundland, namely, the question of the development of the offshore. We have delivered in spades on the offshore to Newfoundland and Labrador. We will do the same in the other matters before us.

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FINANCE

BRITISH COLUMBIA GOVERNMENT'S FINANCING ARRANGEMENTS FOR SKYTRAIN PROJECT

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, my question is for the Minister of Finance. Given that the Minister has closed a loophole in tax regulations and given that he has made these changes retroactive in relation to the B.C. Government's financing arrangements for SkyTrain, will he explain to the House why this action has been taken when in previous incidents, such as the Gulf acquisition by Olympia & York, the decisions were not retroactive? Is there not a double standard here?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, there is a double standard. The double standard is that provincial Governments are supposed to protect the tax system, not take advantage of it. This particular incident was a twisting of the tax Act to use a non-commercial, family trust provision of the Act for commercial reasons to provide tax-free investment income to high-income investors. For a number of months now we have been trying to weed out these types of matters in the tax Act. I would have expected that the Province of British Columbia would have advised me that this was something that was being proposed to it and that it would have asked me to change it before taking advantage of it, and not try to take advantage of it without notice.

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FISHERIES

CANADA-FRANCE AGREEMENT—ALLOCATION OF QUOTA TO FRENCH VESSELS

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is for the Prime Minister. He will know that this year his Government deleted 10,000 tonnes of cod from the Canadian quota, much of it going to inshore plants and inshore fishermen. At the same time his Government allocated $4 million to fishermen and plant workers who did not get enough fish to qualify for unemployment insurance. In light of that painful contradiction, how can the Prime Minister justify the total insanity of giving 3,200 tonnes of fish off the coast of Labrador to the French when the Labrador fishermen are the most vulnerable anywhere in Canada and are struggling for survival? How can the Prime Minister justify that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Hon. Member were fair he would tell the House that we have taken a number of steps to deal swiftly with the serious problem in the inshore fishery of Newfoundland. Those steps include full observer coverage on all offshore vessels fishing in the waters 2J+3KL during the first three months of this year, along with other measures.

If the Hon. Member were fair to the House, and as a Member coming from that province he should also know that those stocks far offshore the Newfoundland coast and the Labrador coast are not fished by the Canadian fleet to anything approaching the entire quota because they are very costly stocks to reach. We define them, as we have for many years, as surplus to Canadian requirements.

CATCH TAKEN BY FRENCH VESSELS

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, there is only one stock of fish. The fish caught offshore and the fish caught inshore are the same fish. The Minister should know that.

In light of his press release of January 27, 1987, which states that limited French access to that zone, that is, the northern cod, is a small price to pay to have the boundary dispute resolved, will he not admit that the French are really the pirates of the cod? They have overfished for the last two years. He cannot control them. It is not a small price; it is selling the birthright of Labrador fishermen. Why does the Minister not admit that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Hon. Member were fair with the House he would point out that wherever French vessels are fishing in Canadian waters other than the disputed zone they always fish under licence and in full accord with all our regulations and quota limits. So his description of French fishing practices in Canadian waters is not only incorrect, it is most regrettable.

Mr. Rompkey: They have overfished for the past two years and you know it.

TRADE

CANADA-UNITED STATES NEGOTIATIONS—FARM MARKETING BOARDS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Right Hon. Prime Minister. It concerns a public split between two of his cabinet Ministers on the issue of free trade negotiations and farm marketing boards. Last week, on the one hand, the Minister of State for the Canadian Wheat Board said that farm marketing boards will not be on the table for negotiation. On the other hand, the Minister for International Trade said that farm marketing boards will be on the negotiating table and, in fact, are. Will the Prime Minister now clarify for the farmers of Canada which of his Ministers is correct? Are farm marketing boards or the functioning of farm marketing boards on the free trade negotiating table with the United States? Are they there or are they not?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member is confusing farm support programs and trade restraints. We have made it perfectly clear that the negotiations are about trade restraints, not about farm marketing boards. I can assure him that the integrity of farm support programs and our system of marketing our wheat are not subjects for discussion in the free trade negotiations.

[*Translation*]

INQUIRY IF FARM MARKETING BOARDS WILL BE NEGOTIABLE

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I want to direct a question to the Prime Minister. On Thursday the Minister for International Trade said to the House, and to the media outside the House of Commons, that questions related to the marketing of farm products are on the table in the negotiations with the United States. Can the Prime Minister tell us here and now, for the benefit of Canadian farmers who deserve a clear answer from the Prime Minister, whether the farm marketing boards are on the negotiating table, yes or no?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the question is the same in either French or English. My answer is also the same.

Mr. Speaker: I must advise Hon. Members that the time for Question Period has expired. I recognize the Hon. Member for Trinity (Miss Nicholson).

• (1510)

* * *

Miss Nicholson (Trinity): Mr. Speaker, I was in the House at eleven o'clock this morning with the aim of tabling a committee report. As events unfolded that was not possible. I wonder if Your Honour might seek unanimous consent in order that I may now table a report from the Standing Committee on Public Accounts.

Point of Order—Mr. H. Gray

Some Hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Miss Aideen Nicholson (Trinity): Mr. Speaker, I have the honour to present the Third Report of the Standing Committee on Public Accounts which deals with the Department of Insurance. While the committee notes the positive response of the Department to the Auditor General's remedial recommendations, the Committee is still concerned about supervision of pension plans and financial institutions. The committee wishes to emphasize the responsibility of the Department in ensuring that the assets and liabilities of all federally-regulated pension plans are actuarially sound, and are audited on a regular basis. Even though the Department has strengthened its supervisory function of financial institutions following recent failures, the Department must still improve its process for monitoring and assessing the financial solvency of the companies it regulates.

[*Editor's Note: See today's Votes and Proceedings.*]

Mr. Gauthier: Mr. Speaker, since the House has so generously given my colleague, the Hon. Member for Trinity (Miss Nicholson), unanimous consent to table that report, I wonder if we could revert back to petitions. I have dozens of petitions I wish to table.

Some Hon. Members: No.

Mr. Speaker: I am sure that the Hon. Member for Ottawa—Vanier (Mr. Gauthier) has noticed that they are not quite as generous on his particular matter.

The Hon. Member for Windsor West (Mr. Gray) on a point of order.

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POINTS OF ORDER

APPLICATION OF *SUB JUDICE* CONVENTION

Hon. Herb Gray (Windsor West): Mr. Speaker, I wish to raise a point of order which arises out of your comments during Question Period with respect to the application of the *sub judice* convention. During Question Period, I understood you to say that the test of whether a question is consistent with the *sub judice* convention depends on whether it relates squarely to issues being litigated in a particular case. This is certainly an important test. I raise the point as to whether

there is another important test which I respectfully submit you should take into consideration in deciding whether the *sub judice* convention should be applied when deciding whether a question is acceptable when raised during Question Period.

Citation 335 on page 118 of Beauchesne's states:

> Members are expected to refrain from discussing matters that are before the courts or tribunals which are courts of record. The purpose of this sub-judice convention is to protect the parties in a case awaiting or undergoing trial and persons who stand to be affected by the outcome of a judicial inquiry. It is a voluntary restraint imposed by the House upon itself in the interest of justice and fair play.

I point out in passing that this citation makes it very clear that the convention is there to protect the parties in a case, not other people who may have had some contact with the case either as witnesses, or who have some interest in the outcome, even if it amounts to nothing more than some curiosity about the matter.

I also might say in passing that there seems to be some conflict between citations with respect to the degree to which this convention applies to judicial inquiries.

Citation 338 states:

> (1) Matters before a royal commission are not subject to the convention.

However, the main citation that I wish to bring to your attention in this regard is Citation 337, which is also on page 118 and it states:

> (1) No settled practice has been developed in relation to civil cases, as the convention has been applied in some cases but not in others.

The citation further states:

> (2) In civil cases the convention does not apply until the matter has reached the trial stage.

The source of this citation is House of Commons *Debates*, February 11, 1976, p. 10844.

As far as I am aware, and if I am wrong in this I am sure I will be corrected, the case involving Walter Wolf and Fred Doucet has not yet reached the trial stage.

Mr. Mazankowski: What is an examination for discovery?

Mr. Gray (Windsor West): Therefore, I submit that if the *sub judice* convention in the terms that you have stated it during Question Period is to apply at all, then it would come into play and is to be applied only once the case reaches the trial stage. I submit that an examination for discovery is not a trial. It is a proceeding before the trial, but it is not the trial.

Therefore, Mr. Speaker, I ask you to take into consideration the following submission. First, it is not clear that the *sub judice* convention, no matter how defined, is to be applied at all in any civil case, even at the trial stage. But if it is to be applied, including in the terms which you used during Question Period, then this application does not arise until the trial has actually begun.

Finally, Mr. Speaker, I respectfully draw your attention to Citation 339 of Beauchesne's at page 119 in which the learned editor of this volume draws our attention to the report of the Special Committee on the Rights and Immunities of Members which, among other things, recognizes that while "the Speaker should remain the final arbiter in the matter" of *sub judice*, he "should exercise his discretion only in exceptional cases. In doubtful cases he should rule in favour of debate and against the convention."

Because the matter with respect to the application of the *sub judice* convention will likely arise again in Question Period and in debate I thought I should take the liberty of making these comments for the purpose of saying first, the convention cannot apply to questions with regard to people who are not themselves parties or litigants in the case in question, and second, the the *sub judice* convention has not been clearly established to apply at any stage of a civil case, and third, if it should apply then it is only once the trial has begun, and it has certainly not begun in the case of Walter Wolf and Fred Doucet.

Finally, with the utmost respect, I draw your attention once again to what I suggest are the very wise words of the Special Committee on the Rights and Immunities of Members with regard to the degree of restraint a Speaker should exercise in applying the *sub judice* convention at any time.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have listened with great interest to the arguments of my colleague, partly because I never did much litigation myself. I wish to make a couple of points. When reviewing this matter, Mr. Speaker, as I hope you will, it is in the interests of this House and Canadians who are before the court system at whatever level that you take due note of the words "in the interest of justice and fair play". That is what is at issue here when questions are asked.

There is another convention that was not contained in the argument of my hon. colleague, and that is as to what is the main purpose of Question Period. It has always been my understanding that the purpose of Question Period is for the Opposition to hold the Government accountable.

I submit that engaging in an examination of hearsay where an affidavit is filed, or evidence is taken by examination for discovery in which one individual in sworn testimony recounts what one person is purported to have said to another can hardly be referred to as hard evidence. When I went to law school it was hearsay. Whether it was sworn hearsay or not, it was still hearsay. The point here is whether we are putting at risk—I do not know why my colleague from the NDP finds the abuse of justice and fair play so funny. I do not.

Mr. Althouse: I was thinking of when you were in Opposition and some of the justice and fair play we used to see.

Mr. Lewis: If my hon. colleague wants to argue the matter, let him. I suggest he do it. That is what this forum is for.

• (1520)

I think it is a very serious matter to interfere with the court process whether it is a criminal or a civil trial. I appreciate, as my hon. friend has pointed out, that the rules for civil litigation are not hard and fast, but fair play and justice are hard and fast. If for pure political purposes you are affecting the outcome of a criminal trial or a lawsuit in any way, shape or form, I do not think that is right and proper. I do not think my colleagues here want to indulge in that.

I would ask the Chair to look at that and I agree with my hon. colleague that it is something that should be looked at so there is some direction for the House as we go along. I urge that we zero in on the words "in the interests of justice and fair play" and decide whether or not this matter is being brought forward for purely political purposes or whether it is really holding the Government accountable. If that is the case, then I think we have to be sure that we are not tampering in any way with justice and fair play whether the litigant is a litigant in a civil matter or somebody being brought before the courts for criminal prosecution.

Mr. Speaker: I want to thank the Hon. Member for Windsor West (Mr. Gray) and the Hon. Parliamentary Secretary to the President of the Privy Council (Mr. Lewis) for their contributions, and, I think it is appropriate to say, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). I think he deferred to the *caveat* the Chair put when he was asking a question and went to some pains to make sure that he did not transgress beyond the stage that the Chair felt it might not be appropriate to go. I want to re-emphasize that the Chair cannot always tell at the start of a question just exactly where that question may lead.

In specific answer to the point raised by the Hon. Member for Windsor West, I think there is something in what he says, that there may be some authorities which indicate a matter is not strictly speaking *sub judice* until it has reached the trial stage. There is some authority for that. That point was also brought to my attention in a note from the Hon. Member for Glengarry—Prescott—Russell. However, what I was hoping to do, and I am sure the Hon. Member for Windsor West knows this, was to alert members to the fact that there is a *sub judice* rule, and to ask members to be careful not to transgress against it. The Hon. Member for Windsor West and other Hon. Members will note that I have not ruled that a question has yet transcended that position, but I felt it was appropriate to make sure that everybody, as much as possible, understands the problem which the Chair has when these questions get increasingly close to that line.

The other thing I wanted to point out, and I think Hon. Members will agree, and that must also be understood, is that questions that are peripheral to the main issue being tested in the litigation are not necessarily excluded under the *sub judice* rule. It is important that all Hon. Members realize that, because sometimes there is a tendency for Members on one side to seize too quickly the conclusion that just because a question may concern some actors who may be involved in one way or the other in a lawsuit that it is by its very definition *sub judice*. I was trying to point out and draw Members' attention to the fact that that is not always so, and that the Chair has to find the middle ground.

I accept with great consideration the comments of the Hon. Member for Windsor West. I hope he will note that as this debate goes on and as these questions may go on that the Chair will try very hard to hew to what is the appropriate rule. I think it is fair to comment that the point which the Parliamentary Secretary makes about the basis for this rule is that concern for justice and fair play must also be recognized in this Chamber. I must point out again that in all these matters, unless Members are cognizant of just those principles, justice and fair play, then sometimes that leads to a situation which may or may not create disorder, but may get very close to it, so the Chair sometimes has to try to move in very gently to keep that from happening. I thank the Hon. Member for Windsor West. The observations are cogent and they are helpful to the Chair.

The Hon. Parliamentary Secretary is rising on a different point of order?

Mr. Lewis: Yes, Mr. Speaker, I am. I find your comments quite helpful and I appreciate the argument. I think they are on a good plane.

QUESTIONS IMPUTING MOTIVES

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I want to seek your direction in terms of how one responds on this side of the House. As my colleague across the way was pointing out, I did spend some time in opposition and I appreciate the difficulties one has in drafting questions.

I want to raise a point of order with respect to the questions put by my colleague, the Hon. Member for Burnaby (Mr. Robinson) who I see is now in the House. I would not for one minute suggest that Beauchesne is up to date on how Question Period should function in this day and age. I would not for a minute suggest that, but because of the way Question Period has evolved in the seven and one-half years that I have been here, I would ask for some direction with respect to Beauchesne's Citation 357(i) which suggests that questions should not contain imputations. Similarly, in Citation 360(5), a question may not:

> . . . reflect on the character or conduct of the Speaker or other occupants of the Chair, Members of either House of Parliament and members of the judiciary.

I appreciate that things become heated in this House, that debate becomes heated. That is what it is all about. Question Period has to be tough and direct. But I suggest to you, Mr. Speaker, that this afternoon my colleague from Burnaby imputed several motives in his questions and I think went beyond the bounds of dignity and what is required to place a question and hold the Government accountable.

Perhaps when you have an opportunity you could review *Hansard*, Mr. Speaker, and give the House some direction on that particular subject area of whether or not it is fair to impute motives when one asks questions, to the extent that my colleague did this afternoon.

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, in response to the point of order raised by the Parliamentary Secretary to the Government House Leader and President of the Privy Council (Mr. Lewis), I would note that one of the citations to which he refers, Citation 360(5), indicates that a question may not, as he pointed out:

> reflect on the character or conduct of the Speaker or other occupants of the Chair, Members of either House of Parliament and members of the judiciary.

As the Hon. Member himself has acknowledged, these rules have to be read in light of the evolving practices and traditions of the House, and surely it is not reasonable to suggest that a member in Question Period may not ask a question which reflects on the conduct of a Minister of the Crown in the course of that Minister's activities *vis-à-vis* his or her government responsibilities. Surely to suggest that we cannot question the conduct of Ministers of the Crown is reading Beauchesne's Citation 360 in a manner which is not only out of date but which is completely unrealistic.

With respect to the suggestion of imputation of motives, I am not sure to what the Hon. Member is referring. In the initial question I asked, I asked the Prime Minister (Mr. Mulroney) quite specifically to clarify the nature of his intervention in the telephone conversation in question and also to indicate whether or not there had been any suggestion of a withdrawal of a federal Government contract. In a supplementary question, Mr. Speaker, I asked the Prime Minister again whether or not he agreed with the comments of his colleague, the Deputy Prime Minister (Mr. Mazankowski) that it was solely a private matter if, in fact, a Minister of the Crown intervened in a manner which had been suggested.

I suggest neither of those questions in any way imputed motives. They certainly asked about the involvement of the Prime Minister, but I suggest they are entirely within the framework and scope of Question Period and that if we cannot ask questions about the conduct of members of this Government, certainly that will significantly stifle an effective and free flow of questions during Question Period.

Hon. Herb Gray (Windsor West): Mr. Speaker, with your permission I would like to make some brief comments on the point of order raised by the Parliamentary Secretary to the Government House Leader (Mr. Lewis). The Parliamentary Secretary has admitted that Beauchesne's is not up to date and that the practice with respect to questions accepted by the Speaker during Question Period has certainly evolved, to use his word, since the edition of Beauchesne's in question was published. That is certainly accurate. The first citation to which he referred is from 1965, and no source is given at all for the second citation although this edition of Beauchesne's was published in 1978.

• (1530)

For some reason or other, the Government seems reluctant to draw attention to the guidelines for Question Period announced in the House less than two years ago by the previous occupant of the chair. Those guidelines may well have some bearing on this to the extent that you, Mr. Speaker, may wish to use them for guidance in the exercise of your discretion over which questions you will accept or not.

In any event, the citations from Beauchesne's about Question Period have not only been overtaken by a later set of guidelines set down by your predecessor but they have been overtaken by dozens if not hundreds of precedents established in this House day after day, week after week by questions asked by members of the Government when they were in opposition. Those questions were accepted by the Speaker without challenge or question and the questions were asked without doubt, shame or reticence of any kind. I say with the utmost sincerity and respect to you, Sir, that those are the precedents that cannot be overlooked in these circumstances.

Surely Beauchesne's Citation 360 cannot be interpreted literally as saying that the conduct of Members of the House who are Ministers cannot be questioned in so far as that conduct relates to their official duties. If that were to be the case, then Question Period as an essential element not only of the House of Commons but of the parliamentary system would be severely undermined and weakened. I would like to think that none of us would want to see that.

Finally, by way of authority, I would like to refer to the remarks of the Parliamentary Secretary to the Government House Leader during the discussion on the point of order I raised just a few moments ago. He said that Question Period is to hold the Government to account. If that is the case, surely it must mean that one can question members of the Government about their conduct as Ministers. Second, if the Parliamentary Secretary to the Government House Leader is correct in saying that questions are not there to impute motives, he should not have said, as he did without challenge from me, that questions cannot be asked during Question Period if they are asked purely for—I think I recall his words correctly—political purposes. If that is not a form of imputing motives, what is?

In conclusion, therefore I think one must tread very carefully before saying that any questions which have some link with an inquiry into the purpose of the conduct in question are out of order because they impute motives. In any event, none of us should be ashamed about being willing to ask questions for political purposes. Is that not the reason for which we are here? We are talking about the operation of the political process which I hope will be exercised with the utmost integrity and trustworthiness. It is the political process that brings us here and it is the political process under which we are operating. Therefore, we should not be concerned if questions are asked for political purposes. I do not say that that necessarily imputes negative motives but I wish the Parliamentary

Secretary to the Government House Leader would be consistent in his arguments and would recognize that what he is complaining about has, as I said a moment ago, been well established by hundreds of precedents based on questions he and his colleagues asked when in opposition, questions which were readily accepted by your distinguished predecessors.

Mr. Speaker: I would like to thank the Hon. Parliamentary Secretary, the Hon. Member for Burnaby (Mr. Robinson) and the Hon. Member for Windsor West (Mr. Gray) for their interventions on this second point of order. The Chair is intrigued by the alleged suggestion that someone in this Chamber might be political. A distinguished former Member of this place is reputed to have said one evening in a moment, I think, of exasperation: "The trouble with this place is it's getting too political".

I think there will always be politics in a political forum like this one. When a suggestion is made that remarks are made for political purposes, I know that there are high political motives and there are perhaps less high political motives. It is for the Chair to decide to which of those two political motives the Hon. Member is referring.

On the question of the ancient or older precepts in some of the books that are sent to guide us, I think it has been made very clear that the Chair tries to take those rules or suggestions into account as a guide, but I think it is also clear to Hon. Members that the Chair has tried to temper those guidelines with the realities of the present situation in the House of Commons and the evolution of our procedures and customs. However, I do not think that anyone means that the conduct of Ministers or of Members, depending on what it is, is something with which the House cannot concern itself. What is key to this is that when questions are asked, Hon. Members should refrain as much as possible from using phrases or words that are accusatory or start off with an allegation relating to the character, honour or motives of any Hon. Member, whether those comments are made in a question or as a part of a reply.

Certainly vigorous and probing questions are completely in order in this place. I hope that I can persuade Hon. Members that I am very cognizant of the fact that that is part of our tradition. At the same time, I would say that the restraint, discipline and skill that is put into questions will probably elicit the information or put forward the position that is required without necessarily invoking a response which creates disorder in the Chamber and then creates a necessity for the Chair to intervene.

I thank all Hon. Members. As I say, we must look at these things as they come before us with a sense of fairness and justice and with a sense of what this place is all about. I think it will be a rare day when the Chair is too surprised that there is some politics in this Chamber.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee, and the motion of Mr. Lewis (p. 3220).

The Acting Speaker (Mr. Paproski): When we recessed at one o'clock, the Hon. Member for Humboldt—Lake Centre (Mr. Althouse) had the floor. He has 15 minutes left plus 10 minutes for questions and comments.

• (1540)

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, just prior to the luncheon adjournment I was about to say that the Canadian trucking industry, for several reasons specific to its structure, will be particularly hard hit by deregulation.

Deregulation has had a devastating impact upon the American trucking industry—massive lay-offs, bankruptcy, increasing concentration, loss of service in the hinterland, et cetera. While that will be repeated in Canada, there is a very real likelihood that because of the particular character of the Canadian industry and the kind of geography with which it is faced, the consequences will be even more severe.

Three main features of the Canadian trucking industry must be borne in mind when we talk about the likely impact of deregulation—market size and orientation, what happens when we have a very large market alongside a relatively small one, and the present vulnerability of the Canadian trucking industry prior to deregulation. All these matters will have an impact upon the effect of deregulation in Canada.

Turning to market size and orientation, unlike the American market with its demographic concentrations, the Canadian market has only three large cities with populations of over one million people. While in the United States there are 1,722 city pairs with one million plus population, Canada only has six such pairings with a huge gap existing between Ontario-Quebec and the far west. Without regulation in the trucking industry in some form similar to what we have now, there will be little incentive to maintain east-west transportation routes and the historic basis of the country will be placed in jeopardy.

Present regulations with control over market entry, pricing, commodity, and destination restrictions have intentionally created a pattern of cross-subsidization of traffic through the encouragement of transportation generalists. For example, someone who wants to participate in the moving of less than fully loaded trucks applies for a licence, obtains a licence, services a particular area, and schedules his routes at well-known times. Thus, shippers and receivers of goods in those areas know when they will receive trucking services. In short,

the truck does not wait to be filled before making a run. The reduction or elimination of this regulatory control would encourage the super efficient and the transport specialists to the point of driving the transport generalist out of the market. Along with the demise of the transport generalist would come the demise of a great many small centres which are now providing goods and services to rural and lesser populated areas of Canada. With that goes the whole concept of maintaining east-west links in Canada.

The second aspect of Bill C-19 which I want to discuss, as it has an impact upon the trucking industry, is the size of the American market and our own market. When the United States introduced deregulation in its trucking industry in 1980, it did not have a large nearby neighbour with the geographic and economic capacity to enter and predominate in the transport industry. There was no nation 10 times or 11 times larger sitting just across the border to move in on its markets. With the upheaval caused by deregulation, the U.S. industry did not face the additional distraction of competition from an economically stronger and better prepared international competitor. However, Canada has that problem. We are faced with a neighbouring country which has been involved in deregulation for a number of years. It has consolidated its trucking business to the point where it has three very large companies which have almost taken over the market. It is in a position to treat the Canadian service market as a very small part of its market.

In fact, in the last six years one of the largest companies in the United States has expanded the terminals it services from 154 to some 540 or 550. It has indicated that it could serve most of the Canadian market in which it is interested by the establishment of another five or six terminals in Canada. One only has to look at highway maps of Canada and the United States to realize that that number would certainly be adequate for any U.S. trucking firm to service the most important aspects of the Canadian market. It could run through U.S. routes and take advantage of low cost fuel and low cost equipment. Our truckers estimate that the advantage of being based in the United States, paying U.S. licences, and buying U.S. fuel, amounts to about 10 per cent. That in itself is very difficult to overcome.

In addition, American companies have the advantage of being able to use the terminals they choose to set up in Canada as loss-leaders in order to get rid of existing competition in Canadian markets.

With more than 500 terminals one can readily see that a company, which only wants to expand its market by five or six terminals to get control of most of the Canadian market that might eventually be profitable, is not faced with any risk, even if it cuts prices by 50 per cent or as much as 65 per cent. Indeed, we have seen evidence where some of these companies have moved into new areas and have cut rates by as much as 65 per cent in order to get rid of existing competition and, immediately thereafter, switched to a form of billing more consistent with their pricing elsewhere in the country.

I have pointed out that the access of American companies to the Canadian market was relatively easy because they would only have to purchase a few terminals here. However, Canadian truckers do not have the same market advantage. They are operating in smaller markets and working from six to ten terminals scattered along the Canadian border. For them to penetrate the American market, five or six additional terminals would not do it. They would have to be prepared to expand by much more if they are to seize an important part of the American market, and the costs and risks would be simply too high. On the other hand, the penetration of the Canadian market is relatively easy for U.S. truckers, and Canadian truckers would find it difficult to compete.

The American trucking industry has been preparing for deregulation in Canada or for reregulation, as the Government prefers to call it, by analysing the market. It has also become involved in buying out trucking firms in Canada. A large trucking firm known as Yellow Freight System purchased three fairly substantial trucking companies operating out of the Windsor area in the past year. It now has a virtual stranglehold over that particular marketing operation. That industry has been preparing for deregulation in a way which will eventually make it pre-eminent in Canada as far as trucking is concerned.

As I said, the U.S. trucking industry is dominated by three very large firms—Yellow Freight System,Consolidated Freightways, and Roadway Express Incorporated. We are a little short of absolutely reliable figures about the structure of our trucking industry and its financial position, but available figures portray an industry marked by many small firms and a few very large firms, all of which are operating with a very slender margin of profit. The majority of the approximate 10,000 trucking firms listed in Canada are small operations with one to three trucks. Even among the very large trucking firms historically there has not been a pattern of large profits. An industry spokesman recently remarked that even in the best of times industry-wide profit levels seldom exceed 3 per cent. In 1984, 22 per cent of the companies reporting to the Ontario Trucking Association were suffering losses.

• (1550)

In 1985 there were at least four major takeovers and mergers which were precipitated by companies on the Canadian side attempting to get ready for the competition with which they will be faced from the U.S. side. Reimer Express Enterprises bought Inter-City Truck Lines in April to create one of the largest trucking companies in Canada. In August, Dominion Consolidated Truck Lines and Overland Express merged to create the largest trucking company in the Ontario region. That same month CP Express, Canada's largest road carrier, bought Pickard Moving and Storage. As well, Direct Transportation System was sold to Canadian Motorways, creating what *The Globe and Mail* referred to as the biggest shake-up in the industry so far.

All of these occurred within a few months of each other. I am sure that had we looked further we would have found even more concentration and mergers taking place. The same pattern emerged in the United States when trucking was deregulated there. I have already pointed out the extent to which that has happened with the domination by three very large firms.

One of the myths which accompanies deregulation is that with the elimination of government's visible hand competition will again be brought into the market. The theory is that the economy will revive, the consumer will again be sovereign, and there will be so many winners that the few losers will be grateful to be martyrs for the sake of efficiency. Indeed, that was the theory for a new world which the then Minister of Transport put forth when he presented his paper, *Freedom to Move*.

However, some of the trucking companies are less enthusiastic about this. In the U.S. less than 10 companies now control more than half of the industry's total profit. The irony of deregulation is that by opening the doors to unregulated competition concentration is promoted. This is the problem to which I have been alluding throughout my remarks.

One of the arguments which has been used by my colleagues with regard to the Government's efforts to deregulate is with regard to the road hazards which will be created. Even American truckers are admitting that regardless of safety provisions, deregulation brings hazardous road conditions. Carriers which operate on a shoe-string can hardly attend to matters of new tires or brakes overhauls when they live, as a vast majority of them will, from shipment to shipment. Trucking equipment will stay on the road longer as companies are forced to cut expenses for new investments to the bone. The quality of repair work and upgraded equipment will deteriorate in all but the most profitable of companies. Truckers, particularly small owner operator truckers, will drive longer stretches as they search for freight to ship, increasing the danger to themselves and to those with whom they share the highway.

That is what we are concerned about with regard to deregulation, or reregulation, whatever the Government chooses to call it. We think there should be a slow-down in the process to permit better understanding of what has happened in the United States and to give our industry an opportunity to make the necessary corrections to ensure that whatever changes occur in this country can be made with safety and security. We must maintain Canada with an east-west economy rather than a north-south one as this change of regulation tends to encourage.

Ms. Mitchell: Mr. Speaker, I listened to my hon. colleague's words of wisdom. They were indeed very informative. While I was listening, I could not help but think of the impact which deregulation would have, particularly on the West Coast. I am particularly concerned about connections to the Port of Vancouver.

Most of the trucking industry in Canada consists of the trucking of resource products, whereas in the United States it consists more of manufactured goods. What does the Hon. Member think the impact may be on east-west transportation, particularly between the prairie provinces, with the transport of grain, and the Port of Vancouver on the West Coast? Will the north-south pull have a real impact on this route? Will deregulated trucking compete with our railways, resulting in our railways not being used as extensively for grain traffic in particular?

Mr. Althouse: Mr. Speaker, this concern is often raised. I can speak only from my limited experience with the regulations which apply to raw products in the Province of Saskatchewan. Items such as grain and livestock are not regulated to the same extent as is the trucking of parts and other necessary goods from distribution points to various towns.

The immediate impact on the Port of Vancouver with regard to the shipping of grain or raw material would be almost non-existent since most of that traffic was not particularly regulated beforehand. In my province it is relatively easy to get a licence to move such raw products. It is much more difficult to get a licence to transport goods and services.

Mr. Kilgour: Mr. Speaker, the member who just spoke and I both come from a resource based part of the country where thousands of men and women earn their living by producing products which are exported to other parts of the world, 80 per cent to the markets south of us. The member has repeatedly mentioned the trucking industry in which we on this side of the House have considerable interest, too.

Why do his remarks seem to pay no attention to the workers who create the goods which trucking companies move? Will he not bear in mind the number of people in his province and in mine who work on farms and in potash mines, and who produce pulp and paper, all of which create livelihoods for people in our provinces? I remind him that a number of shippers have been forced to establish trucking companies themselves because of the inadequate service trucking companies have provided under the *status quo*. That is something we are trying to deal with in this Bill. I would like him to comment on the men and women who work in the industries that create the goods to be shipped.

Is the member suggesting that the laws should be changed so that U.S. trucking companies in Canada that employ Canadians should be barred from Canada? If so, I point out to him that there are over 1,000 Canadian trucking companies in the United States doing business for Canada. He may not know that with virtually the stroke of a pen those 1,000 Canadian trucking companies in the United States could be expelled, which would be a loss to Canada.

I want the Hon. Member to speak particularly about the interests of those who produce the goods that are shipped by the trucking industry. Why did he not mention them in his speech?

Mr. Althouse: Mr. Speaker, since I only had 20 minutes, I did not get to that part of my speech. It is my understanding from reading what happened in the United States that many of those companies, which believed it was in their best interests to provide their own trucking companies prior to deregulation, discovered they were forced to abandon those trucking firms because of the extreme competition to expand or maintain their market share after deregulation. Their routes were being invaded by some of the very large companies in an attempt to expand their market share.

For the short run it was actually more costly in many instances for manufacturing companies to use their own trucks to deliver goods because the competition was offering rates that were below the cost of production. I doubt this will continue for many years, but as long as some companies have control of a certain segment of the market, they can cut rates to much less than their real costs in the process of expanding simply to force out any competitors, including some manufacturing firms that had run their own trucking business.

I believe there is enough access to transportation services under our current system. I represent an area that is rather thinly populated and we appreciate the fact that there must be some effective cross-subsidization of the transportation system since there is not enough demand in the small villages and towns that I represent to warrant a full truckload of goods each week or more. We need some regulations requiring service so that heavy goods will be delivered when we need them. We are prepared to pay the higher price for that service.

Mr. Blenkarn: Mr. Speaker, why does the Hon. Member believe that Canadians are incompetent to drive trucks, own trucks and own trucking businesses? There are 1,000 Canadians who run trucking businesses in the United States. The Americans have shown that they are incapable of competing in steel, pork, fish, and lumber. Why does he think they are so capable of competing in transportation, particularly when one considers that in this industry an individual can own a truck and, with a little capital, form his own trucking system?

Mr. Althouse: Mr. Speaker, I hope I did not leave any such impression. If the Hon. Member had listened carefully he would have understood that I said Canadians would be much less competitive than their American neighbours. There will be thousands of Canadians who will be able to compete, just as there are hundreds of thousands of Canadian farmers who can compete with American farmers even when the circumstances for our productive ability are much more difficult than on the other side of the border. We can and will compete, but we will also be laying many trucking firms open to takeover not only by American firms but by Canadian firms. There will be a tremendous shake-down in the industry after these regulations are put into law.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Don Valley East (Mr. Attewell)—Human rights—U.S.S.R.—Plight of Ioffe family; the Hon. Member for Thunder Bay—Nipigon (Mr. Epp)—External affairs—Request for reconsideration of decision; the Hon. Member for Winnipeg North Centre (Mr. Keeper)—Supply and services—(a) Awarding of CF-18 fighter aircraft maintenance contract—Technology transfer factor. (b) Request for publication of documents.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to a legislative committee; and the motion of Mr. Lewis (p. 3220).

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, earlier today the Member for Ottawa—Vanier (Mr. Gauthier) and other members told us how undemocratic this debate had become. They said that the Government was trying to quash the debate and was somehow trying to prevent people from speaking. This is what we hear from Members on the other side, who last week engaged in a procedure whereby they moved the adjournment of the House one day after another.

Mr. Gauthier: Mr. Speaker, I rise on a point of order. The Hon. Member for Mississauga South (Mr. Blenkarn) is using my name in vain, and I cannot believe it. He said that I accused the Government of using procedures that would cut off debate. That is true. The question before the House now is that the previous question be put. That debate will only last as long as we can keep it going. Members on that side will not speak to this question, and the vote will be taken. He is indeed speaking the truth.

The Acting Speaker (Mr. Paproski): I regret that that is not a point of order. The Hon. Member for Mississauga South (Mr. Blenkarn) has the floor.

Mr. Blenkarn: Mr. Speaker, that is not even decent debate. There is nothing in the motion that prevents every member in the Liberal Party or the New Democratic Party from speaking. Indeed, every Member of the House can speak once on second

reading debate. What is more democratic than that? The Hon. Member does not understand the purpose of this place when he says that this is a form of closure. Surely the purpose of this place is not to filibuster, move motion after motion to hear another member speak, or to move the adjournment of the House at least six times. They cause vote after vote, for no other purpose than to delay the passage of legislation.

We have only passed two Bills since the House commenced after the Christmas adjournment. We have been held up day after day by procedural motion after procedural motion. It is nonsense for the member to suggest that asking the question to be put is somehow limiting debate. There has been ample debate and ample time.

It is time that this Bill is passed and put to a vote, if necessary. I ask whether a vote is necessary because much of the substance of this legislation stems from the theory and concepts developed in the last Parliament, this Parliament and in the Standing Committee on Transport. I suggest that these Bills reflect the views of members of the Standing Committee on Transport as well as members of the previous Government and this Government.

It is nonsense to suggest that there has not been ample debate. The Hon. Member for Ottawa—Vanier is wrong. This Bill reflects the very spirit by which we hope this country can be revitalized, particularly in the transportation of goods. This Bill will provide shippers with the opportunity to compete in the shipment of goods. They will have the right to choose their method of shipping, obtain alternative tenders for shipping from various trucking companies and, according to Bill C-18, from other forms of shipping. It is a Bill designed to enhance the freedom to move. If we can make the freedom to move a real possibility, if we can get rid of the monopolies which have existed, the restrictions and curtailment on freedom of enterprise, then we can open the whole thing up and probably wind up with lower cost goods, more employment and better conditions for all.

• (1610)

I have a petition here from a company in Hinton, Alberta, with respect to the movement of its goods. It talks about the opportunity to move lumber and pulp to its American market by truck if it cannot make a deal with the railway. The company says the railways are effectively a monopoly and giving it the right to engage truckers, gives it the opportunity to break that monopoly. It is important that our various producers have the right to shop around.

Clause 22 of the Bill gives the definition of a public carrier, which is any railway company and any operator of an extra-provincial truck undertaking. Therefore, one of our largest agricultural products, grain, can now be moved by truck under the provisions of this Bill. I am surprised that this has not been recognized by the Opposition. I am surprised those Hon. Members would not realize that under the terms of this Bill, the system is being opened up. Some truckers are upset about this Bill, but they are established trucking companies which have what we call in Ontario a public commercial vehicle licence or a PCV licence, which enables them to have certain monopolies on certain routes.

The theory behind this Bill is that the monopoly age is over. However, the New Democratic Party is today saying that it wants to support the continuation of the monopoly age. The Liberal Party says it wants to support the continuation of the monopoly age. How does that monopoly work? A particular trucking company has a monopoly, for example, with one kind of freight from one shipper to one point, or a Class A situation where it can ship goods of every nature and kind between two cities on a particular highway. The effect of that is to limit the number of people who can engage in shipping goods. When we limit the number of people who can do that, we have a monopoly. When we have a monopoly, those companies can get whatever kind of fare they want for the goods to be delivered, and can charge, generally speaking, what the traffic will bear. That kind of monopoly situation is what this Bill is designed to stop.

There are some problems. For example, a number of trucking companies have capitalized the value of their licences. The capital value of their licences represents a very important item on their balance sheet. They say to us that if we do away with these licences, they will lose the capital value of the licences. However, these licences are monopolies which allow those companies to operate their trucks in a protected fashion. Very much like a railway has a monopoly because it owns the track, they have a monopoly because they own the right to run certain freight down certain highways exclusively. If we want to continue with a society which believes in giving monopolies, then, obviously, the monopoly has a value.

One of the problems we face with this legislation is somehow phasing in the loss of that monopoly to the companies involved. The companies which have capitalized the monopoly in the normal fashion will be able, bit by bit, to write off their goodwill or the value of their licence which will get them the money back in the tax system. However, some companies have not capitalized their licences. They developed the licences a long time ago and they now have a real value but have never been capitalized. Those companies are going to have to accept that if a state gives a monopoly, a state has the right to take that monopoly away. Surely, in a free society, monopolies which have ceased to serve their purpose cease to have any right to be there.

I would have thought that the New Democratic Party would have recognized that monopolies in transportation should not exist. They should recognize that the borders should be open and those people who want to go into trucking should be able to do so as long as they have top-notch equipment and provide a good service. But the New Democratic Party wants to protect the existing situation. Those Hon. Members say: "Don't let it change", which almost defies the logic of a Party which would call itself new and democratic. It is supposed to be new and democratic yet is in favour of monopolies, in favour of the *status quo* and of ensuring that some people have

privileges which others cannot enjoy. That is the position of that Party today.

This House through this Bill throws the light on the situation. It throws open the situation. We are saying: "Look. If you want to get involved in interprovincial trucking, get yourselves some equipment and some local licences and away you go". That kind of freedom will make it possible for shippers to move their goods in a competitive fashion. We say that the greater good is the movement of goods. I say that, Sir, because one of the major problems we face in this country is the problem of regional disparity.

Earlier today the Mayor of Kamloops was in to see me. His Member of Parliament, the Hon. Member for Kamloops—Shuswap (Mr. Riis), arranged for him to come and see me with respect to a promotion by the City of Kamloops to attract business. The Mayor of Kamloops is a pretty optimistic fellow. He told me that Kamloops had an advantage by being on both the Yellowhead Highway and the highway which passes through Rogers Pass. It has the advantage of the two main Trans-Canada highways as well as the advantage of having both railways go through the town. He said: "We have these advantages and we want to make sure the people of Canada are aware of these advantages". The freedom of movement legislation, the right to be able to provide trucking any way one wants on an interprovincial basis, without the restrictions which did apply, ensures that cities like Kamloops will have a better chance at the business.

One of the problems has always been that the big cities attract the industry. Big cities attract activity because of the cost of shipping goods. If we are going to attack regional disparity, we have to attack the cost of shipping goods. We do not attack that cost by protecting monopolies and vested rights. This Bill is out to get rid of vested rights. It will allow people who want to go into business to do so on their own, to do it the way they want to do it. If we carry on with the present system we will continue to deprive the outreach parts of our nation of efficient cheap transportation.

• (1620)

It was said earlier by my friend from the New Democratic Party that somehow there is cross-subsidization involved. In trucking there is no such thing as cross-subsidization. If money cannot be made running a truck, then it is not run. That is the way it is. There may be cross-subsidization involved in a rail system; but there is no cross-subsidization involved in a trucking system.

Mr. Benjamin: Do you want to bet?

Mr. Blenkarn: If there are no goods, then one does not run a truck. If some people think that that somehow happens, then they really do not understand what is going on. If one runs a truck half full, then one charges for a full truck. The same is true in the case of a truck which is one-quarter full.

Mr. Benjamin: You don't know what you are talking about.

Mr. Blenkarn: A truck is run on the basis of making a profit. It makes a profit either on the trip out or on the trip back. I do not know how many of my friends opposite have been personally involved in the trucking industry as lawyers or business consultants for the industry, but I can assure them that anyone who has talked to people running trucking companies would pretty soon find out that they do not run their companies on the basis of cross-subsidization.

Indeed, the trucking industry is one of the most competitive industries that there is in terms of transportation, largely because relatively small amounts of capital are required to get into the industry. The equipment used is relatively standard. Trucks which are essentially American designed and manufactured are bought and run in a conventional fashion. There is nothing particularly modern, new or different in the industry other than in respect of the quality of the vehicles which are generally available. In general, roads go everywhere. So it is not a question of a person not being able to get into the business because he cannot afford the capital. The capital is relatively easy to obtain. A relatively small amount of money is required as a down payment on a unit. Financing is relatively easy to arrange from banks, trust companies and leasing companies. They can think of many ways in which to finance units. The real question is getting the freight moving, and moving it efficiently. If it is not moved efficiently, then one cannot remain in the business. This Bill removes the burdens, the problems, the regulations and the state-controlled monopolies that prevent the movement of goods.

Mr. Benjamin: Mr. Speaker, I have a feeling of sheer amazement as a result of listening to the ignorance of the Hon. Member for Mississauga South (Mr. Blenkarn) concerning the trucking industry.

Mr. Hnatyshyn: Order.

Mr. Benjamin: I do not need to tell the Minister of Justice (Mr. Hnatyshyn) that there are no rules around here about anyone being ignorant. The Minister should know that.

Mr. Nystrom: Otherwise there wouldn't be a Tory in the House.

Mr. Benjamin: The Hon. Member has been talking about monopolies in the trucking business. Does the Hon. Member not realize that there are 2,000 U.S. truckers in Canada, 1,000 Canadians truckers in the U.S., that there are currently 15,000 licences currently out in Canada, 4,000 new or renewal licences are issued every year, and 85 per cent to 90 per cent of the applications for licences, routes and franchises are approved? Can the Hon. Member please tell me and the House how he arrived at this monopoly nonsense in terms of the trucking business?

I want to tell my hon. friend that under deregulation in the United States the six largest trucking companies, which make ours look like peanut operations, control 87 per cent of the traffic. That is where monopoly has come about under

deregulation. More truckers have been bankrupted and more mergers and takeovers have occurred than has ever been seen before in the history of the American industry. How does the Hon. Member arrive at his argument concerning a monopoly in the trucking industry in Canada? Will the Hon. Member please explain his remarks, since there are some truckers watching this nonsense of his who are outside waiting for him with a rope?

Mr. Blenkarn: Mr. Speaker, I enjoy the rope. Perhaps the Hon. Member can tell us how easy it would be for him to obtain a Class A licence to haul goods from Montreal to Toronto or from Toronto to Ottawa and how many people he thinks would oppose him if he were to go before a regulatory body in Toronto.

Mr. Benjamin: Mr. Speaker, I did not think I was being asked questions. Would the Hon. Member please answer my question? If I were to apply for a Class A licence to haul goods from Toronto to Montreal I would receive that licence.

Mr. Blenkarn: You would?

Mr. Benjamin: I just told the Hon. Member that 90 per cent of the applications are approved. The Hon. Member does not know what he is talking about.

Mr. Blenkarn: Mr. Speaker, I am delighted that the Hon. Member would be able to obtain a trucking licence with such ease. He must have some interesting abilities which other trucking companies do not have, particularly when one considers the value of these licences as they are traded between companies. The fact is that this Bill takes away the commercial value of licences, which is the real reason the Canadian Trucking Association has its concerns. People have set up the licences as being worth something.

If the Hon. Member thinks for one moment that one can obtain a PCV licence in the Province of Ontario just by winking and nodding, then he is seriously mistaken. When one goes before the transport board in Ontario with an application, one usually takes with one all sorts of collateral materials setting out public necessity and convenience. The moment one arrives before the board one is faced with a battery of 10 or 12 lawyers who represent people who may or may not have an interest in an existing licence but who are there to make sure one does not obtain one's licence. The only way one can obtain a trucking licence is to buy one from someone who has one, which costs a great deal of money. I suppose the New Democratic Party is in favour of monopolies and I understand the Hon. Member's concerns in that respect.

Mr. Young: Mr. Speaker, I would be more impressed by the argument of the Hon. Member for Mississauga South (Mr. Blenkarn), who argues that what this Bill attempts to do is to remove a monopoly situation in the trucking industry, if he were able to explain to me why it is that the Government, under Bill C-22, is trying to do exactly what he is saying the Government is not attempting to do with this legislation, that is, create a monopoly in the pharmaceutical industry. Prior to 1969, as the Hon. Member must know, the reason for the high drug prices in Canada—in fact the highest drug prices in the world—was that the multinational corporations enjoyed a monopoly in pricing in Canada. In fact, no less than six federal studies clearly showed that that was the reason for high drug prices. In effect, what was done in 1969 as a result of removing patent protection from brand name manufacturers was to introduce competition in pricing in Canada by allowing generic manufacturers to enter the field. On the one hand the Hon. Member is saying that he is opposed to monopolies, and on the other he seems willing to go along with creating one in terms of pharmaceutical products.

Mr. Blenkarn: Mr. Speaker, it is rather humorous that the Hon. Member for Beaches (Mr. Young) would make mention of Bill C-22 in his remarks when we are talking about highway transportation. The Hon. Member knows perfectly well that Bill C-22 is a Bill that merely gets rid of a situation whereby people can pirate other people's patents. Perhaps the Hon. Member is right. Perhaps we should not have any patent protection in Canada at all. As a member of an international industrial community, we find that we had better protect the interests of inventors.

• (1630)

The problems in Bill C-22 can be taken to the committee. Here we are talking about highway transportation. Because the New Democratic Party cannot find any reason for standing behind the opposition to this Bill, it now brings in Bill C-22. What specious nonsense.

Mr. Garneau: The Hon. Member for Mississauga South (Mr. Blenkarn) said that this Bill will break down the monopoly in the trucking industry and that trucking licences will disappear. I understand that this Bill will not reimburse truckers for the value of this licence. I wish to ask the Member if this is a precedent for what may happen to the farmers. The Minister for International Trade (Miss Carney) suggested on the week-end that the marketing boards for farmers could be put on the table in the negotiations. Should the farmer expect to see the same type of treatment, wherein the milk producer, the chicken farmer, and the egg producer who paid a certain amount of money to buy a quota will see those quotas disappear with no reimbursement in the same manner as the truckers will not be reimbursed?

Mr. Blenkarn: The Hon. Member for Laval-des-Rapides (Mr. Garneau) does point out a serious problem that develops when for some reason or another Governments give producers or users in effect a monopoly over a certain service or certain right to produce. A bankable value is built into that monopoly. When government policy changes, or the right to produce is extended, or something else of that nature happens, people then say, "My goodness, that right you gave us that I did not pay anything for originally is now worth something, and you have deprived me of it".

The fact is that the marketing boards themselves that control the food processing, or the food products involved like eggs, chickens, or milk, are all concerned. The farm organizations are concerned about the value of their quotas, and how they will manage to get back to reality. There may have to be a number of actions taken to return to reality. When we wind up with a market sharing milk quota that is worth 90 cents or a $1 a litre, and the right to produce a chicken which is worth $30, then a situation arises where the licence to be in the business is unrealistic, and the Government creates a value that one citizen has over another.

The Acting Speaker (Mr. Paproski): I will entertain a supplementary question from the Hon. Member for Beaches (Mr. Young), and one from the Hon. Member for Regina West (Mr. Benjamin). That will be it.

Mr. Young: I have a very brief question for the Hon. Member for Mississauga South (Mr. Blenkarn). There are two connection points between Bill C-22 and this Bill. Both of them are talking about monopoly situations. Both of them are highway robbery against the Canadian consumer.

Mr. Benjamin: I listened to the Hon. Member in his earlier attempt or failure to respond to my question. In his answer he talked about what was under the control of a province, and not under this Bill. When the Hon. Member talks about licences, does he realize that those who have capitalized their licences are the big trucking companies?

Mr. Blenkarn: That is right.

Mr. Benjamin: They are the ones who will be able to write off the value of those licences, and it will be the little trucker who gets hurt and does not have that type of advantage. Would the Hon. Member explain to the House where this Bill corrects what he is complaining of?

Mr. Blenkarn: I am glad that the Hon. Member now realizes that the licences have a value. In his original question, he assumed that the licences were valueless.

Mr. Benjamin: That is the first time I have mentioned it.

Mr. Blenkarn: We now have two positions from the critic of the New Democratic Party at the same time. The fact is that there are some truckers, not all large ones or small ones, that have capitalized licences, and some that have not. For the past three or four years since people started talking about freedom to move, banks have refused to lend against licence values. People who are in the business have been writing those licence values off. They realized they were not going to last forever. Monopolies cannot last forever unless a socialist Government is in power that would protect them.

[*Translation*]

The Acting Speaker (Mr. Paproski): Questions and comments are over. The Hon. Member for Westmorland—Kent (Mr. Robichaud).

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, thank you for giving me the floor on this Bill which is very important for the whole country, particularly so for remote regions such as the Atlantic Provinces.

I feel somewhat restricted in taking part in this debate under present circumstances because the debate is limited. It is just like everything has been decided in advance and we are talking simply to kill some time. However, Mr. Speaker, I will proceed.

Needless to say, Bill C-19 respecting motor vehicle transport by extra-provincial undertakings is at the root of as much reaction and controversy as, and in certain cases even more concern than, Bill C-18, an Act respecting national transportation. Like C-18, this Bill as drafted opens the whole trucking industry to major changes and severe disruptions which might even be likened to an earthquake. This very severe disruption will shake up the industry and, if I still compare it with an earthquake, it will most certainly register between 8 and 9 on the Richter scale. The disruption will be so severe that long-established carriers will come crashing down. Its impact will be such that firms which have been in business for some time will become so weak that they will be easy prey for stronger and larger companies which will buy out or take over smaller concerns no longer able to operate in this new climate of deregulation.

Here we have an industry which is doing $8 billion worth of business and providing employment for over 50,000 people. Through Bill C-19 the industry will be sent on a mad race towards deregulation, which appears to be the answer to everything that ails us. Mr. Speaker, I do not want to imply that every single facet of deregulation is bad, but the way this Government is rushing into this process is alarming and leaves an element of doubt about the Bill.

The first major change brought about by this Bill has to do with the criterion concerning access to the industry, namely the existing public convenience and necessity criterion.

This requirement meant the carrier had to prove the proposed service was necessary and would be of benefit to the public. It will now be replaced by the requirement "fit, willing and able". This new requirement puts the onus of proving the service is not in the public interest on existing holders of trucking licences.

In future, anyone who has a truck and is "fit, willing and able" to go into business can get on the road. Mr. Speaker, your answer to that may be: More carriers will mean more competition and better service, so everybody should be happy. That is how it looks, but the situation contains an element of disaster that may severely affect Canada's industry, because, Mr. Speaker, our industry will be at the mercy of foreign carriers. This Bill will allow U.S. carriers to penetrate our market and take over a large part of the activity in this sector. This of course means less business for our Canadian carriers.

Mr. Speaker, I should add that our carriers will be placed in an entirely new situation with parameters that have nothing in

common with the present situation. If we compare Canada's transportation industry with the industry in the United States, we realize that our carriers will have to do battle with the giants, who in addition to the advantages of their size, which is considerable, will not hesitate to use any other means to take over our market. Anyone who is in the business is there to make money and make a profit, and in that case, the end justifies the means.

This Bill will now permit Americans to penetrate our market and to charge predatory rates. By predatory I mean rates below the going rate, rates that do not fully cover the service rendered. In this particular case, owing to the size of the companies, the Americans will be able to charge predatory rates to make inroads in our industry which of course will not be able to survive. Granted, we can survive for a while. Earlier, one member was asking another member here in the House whether he did not have confidence in Canada's industry. That isn't the point, Mr. Speaker. Of course we have confidence in our industry. But conditions will be so different that our carriers will be running into a brick wall.

Although our carriers may be able to fight these predatory rates for a while, we must realize this will weaken them, especially if they have to do so for any period of time. In such a weakened position, they will simply not be able to hold out after a while, becoming in turn the victims of these predatory manoeuvres and on their way out.

Ever since we heard about this Bill and the Government indicated its intention to proceed with deregulation, two Canadian motor carriers have already been bought out by two American giants. On that subject, here is what John Kennedy, president of Kingsway Transport, in Rexdale, had to say:

• (1640)

[*English*]

There is no question the regulation will have a devastating impact on the financial condition of the Canadian motor carrier industry. It will ultimately result in a wave of mergers, buy-outs and bankruptcies.

[*Translation*]

And these remarks come from a person who is directly involved in the transportation industry.

If I may, Mr. Speaker, I should like to transport you in spirit to the Atlantic region where the trucking industry had a few comments to make. I am referring to—

[*English*]

The Atlantic Provinces Trucking Association represents 300 members from the Provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island. Some of its views are as follows:

That the national transportation policy adopted by Canada should not be copied from the U.S.A. due to the vast differences in the historical and economic realities of the two market-place structures, including the presence of Crown corporations.

The need to retain some residual economic test that would allow Canadian carriers a "balanced share" of the international traffic as agreed upon by recent agreements between Canada and the United States.

Meaningful safeguards need to be in place to prevent the two railway enterprises from excessive market concentration and dominance.

The APTA also would like to point out that regulatory reform in the trucking industry may have a different impact on carriers in the Atlantic provinces compared to other parts of Canada.

[*Translation*]

And I could go on like this with other recommendations from this Maritime Association.

[*English*]

The Atlantic Provinces Transport Association is also concerned with predatory rates set by rail carriers. It is concerned that the two major railway companies in Canada, because of their size, economies of power and financial strength, have the capability to manipulate rates in ways that could drive motor carriers right out of business. The APTA is also very concerned that if the railways are to be given the power to make rates secretly, how is anyone to know whether or not these rates are predatory? They, therefore, urge the Government to require that within Canada all rates be published and be compensatory.

The APTA and the people of the Atlantic area are also concerned about the effects of deregulation on the transport industry and its relation to regional development. This is a very important point.

The Atlantic Provinces Transportation Commission, in its submission to the Atlantic Focus Conference, had this to say in paragraph 9:

[*Translation*]

Mr. Speaker, you no doubt remember this conference where all Atlantic Ministers had come to Moncton to hear what Maritime people had to say. And I quote paragraph 9 of their report:

• (1650)

[*English*]

Canada's national transportation policy, found in Bill C-126 tabled in the House of Commons on June 26, 1986, contains a recognition that transportation is a key to regional economic development. It unfortunately fails to include the second important principle that regional economic development takes precedence over cost recovery when these two principles are in conflict.

[*Translation*]

Of course, reference was being made to Bill C-126, the predecessor of Bill C-18 and that can also apply to Bill C-19.

That position, Mr. Speaker, is identical with that taken by the Council of Maritime Premiers, which indeed stressed the importance of regional development to the Atlantic Provinces, that is the importance of transportation for regional development. May I quote here, from a submission by the Council of Premiers which is well worth mentioning, the following paragraph:

Since the new legislation does not guarantee that regional economic development objectives in cases of conflict would take precedence over objectives of commercial profitability of a transportation service, we cannot support it. We believe it should contain a clause under which commercial profitability objectives would come second to regional economic development objectives. The federal

Government's reluctance to include such a clause up to now is of more concern to us as regards the negative impact of Bill C-18 on transportation services in the Maritime Provinces.

Mr. Speaker, we in the Official Opposition are going to fight to have this included in the Bill. Coming from New Brunswick, I must support the Council of Premiers because I realize that theirs is a wise recommendation to include a clause that would give regional economic development precedence over viability or profitability.

Of course, Mr. Speaker . . . Has my time expired? I have two minutes left. Thank you.

I would be remiss, Mr. Speaker, if I did not refer also to this legislation's impact on employment. You may argue that there will be more carriers, that jobs will be created. Well, that is not sure.

We believe that this Bill will first open the door to concentration, it will lead to a degree of concentration around larger carriers which may not be based in our area. Already, Mr. Speaker, we are starting to feel the effects of deregulation, because indeed last week in New Brunswick we already had massive lay-offs, 449 to be exact, for a total 800 jobs lost within a year.

Mr. Speaker, apparently CN is preparing for privatization and must make all their operations profitable.

This is what happens when you think only of profits and not enough of services and of the special roles that you should play in a community. You look only at profits and if you have to lay off a great number of workers, you do so without thinking of the fact that these people will be without a job. I would like to add, Mr. Speaker, that in a region such as New Brunswick, and especially southeastern New Brunswick, where a 17.1 per cent rate of unemployment was announced last Friday, such lay-offs are disastrous.

Thank you, Mr. Speaker.

[*English*]

Miss Nicholson (Trinity): Mr. Speaker, I would like to ask my colleague if he has followed the situation in California. That state has now begun to reregulate its for-hire trucking industry, and two of the reasons given for that at the hearings of the California Public Utilities Commission were, first, the increase in predatory pricing, and second, the number of serious safety problems that had developed during the period of deregulation. I would be interested in hearing from the Hon. Member if, in his view, deregulation in Canada might also lead to safety problems and predatory pricing.

[*Translation*]

Mr. Robichaud: Mr. Speaker, I wish to thank the Hon. Member for Trinity (Miss Nicholson) for her comments and her question. As far as safety is concerned, the truckers and the public are asking serious questions because of reported problems in the United States caused by the fact that, in the race to become more profitable, trucking companies are moving to increasingly large trucks, in fact whole convoys including not only one truck with a box, but perhaps one truck, one box and one trailer, and even three trailers in certain cases, which makes movement on the roads rather difficult and highly dangerous.

In the case of predatory rates, I mentioned in my speech that, as Canadians have smaller companies, they would be at the mercy of the American truckers, who could use predatory rates because of their profit margin. This would enormously weaken Canadian truckers who would end up being so weak that they would be eaten up by the large American companies.

The Acting Speaker (Mr. Paproski): It being five o'oclock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

IMMIGRATION

ADVISABILITY OF REGULATING PRIVATE IMMIGRATION CONSULTANTS

Mr. Bob Pennock (Etobicoke North) moved:

That, in the opinion of this House, the Government should consider the advisability of introducing legislation to regulate private immigration consultants with a view to protecting unsuspecting prospective immigrants who seek advice from such consultants who are not subject to any codified regulations.

He said: Mr. Speaker, my Private Member's Motion deals with consumer rip-off by unscrupulous individuals who are running a cash-flow business on the backs of unsuspecting victims. The exploitation of potential immigrants by unscrupulous consultants has been going on, unchecked by any government action, for a number of years. It is getting worse; one can ask any Hon. Member.

A 1981 discussion paper outlined the problem and recommended courses of action. Unfortunately it was left to gather dust, although it contained many excellent ideas. The Department of Immigration has no comprehensive statistics on the number of immigration consultants operating in Canada, the type of service they provide, the fees they charge, or the incidents of misconduct. The Department has none of this information even though it was requested to obtain such in 1981 in a directive from the Minister. I have been told by senior officials of the RCMP that media reports suggesting large scale exploitation are not blown out of proportion and that exploitation by immigration consultants is widespread.

Recently I met with a constituent who was charged $10,000 by a consultant for writing two simple letters. Another prospective immigrant was charged $20,000 for filling out a social insurance application.

Unlike lawyers, immigration consultants are not subject to any regulations. They are not governed by a provincial law

society which can expel members for dishonest or exploitive conduct. This is the essence of the problem.

What control is there of immigration consultants? There is hardly any effective control because the Criminal Code does not deal with exploitive or dishonest conduct. It deals only with fraud in the extraction of fees. Almost always, transactions and advice between consultants and clients are oral and behind closed doors. These unscrupulous consultants are fully cognizant of the law and they know the parameters around which they can legally operate.

Prospective immigrants have a particular vulnerability. There is a tendency on the immigrant's part not to report an incident when one has been victimized for several reasons—first, a feeling of general distrust of government officials, perhaps based upon experience in the country of origin; second, the belief that to succeed in an application something more than mere compliance is necessary; third, a willingness to place special trust in an adviser simply because of a shared language or cultural background; and, fourth, simply to avoid making waves for fear of being viewed as a trouble-maker, thereby jeopardizing the potential success of an application.

Obviously not all immigration consultants exploit potential immigrants. Many provide a competent, useful, and necessary service. The discussion paper accurately pointed out that these consultants, more often than not, are the ones who appear before government boards and agencies such as the Immigration Appeal Board. In these cases criminal fraud is unlikely, and there is better opportunity for control by Government.

The present system is not adequate to deal with unscrupulous consultants. The federal Government has the responsibility to initiate legislation or some type of measure to make certain they are brought under control. In the discussion paper and in my conversations with departmental officials and with various ethnic communities, several courses of action have been suggested. Perhaps this type of activity could be left for the provinces to control under existing provincial legislation.

On the surface this may seem like a sufficient solution, but I hesitate to give it my concurrence. First, this is a national problem and I believe a clear national policy is required. Second, the law society has a very limited capacity for enforcement.

The issue of provincial government control brings up the question of the federal Government's constitutional authority to legislate in this field. I understand that the federal Government has jurisdiction to make regulations in the field of immigration consultants. Section 115(1) of the Immigration Act reads:

> The Governor in Council may make regulations requiring any person, other than a person who is a member of the bar of any province, to make application for and obtain a licence from such authority as is prescribed before he may appear before an adjudicator or the board as counsel in exchange for any fee, reward or other form of remuneration whatever;—

The existing power would effectively control any immigration consultant appearing before a federal government board or agency. However, this is not the forum, as I stated earlier, in which unscrupulous consultants operate. The initiative would not go far enough.

Why not establish a federal registry for all immigration consultants operating in Canada, forcing all of them to be licensed. Standards would have to be met and heavy fines imposed for practising without a licence which, coupled with a greater effort by the Government to heighten the awareness within ethnic communities, would mean that all immigration consultants must be registered and must have a licence. We could achieve this buyer beware warning by diverting money already allotted to multicultural advertising.

Enforcement is essential to the success of such an initiative. The federal Government will have to instruct the RCMP to increase its investigation and monitoring activities. More emphasis will have to be placed upon the Enforcement Division within the Immigration Department.

Many caveats are associated with comprehensive licensing. Most obvious is whether the federal Government has constitutional authority. This question deserves serious thought and investigation by the standing committee.

Another concern is cost. How much would it cost to maintain a registry, issue licences, and have enforcement? The registry and licencing would cost nothing because it could be done on a cost recovery basis. Effective enforcement is another matter and it, too, deserves investigation by the committee. Equally important is the problem associated with immigration consultants operating in foreign countries.

In the few moments available to me I have outlined the problems associated with the proliferation of unscrupulous immigration consultants and have suggested a possible course of action. The problem is serious. It may not be in the headlines every day or on the minds of the majority of Canadians, but the activities of unscrupulous consultants are threatening the integrity of the entire immigration system, which will be hijacked by these pirates if something is not done.

If this type of exploitation were occurring on Bay Street or on the stock-market, government action would have been swift and decisive. Yet the problem continues and Governments, both federal and provincial, are silent. I urge that my motion be passed to allow it to be closely examined by the Standing Committee on Labour, Employment and Immigration so that effective recommendations for action can be presented to the Government.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, it is a pleasure for me today to take part in this debate and to support my hon. friend's motion. I think we could discuss this matter for hours and not get anywhere by 6 p.m.

[*English*]

In the spirit of the new parliamentary system, I am pleased to say that, with an amendment, we should be discussing the matter in the appropriate committee. Indeed abuses are taking place and something must be done.

[*Translation*]

For 25 years of my life, I have been involved with all these refugee issues. When I attended Ottawa University, I can remember as their president coordinating students' efforts in welcoming Hungarian refugees.

At the time, I was University President. Later, I became a Member of the House. I can remember during a visit to Vienna seeing all these people arriving from Czechoslovakia. Once more I had done my share either receiving them in Canada or helping groups willing to get involved in these matters. Later on, we could witness the integration of all those refugees into our Canadian society. I do not think that Canada has any lesson to receive from anybody when it comes to its generosity towards the so-called boat people.

[*English*]

We were away ahead of everyone in receiving these refugees. It is sad that people have the nerve to exploit those who are in the greatest need. They are being abused because they have nowhere to turn and no one to trust. The Hon. Member is absolutely right about that.

• (1710)

When the Member for Winnipeg—Fort Garry (Mr. Axworthy) was the Minister responsible for immigration he initiated a major study on immigration consultants. We have a very major report on this question, which I am sure my hon. friend has seen and read. It is a discussion paper of April, 1981, entitled *The Exploitation of Potential Immigrants by Unscrupulous Consultants*. At that time we already knew that people were being exploited.

We would prefer to have a committee consider this motion rather than the Government in order that progress be made on the issue of exploitation. Way back in 1981 or 1982 the then Minister responsible for immigration initiated a number of steps including a special unit in the RCMP, special information programs, and special steps in the Department. I understand that the Department is, unfortunately, sometimes very reluctant to act in these matters.

In recent months my esteemed colleague and friend, the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand), has asked questions and given his support to the initiative which the Hon. Member has put forward today. I would be most surprised if members of the third Party in the House were not in agreement with us. I am sure we are all in agreement on the matter which is being put forth for our reflection today. However, it is not sufficient to reflect upon this matter; we want action.

Nothing has changed since the Minister made these studies. We thought that the creation of a special unit in the RCMP may send a message, but the exploiters of those who are in the greatest need still proceed.

Canada is still being built. We are building a little every day. I do not agree with people who say that Canada is an old country. It is a young country which we are building every day. You are contributing in your own way, Mr. Speaker, as is the member who presented the motion. Each government tries to make an imprint. We need immigrants in this country. It is our duty to explain to Canadians that we need immigrants. It is our duty to explain to Canadians that in order to keep Canada as good as it is we need immigrants to ensure that there are enough workers in the country.

The so-called two founding races of this country—if I were an Eskimo or an Indian I would be very nervous to hear Prud'homme talking about the two founding races. Long before my ancestors came to Canada in the 1600s there were already people here. Therefore, I do not like the expression "two founding races". If there are two founding races, they are the Eskimos and the Indians. However, we know that the so-called two founding races, the Anglophones and the Francophones, are diminishing greatly. It is due to new immigrants that Canada is more prosperous and more populous.

Can you imagine what a bad image of Canada these immigrants have when they are exploited by unscrupulous consultants and unscrupulous lawyers? The time has come to study this issue attentively and determine what should be done. We need not study long because we have already done many studies, including those done by the Member for Winnipeg—Fort Garry in 1981, 1982, and 1983 when he was the Minister responsible.

In conclusion I will say that I am mainly in agreement with this motion, but believe I have to make an amendment. With the consent of my colleague who moved this motion and my esteemed colleague in the third Party, I move, seconded by the Hon. Member for Ottawa Centre (Mr. Cassidy), which shows very beautiful co-operation this afternoon:

That the motion be amended by deleting the words "in the opinion of this House, the Government should consider the advisability of introducing" and replacing it with "the Standing Committee on Labour, Employment and Immigration be empowered to study the advisability of the Government introducing",

I am honoured to present that amendment to Your Honour with the consent of the House. I thank the House for its good intentions.

• (1720)

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I am pleased to second the amendment moved by my friend, the Hon. Member for Saint-Denis (Mr. Prud'homme), as well as to support the motion by the Member for Etobicoke North (Mr. Pennock). I believe that the proposal to empower the standing committee to look into the questions of unscrupulous immigration consultants and to work out means by which their activities can be regulated and hopefully eliminated is long overdue.

Let me note the comments which were made by the Hon. Member for Etobicoke North in his opening statement, as well as before the Committee on Private Members' Business when he appeared there. He stated in November that his staff had

spoken with the RCMP to get an idea of the scope of his problem. He said: "We were told that media reports suggesting large scale exploitation were not blown out of proportion. The RCMP claimed that exploitation by immigration consultations was widespread not only in Toronto but right across the country". That is how our federal police force views the problem.

It is deeply disturbing that despite the announcement by the then Minister of Employment and Immigration in 1981, under a former Liberal Government, he was asking the Department to get facts and figures on these abuses, about which many members have learned through dealing with our constituents, no such information has been collected by the Department in the last six or seven years. I believe it is an indication that the Department has failed to take this issue seriously.

I read the discussion paper in 1981. It became apparent that the Department does not want to accept the fact that there is a real problem. The options that were suggested by the former Minister became weaker and weaker as one read through the 1981 discussion paper. Finally, it sounded as though his officials were trying to persuade those who might read the discussion paper six years ago that there was really no problem.

However, as the Hon. Member for Etobicoke North indicates, the number of cases in which people are ripped off by unscrupulous consultants in this country and other countries where it is harder to investigate is legion. Immigrants as well as prospective immigrants are acutely vulnerable to this kind of exploitation.

One of the major activities in my riding office is to handle immigration cases. We attempt to give good and accurate information and we act as advocates, as I am sure do those in the offices of other members. Furthermore, this information and assistance is available for free.

While I do not recall any particular examples of overcharging by consultants, I know that the Immigration Department has put up road-blocks which have been extremely difficult to overcome. We have intervened on behalf of immigrants, sometimes successfully. However, it is clear that the pattern that has been developing is one in which the Immigration Department has been more difficult to deal with in recent years.

I suggest there are a couple of reasons for that. First, the Canada Employment and Immigration Commission has been consistently losing staff as a result of cut-backs by the previous and present Governments. People are short-staffed and working under stress, and their direction may be inadequate.

Second, the attitude of management within CEIC seems to have been that immigration officers should be trying to keep people out rather than helping them to get in. Immigration rules have been tightened, often without notice, making it more difficult for immigration. Consequently, if one does not have a particular angle to get into the country, one's chances of entry are quite limited.

Many people want to come to Canada because they see it as a very fine country. They are prepared to accept the disadvantages of our climate and the 75-cent dollar when they compare our country to most other countries in the world.

The management in the Immigration Department still staffs heavily in Europe but lightly in areas like Latin America and Asia. Management seems to inculcate the attitude that such things as birth certificates and other documents in certain countries should not be recognized. There have been difficulties with legitimate refugees while others who claim refugee status may be more questionable but find it easier to get into Canada.

Finally, prospective immigrants feel vulnerable, fearing that they may ask the wrong question at the local immigration office. I might point out that when I discuss some cases with my staff I feel that we are vulnerable when acting for a prospective immigrant. We are very careful about how we frame our questions, for fear we may give the Immigration Department a piece of information that would allow them to turn down the immigrant. These are examples of problems which make immigrants vulnerable and encourage them to believe someone who promises them miracles for thousands of dollars.

I had an opportunity to read a letter written by the Minister of State for Immigration (Mr. Weiner) in response to a number of questions by our immigration critic, the Hon. Member for Spadina (Mr. Heap), about the activities of immigration consultants. I fear that the attitude reflected by the management of that Department has changed little from 1981. There is a Panglossian optimism that is not justified by the facts.

The Minister states that he believes there are grounds for optimism. For example, he refers to a Private Member's Bill in Ontario, but we do not know whether the Bill will pass. Furthermore, as the Member for Etobicoke North pointed out, this is a matter for national action.

The Minister refers to the Department seeking a consensus from the Law Society and other groups with respect to licensing. Many consultants do not want a consensus so they can continue to be unregulated in the kind of rip-offs in which they are indulging right now.

I hope the Standing Committee on Employment and Immigration provides leadership in this area. The Minister admits that despite efforts to get the RCMP to act, he cannot point to a lengthy list of successful prosecutions. He goes on to say that nevertheless, progress is being made and efforts are gaining momentum.

That is clearly not true. The Minister specifically indicates in his letter in January that early optimism about a register is now turning into rejection. This is another question that I believe the committee should study. I congratulate the Hon. Member for Etobicoke North, and while I do not agree with him on every issue, I suggest that he is certainly not only speaking on behalf of his constituents but also on behalf of his

colleagues in all Parties. I hope Hon. Members will agree to allow this matter to go to committee before 6 p.m. tonight.

[*Translation*]

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, I welcome this opportunity to take part in the debate this afternoon on Motion No. 45, presented by the Hon. Member for Etobicoke North (Mr. Pennock).

Mr. Speaker, to help Canadians understand this afternoon's debate, I think it might be useful to repeat the contents of Motion No. 45 for their benefit.

The motion says:

That, in the opinion of this House, the government should consider the advisability of introducing legislation to regulate private immigration consultants with a view to protecting unsuspecting prospective immigrants who seek advice from such consultants who are not subject to any codified regulations.

Mr. Speaker, the Hon. Member for Saint-Denis (Mr. Prud'homme) has proposed an amendment to have this motion referred to the Standing Committee on Labour, Employment and Immigration, for further consideration.

Mr. Speaker, I think it is important to clarify the scope of this motion, because there are certain people, certain advisers, who take advantage of the *naïveté* of immigrants who want to enter Canada.

Where this motion refers to consultants, these are people other than lawyers who, for a fee, give advice or represent their clients in immigration cases. I may remind the House that many immigration consultants are competent people and do useful work by providing pertinent advice that is of benefit to their clients. However, since consultants do not have to observe certain standards regarding conduct, fee schedules and knowledge of Immigration legislation and programs, the result has been to attract a certain class of unscrupulous individuals who pass themselves off as immigration consultants.

Mr. Speaker, the 1981 report of the Minister of Employment and Immigration, gives a number of examples. For instance, two sisters had to pay a fee of $14,000 to a consultant who promised to get their sister back to Canada. Fourteen thousand dollars is a lot of money! There were other examples. One consultant demanded $1,000 for representing a foreign national before the Immigration Appeal Board, although his services were of no use to his client. Some people had to spend $1,000 to obtain what turned out to be shockingly little information on how to claim refugee status.

Mr. Speaker, there is a certain degree of vulnerability among immigrants, and it is this kind of abuse that must be dealt with.

Some people are vulnerable because, generally speaking, they are suspicious of public servants and have more confidence in a consultant who speaks the same language or has the same culture as themselves, and they believe that such a consultant can give them a certain advantage. Immigrants to Canada are not suspicious enough, and this leads to abuses.

Very often, such consultants operate openly in Canada or abroad. In Canada, their services range from giving simple advice to representing their clients at hearings or before the Immigration Appeal Board in accordance with the Immigration Act. As an example, we have seen the recent inflow of Turkish citizens claiming refugee status, who had been advised by foreign consultants. As Canada supports immigration, some consultants will have other opportunities to abuse the situation unless our Government attacks this problem.

One possible solution would be to include in the Immigration Act provisions to deliver licences to consultants and regulate their activities. Potential immigrants would tend to go to certified consultants and unauthorized consultants could be sued. However, legislative action does have certain drawbacks. Among other things, we would need to create a mechanism to apply the regulations. This would be one method to deal with the very real problem of unscrupulous consultants who give their foreign victims a very bad image of Canada.

Other recourses are available to immigrants. Of course, they could institute proceedings under a provincial consumer protection legislation or obtain better immigration services. However, court proceedings could create various problems for immigrants.

It is difficult to put together a strong case when clients refuse to testify.

On the other hand, we cannot institute proceedings against consultants operating in a foreign land. There could also be an attempt at solving the problem by increasing the quality of our immigration services to such an extent that seeking advice from a consultant would become an exercise in futility. Among other things, we could make information more readily accessible, increase the availability of staff for consultation purposes, keep NGOs better informed and encourage their participation.

For the time being, people continue to seek advice from consultants; many of them are competent and honest. However, others are taking advantage of their customers. We should also consider the advisability of introducing legislation to regulate private immigration consultants as a means to remedy this situation.

Mr. Speaker, I should like therefore to support motion No 45 moved by our colleague the Hon. Member for Etobicoke North (Mr. Pennock), as well as the amendment just moved by the Hon. Member for Saint-Denis (Mr. Prud'homme). I indicate my support and wish regulations be enacted to restrain the activities of immigration consultants.

• (1730)

[*English*]

Mr. W. Paul McCrossan (York-Scarborough): Mr. Speaker, I am very pleased today to rise to support this motion. I am particularly pleased given the fact that this motion has received the support of both the Official Opposition and the New Democratic Party. I hope that through

actions such as this we can get the equilibrium of the House re-established.

One of the focuses of the debate this week has been ethics, so perhaps I can start off by saying I have a direct conflict of interest with respect to this motion. I have the largest, most populous riding in the country. Something like 60 per cent of my constituency work has to do with immigration. A very good proportion of that 60 per cent has to do with the unscrupulous dealings of immigration consultants. I am very determined to reduce my work-load by seeing this motion passed so that we can put these people out of business.

I want to stress, of course, that there are many competent immigration consultants who provide accurate and helpful advice to their clients. Such consultants make beneficial contributions to the immigration process. My problem is that I hear about these people but do not get to see them. The cases which are handled successfully by these consultants do not end up on my desk.

It is obvious that we have a large number of individuals other than lawyers who purport to be immigration consultants. They enter the field untested as to their knowledge of immigration, with no form of qualifications, and charge fees they themselves set which are beyond those of any sort of professional regulatory body. These fees are not trivial. Sometimes they are in the thousands of dollars. There have been cases where fees are charged into the tens of thousands of dollars.

These so-called immigration consultants offer advice to people, in some cases, which is completely impossible to fulfil. Case after case has come into my office where people have been taken by these so-called immigration consultants for every penny they have, and only when they run out of money does the consultant suggest they see their Member of Parliament to see if he can straighten out the problem.

I have a very direct interest in seeing this motion passed today. Mention was made of the earlier 1981 discussion paper on unscrupulous immigration consultants. I believe it is time to take direct action. I congratulate the Hon. Member for Etobicoke North (Mr. Pennock) for bringing this motion forward because I believe those of us from areas where there is a very heavy immigrant settlement are determined that these unscrupulous practices be condemned and stopped.

Not only do these practices take place in Canada but they also take place abroad. People come to me and tell me they are paying large amounts of money to so-called consultants, often Canadians, who operate abroad in cities such as Hong Kong. They hold out a promise that they have an inside track to our embassies and can get these cases through. As we all know, they do not have these inside tracks. What they do have is the ability to gouge people of large amounts of money and then, after they have taken their money, they just throw them aside.

• (1740)

I want to see the motion passed today. In conclusion, I think that the Hon. Member for Etobicoke North (Mr. Pennock) should be congratulated by the whole House for bringing this motion forward. I hope to see us vote to accept both the motion and the amendment so that speedy action can be taken on this matter.

[*Translation*]

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I welcome this opportunity to take part in the debate, especially since I have the impression this is a Private Member's motion that has a chance of being adopted. There is a chance it will get things done. That is important. The motion presented by the Hon. Member in the House today concerns a very important matter. It is about immigration consultants. I think all members will agree there is some exploitation going on in this area and that it should stop.

Mr. Speaker, it is a pleasure to see all Parties expressing the same views and taking the same perspective on a matter of this importance. Previous speakers have testified to the realities of this problem. I know from my own experience that it is a very real problem. Hon. Members have indicated that a report by the RCMP mentioned the problem existed across the country.

Mr. Speaker, I would also like to point out that so far, the Department of Employment and Immigration has neglected to collect a body of information on the subject. Because of this, I think it is very important that this House should point out the urgency of the matter and indicate to the Department that the question must be given consideration. I think individual members should point out to the Government that all of us as members of all three Parties want to see some action in this area.

Mr. Speaker, I think that the very existence of these consultants who exploit immigrants indicates a need for information on immigration regulations, information that should be more readily available, not just outside the country but also within our borders. Many of my constituents, many residents do not know all these immigration regulations. There is a real need for information here.

Mr. Speaker, I also want to say that nearly all immigrants in my riding are concerned over the question of family reunions. Immigrants who are in Canada want their relatives in other countries to join them here, and this is indeed a very strong incentive. Everybody can appreciate that. All Canadians can readily understand that immigrants want their relatives to be with them here in Canada.

Mr. Speaker, I think that because of such a strong incentive those people can easily be exploited by individuals who are not really interested in the plight of immigrants.

Finally, Mr. Speaker, I would simply point out that if we want to implement a fair immigration policy, if we want to open our doors to immigrants and protect them from people who exploit their situation, we must have a full employment policy in this country because the more Canadians we have on the unemployment lists the stronger the political pressure to stem the flow of immigrants. This creates a climate such that immigrants find it very difficult to come to Canada, and those

who are already here are thwarted in their efforts to have their relatives join them.

In a nutshell, Mr. Speaker, we cannot expect to have a more equitable immigration policy unless we first begin by advocating a full employment policy.

Mr. Speaker, I conclude my remarks by commending my colleague for introducing this motion in the House, a motion which calls for action.

[*English*]

The Acting Speaker (Mr. Paproski): I will recognize the Hon. Member for Willowdale (Mr. Oostrom) next. I know that the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) also has a few words to say. I hope Hon. Members will govern themselves accordingly.

Mr. John Oostrom (Willowdale): Mr. Speaker, I am happy indeed to second the motion of my colleague, the Hon. Member for Etobicoke North (Mr. Pennock). I welcome this opportunity to speak on the matter of unscrupulous immigration consultants. Although they represent a small minority, their actions nevertheless threaten to disrupt the entire immigration process. Not only do they make a mockery of the system and the essential work done by their ethical colleagues, they prey upon prospective immigrants in a merciless fashion. I have seen this happen in my riding of Willowdale.

Immigration clients are, unfortunately, vulnerable for all the various reasons mentioned by my colleague. In desperation and ignorance they often turn to these charlatans as their best hope for obtaining immigrant status. The results for the unsuspecting client can be very serious indeed.

One odious aspect of this exploitation is the cost involved. The victims are powerless and often poor. The fees charged by these unscrupulous consultants are large, sometimes $10,000 and more. Once the fee has been paid, the victim has no recourse under the law if the consultant wilfully fails to provide a service. Many prospective immigrants in my riding do not know that their MP provides this service for free and that he wants to see family reunifications happen as quickly as possible.

While the situation is obviously intolerable, we must nevertheless appreciate that the majority of consultants provide a valuable service. Therefore, we are pursuing several avenues to rid the system of the impostors and to protect potential immigrants from exploitation. The Hon. Member for Etobicoke North is proposing new legislation, but there are other options to be considered as well.

First, the CEIC Immigration Group maintains an active, ongoing dialogue on legal issues and immigration practices and procedures with the legal community. It shares our concern for the increased numbers of unregulated and unscrupulous consultants and is equally anxious to put a stop to them. Out of these discussions have come three principal recommendations that merit serious consideration. Alas, they have inherent problems as well.

To begin with, there is a suggestion that licensing would be an economical and effective method of control. It would seem to be the logical solution, but I can see a couple of complications. Who would be responsible for the licensing? Might not the licence itself become a licence to continue these unscrupulous practices? Certainly, the commission could not take on this role because of the impossibility of being open to accusations of conflict of interest.

• (1750)

The second proposal concerns requiring independent immigration consultants to work for and under the supervision of lawyers. That is a possible solution, but it narrows the definition of "counsel" under the Act to mean legal counsel. Therefore, it restricts the clients' right to counsel. We must not forget that many clients still prefer to have their clergyman, community leader, or other concerned individual present their case at a hearing.

The third major recommendation deals with the importance of educating the public, both here and outside Canada, about proper immigration procedures. The commission recognizes this need and it has increased its public relation campaign to inform prospective immigrants that free counselling is available at all Canadian immigration centres.

Finally, I wish to address my colleague, the Hon. Member for Etobicoke North, and the recommendation that we amend the present legislation or propose new legislation to regulate private immigration consultants. Awarding licences to or regulating a professional group would normally be a provincial matter and not federal, particularly if members of that group are appearing before a federal appeal board. For either level of government in a time of fiscal and manpower restraint the cost of a regulatory bureaucracy is an important consideration. As well, there are hurdles in enforcing more stringent legislation. The RCMP has no jurisdiction to investigate the many cases which arise outside of Canada. The activities of these unscrupulous consultants are often, strictly speaking, not illegal.

I hope that it is apparent to all present that any new legislation would be one of many options, all of which bear important implications. We are all committed to ridding the system of these impostors. The real victims of their unscrupulous behaviour are the immigrants.

I fully endorse my colleague's motion, as well as the amendment made by my hon. colleague for Saint-Denis (Mr. Prud'homme). I trust that this evening we will be able to come to a vote and send it to the Standing Committee on Labour, Employment and Immigration.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I also am delighted to speak in this debate. If I may paraphrase, the motion and the amendment together basically state that all Parties in this House wish the Standing Committee on Labour, Employment and Immigration to consider legislation to regulate private immigration

consultants with a view to protecting unsuspecting prospective immigrants who seek advice, and so on.

I wish to speak in favour of both the motion and the amendment. Very briefly, I should declare my conflict of interest, as did my colleague, the Member for York—Scarborough (Mr. McCrossan). His riding has about 270,000 people, and my riding has about 120,000. In York-Scarborough about 54 per cent of the people in that constituency have a first language which is not English. Edmonton—Strathcona has about 62 per cent of the people in that constituency who originate from other than France or Britain. Not all are first generation, but a large number are.

I wish to start by making the point that in my view immigration creates jobs, it does not take them away. I am reminded that in York-Scarborough the unemployment rate is now 3 per cent or under. Mississauga also has an unemployment rate of 3 per cent or under. These two areas presently have the highest rates of immigration, and they are the areas in the country which have the lowest unemployment rate.

It seems to me that the point is clear from all objective evidence that newcomers create jobs rather than take them away. As you will recall, that was the experience of Edmonton in its period of boom. The more people that came, the more jobs that were created, the lower the unemployment rate. That is why we are increasing the level of immigration in Canada. We know that immigrants create jobs for services, houses, schools, and all the things that create a healthy economy. They also reinforce the multicultural nature of Canada. Immigration and multiculturalism represent the solution to many of Canada's problems, they do not represent problems to Canada. The independent class of newcomers will be targeted at 48,000 to 55,000, including dependants. I am pleased that the target is increasing this year, and it will increase in the future.

The Government believes in immigration and the arrival of newcomers to Canada. Our birth rate is now between 1.4 and 1.6 per cent. It becomes clear that unless something is done about the birth rate, it will only be a large number of newcomers which will allow us to pay the pensions for the Hon. Member for Simcoe North (Mr. Lewis) and the Hon. Member for York—Scarborough (Mr. McCrossan), or any of the other members or people in this country.

I wish to say that I strongly support the motion. There are many ethical immigration counsellors in Canada, but there are also some unethical ones. We are all trying here today, in a great show of non-partisanship, to get at the unscrupulous ones, whose practices are widely condemned. It is particularly regrettable that these people ply their trade with people who are often vulnerable because of language, or because of economic problems as newcomers, or because of family concern about officials from other countries. Mr. Speaker, you know what the consultants did in Turkey or Portugal. Unfortunately, they have done things outside of Canada which have affected the attitude of many Canadians toward newcomers. We all regret that, which is doubtless one of the reasons we are doing this today.

An obvious way to control unscrupulous consultants is to provide immigration services so easily and so comprehensively that clients will not think that they have to get a consultant. In Edmonton there have been problems with line-ups, and on occasion problems with people being mistreated. There are many immigration officers in Edmonton who are excellent people. They are sympathetic and they understand the tension that the people are under. We wish to make services more accessible.

I would move, Sir, that the question now be put.

The Acting Speaker (Mr. Paproski): The question is as follows. Mr. Prud'homme, seconded by the Hon. Member for Ottawa Centre (Mr. Cassidy), moved:

That the motion be amended by deleting the words "in the opinion of this House, the Government should consider the advisability of introducing" and substituting the words "the Standing Committee on Labour, Employment and Immigration be empowered to study the advisability of the Government introducing".

The Acting Speaker (Mr. Paproski): Shall the amendment carry?

Some Hon. Members: Agreed.

Amendment (Mr. Prud'homme) agreed to.

The Acting Speaker (Mr. Paproski): The question is on the main motion, as amended, which reads:

That the Standing Committee on Labour, Employment and Immigration be empowered to study the advisability of the Government introducing legislation to regulate private immigration consultants with a view to protecting unsuspecting prospective immigrants who seek advice from such consultants who are not subject to any codified regulations.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion (Mr. Pennock), as amended, agreed to.

The Acting Speaker (Mr. Paproski): Shall I call it six o'clock?

Some Hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

HUMAN RIGHTS—U.S.S.R.—PLIGHT OF IOFFE FAMILY

Mr. Bill Attewell (Don Valley East): Mr. Speaker, in response to my question on January 20, 1987, about Dr. Ioffe, a refusnik, the Secretary of State for External Affairs (Mr. Clark) said in part and I quote: "It is precisely on individual cases like that that we will find the real test of the intention of

the Soviet Union with regard to people in that country who might want to move to freedom".

Yesterday I met Lea Mariasin, her husband Alexander, and their daughter Faina. They first applied to leave Russia in 1974. Lea became ill with cancer in 1981. It took almost six years to convince the Soviets to let her come to Canada where she could receive special medical treatment which is not available in Russia.

We rejoice and give prayerful thanks when a family such as the Mariasins are allowed to leave.

On February 11, 1986, almost exactly one year ago, Anatoly Shcharansky was finally allowed to leave Russia after a 10-year struggle. The release of these high profile refusniks rates favourable publicity for the Soviet Union but it masks the cruel situation which really exists. It is estimated that over 400,000 Jews are being denied their fundamental human right to leave Russia.

• (1800)

The following families have been waiting at least 10 years to flee the tyranny of the U.S.S.R. I will read the surnames: Abramov, Abramovich, Abramovsky, Adamsky, Adzhiashvili, Agranov, Aibinder, Airikyan, Akselrod, Akura, Alber, Alperovich, Aronov, Avadyaeva, Avshalumov, Basman, Bedrin, Belinskis, Belsky, Berger, Berik, Bernshteyn, Berzas, Bezprozvanny, Biniashvili, Blitshteyn, Blokh, Borokhov, Braslavskaya, Braun, Brodetsky, Bromberg, Brondshpits, Bychkov, Chernin, Dashevsky, Daskal, David, Davidovich, Degin, Dorgman, Dubossarskaya, Dunaevsky, Edidovich, Efremashvili, Elistratova, Englin, Esilevich, Etin, Etinger, Evdaev, Faerman, Faermark, Feldman, Finkelshteyn, Flek, Flomenblit, Fradkina, Frelikh, Fridman, Furman, Gaberman, Gak, Gelbart, Gelbrukh, Gendin, Genkina, German, Gersh, Gershkovich, Gitelman, Glikman, Gofman, Goikhman, Goldberg, Goldort, Golfand, Gomelskaya, Gorelik, Goreshnik, Govorkov, Grauer-Slokhovskaya, Grin, Guman, Gurevich, Gvinter, Ilizarova, Inberg, Inditsky, Ioffe, Iosevich, Izakson, Izraileva, Izrailova, Kaganovich, Kalendarev, Kamrash, Karolin, Kats, Katsnelson, Kavkasidze, Kayumov, Kazakevich, Khaikin, Khaimchaeva, Khakham, Khasis, Khizgiyaev, Khmelevsky, Khmelinskaya, Kislik, Klayn, Klich, Knokh, Kogan, Koleminsky, Komissarchik, Konstantinovsky, Kopmar, Korabelnik, Kosharovsky, Kotono, Kotov, Kovalenko, Kovner, Kozanevich, Kozhokin, Kraus, Kremen, Krivonos, Kun, Kurchik, Kuris, Kusaeva, Kushnir, Kvint, Ladyzhensky, Lalmiev, Layden, Leiderman, Lekhtman, Lemberg, Lenskis, Lerner, Leshchiner, Levin, Levit, Liberman, Lifshits, Lukatsky, Lvovsky, Magidovich, Makhlin, Maksimenko, Malamud, Manashirov, Manzhurin, Mardakhaev, Marinov, Markov, Masandilov, Matveev, Matveeva, May, Mayzel, Mendeleev, Meshkauskas, Meylakh, Meyman, Mints, Mirsky, Murat, Natanov, Neger, Newman, Nikulina, Novikov, Novikova, Nudel, Olekhnovich, Oskotsky, Osnis, Ostrovskaya, Ovsishcher, Palanker, Pinkhusovich, Piskarev, Polukhina, Polyakova, Popok, Popovsky, Prestina, Prober, Pyatetsky, Raibshteynas, Raish, Raiz, Rakhlenko, Rakovsky, Rappoport, Ratenberg, Ravish, Reder, Roizis, Rozenberg, Rozenfeld, Rozenshteyn, Rozovskaya, Rubenchik, Rubinova, Rudzevitskaya, Rynsky, Safirshteyn, Sarkisova, Sepiashvili, Serova, Shafir, Shalumov, Shalumov, Shamilov, Shapiro, Shakhnovich, Shakhnovsky, Shchiglik, Sheffer, Shnayder, Shnayderman, Shtilbans, Shurer, Sigalov, Sipel, Slepak, Smelyanskaya, Sobol, Sosna, Strelchik, Surpin, Uchitel, Vaksman, Vaynblat, Vaynshteyn, Vays, Veber, Vodovoz, Volvosky, Yakir, Yakubovich, Yampolsky, Yuriditsky, Zarka, Zeldovich, Zilbert, Zitserman.

How can we trust the Soviet Union regarding peace or disarmament accords if we cannot trust the Soviets to live up to their basic human rights obligations?

• (1805)

Mr. Roger Clinch (Parliamentary Secretary to Minister for External Relations): Mr. Speaker, as was mentioned earlier, on January 14, 1987, officials of the Canadian Embassy in Moscow visited Dr. Ioffe at his apartment to express support for his efforts to emigrate and to check on his state of health. At that time, he appeared to be physically fit and in reasonable spirits. Embassy officials again visited Dr. Ioffe on February 1 at which time he advised them that he had stopped his hunger strike while he awaited a decision on his son's application for emigration.

Dr. Ioffe's case and those of others like him have been raised with Soviet leaders by the Secretary of State for External Affairs (Mr. Clark) and by Canadian officials. We have urged the Soviet Union to adopt a more compassionate approach to Soviet Jewry, including the right to emigrate. It is tragic that Dr. Ioffe should have to resort to a hunger strike to obtain a right provided for in the Helsinki Final Act and the Universal Declaration of Human Rights, both of which have been signed by the U.S.S.R.

Dr. Ioffe's plight reminds us that, despite the recent releases of some prominent political activists in the U.S.S.R., there are still hundreds of others who remain in detention for their political beliefs or who are denied permission to emigrate. Canada will continue to monitor the situation very closely and to make every effort on their behalf.

EXTERNAL AFFAIRS—REQUEST FOR RECONSIDERATION OF DECISION

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, on December 16, I questioned the Secretary of State for External Affairs (Mr. Clark) regarding the announcement that the Canadian Embassy in Helsinki, Finland, was to be closed to save the Department some money as part of the Government's policy of restraint. I asked the Secretary of State for External Affairs the following question:

> Will he reconsider this short-sighted and unfortunate decision which has shocked thousands of my constituents in Thunder Bay, constituents of Finnish Canadian origin who love Canada but who expect to have the services of an embassy when they visit Finland and enjoy the country from which they and their ancestors came?

I could deal critically with the policy of restraint which the Minister gave as his reason for making this decision. The deficit is the result of unemployment and inadequate economic activity in Canada. The Government has chosen to deal with the deficit directly rather than to deal with the causes of the deficit. It has chosen to increase taxes and to cut back on spending. One can only ask oneself whether the result will not be the same result as such policies produced in the past, which was to increase unemployment and the deficit rather than to solve problems.

One could say more on that theme but I would like to deal with the specific decision to close the embassy in Finland because that is the lamentable, short-sighted and unfortunate decision which the Secretary of State for External Affairs has made. I note first that Finnish Canadians represent an important part of the Canadian population. There are, by various counts, either over 50,000 or over 60,000 such citizens in Canada. There are over 60,000 of them if one includes all of those persons who in the 1981 census indicated that they were of Finnish or some other origin as part of their ancestral histories. I note that a substantial part of this population is to be found in the City of Thunder Bay. Thunder Bay is second only to Toronto in its Finnish Canadian population and this population is concerned about the decision the Government has made.

I note that these Finnish Canadians retain links to their homeland, the free country of Finland. They travel there frequently and now find themselves not being able to deal with a Canadian Embassy in Helsinki. Those in Finland who would like to have contact with Canada easily and directly will not have an embassy there with which to deal. This will have serious effects on individuals. There will be inconveniences and expenses involved in travelling to some other city to get in touch, perhaps, with the Canadian Embassy in Stockholm.

• (1810)

For these reasons, and recognizing the difficulties this will impose upon Canadians, I have asked the Secretary of State for External Affairs to reconsider his decision. I note the irony of a closure of the embassy in Helsinki very soon after the Canadian Government concluded a social security agreement with the Government of Finland in order to facilitate social insurance pension concerns for many Canadians.

There are other concerns upon which one could focus as well. The Canadian Department of External Affairs is involved more and more intensively in economic activity, support for trade, support for investment, and other activities. I was struck when visiting Berlin not many days ago to find that the Canadian mission there, which was primarily a mission to the military powers, is primarily involved now in economic matters.

Finland is of enormous interest to us in northern Ontario and in other parts of the country by reason of its forest industries. A conference on small scale forestry, which was organized by one of my constituents not many months ago in Finland, was an expression of this kind of interest. To lose the embassy at Helsinki for these purposes is much to be regretted. I particularly decry it, given the conviction of the preceding Minister of State for Multiculturalism that multiculturalism meant business and that the Department of External Affairs should be supporting that.

There are additional aspects which make this decision lamentable. I look to a letter from the Finnish Canadian Cultural Federation to the Secretary of State for External Affairs to spotlight these. The authors note that Finland has played a prominent and even central part in the negotiations between East and West for universal human rights. This closure at Helsinki suggests that our Government no longer supports little powers such as Finland, which has played so dominant a role in these matters. By closing our embassy in Finland, we are bound to raise speculation in many quarters that Canada's support is not to be taken at its face value. By abandoning our diplomatic post in Helsinki, we are also signalling to the world our indifference to the independence of Finland which is increasingly subject to historically well-known expansionist pressures from the East.

I conclude with the ultimate reason, the first one given by the Federation. I note that Canada is very much dedicated to the United Nations and has played its own large part in UN emergency forces in peace-keeping involvements. The authors note that Finland is a respected partner in the United Nations on whose behalf over 20,000 Finnish soldiers have served in its peace-keeping forces, thus making Finland's relative contribution the largest in the world when compared with that provided by other countries of the United Nations.

We should not be cutting off easy connections with the people of Finland. We should be maintaining all links which an embassy in Helsinki represents. I call upon the Secretary of State for External Affairs again to reconsider the decision and to ensure that our Embassy in Finland remains in active service.

Mr. Roger Clinch (Parliamentary Secretary to Minister for External Relations): Mr. Speaker, the Government's program to reduce public expenditures has impacted severely upon the operations of all Departments, including the Department of External Affairs. It has required the Department to reduce its resources in all parts of the world and to close a number of posts in the United States, Europe, Latin America, the Middle East, Australia, and Africa. It was in the context of this imperative to reduce Canadian operations abroad that the decision to close in Helsinki became unavoidable.

This decision does not reflect in any way a change in Canada's friendly and supportive policy toward Finland. As the Hon. Member said last December, Canadians of Finnish descent have made a significant contribution to Canadian life. The Government will do everything possible to sustain the productive and cordial relations which prevail between Finland and Canada and to support the Finnish Government and people as they make an important, distinctive and independent

contribution to the development of peaceful and stable relations among the countries of Europe and around the world.

In addition, through our Embassy in Stockholm, for which the Government will seek non-resident accreditation for Finland and, through various units in Ottawa, the Department of External Affairs will continue to provide services to Canadians with particular interest in Finland.

SUPPLY AND SERVICES—AWARDING OF CF-18 FIGHTER AIRCRAFT MAINTENANCE CONTRACT—TECHNOLOGY TRANSFER FACTOR. (B) REQUEST FOR PUBLICATION OF DOCUMENTS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I rise to address the way in which the Government handled the awarding of the CF-18 fighter contract. The decision came down on October 31, 1986. I want to remind the Government that people in Manitoba have not forgotten this decision. They are still waiting for answers.

• (1815)

There are three aspects to this issue. The first is with regard to the fundamental question of fairness and why the rules of the game were changed at the last minute. This was an open bidding process. Bristol Aerospace from Winnipeg put in its bid and, according to the 75-member panel of government officials which examined the bids, its bid was the superior and least expensive bid. Yet, in the ninth inning of the game the Government changed the rules and said it would not give the contract to Winnipeg, even though it won the bidding process, but would give it to Canadair because of technology transfer benefits. Technology transfer was introduced at the last minute rather than at the beginning of the bidding process. This raised fundamental questions about the fairness of the awarding of this contract and about the integrity of the bidding process.

If the decision of the civil servant panel had been followed, the contract would clearly have been awarded to Winnipeg. As we have said from the beginning, in all justice the contract should have gone to Winnipeg because the Winnipeg company won the bidding process. If the Government did not want to follow a process of open bidding, it should not have started with an open bidding process.

The second aspect of this issue which I want to address has to do with the fact that the Government has said that the offers were very close and there was, therefore, a choice of where the contract should be awarded. In any race between excellent competitors the finish is often very close. That in itself is not a reason for the Government to give the contract to whichever firm it pleased after having entered into a bidding process.

There are a number of matters which have raised questions about whether the bids were in fact close. For example, it was pointed out that Bristol Aerospace in Winnipeg had access to $20 million or $30 million worth of technology which is necessary for working with this aircraft. That technology was not immediately available, without a price tag, to Canadair. In addition, after the contract was awarded it became public knowledge that Canadair was seeking engineers abroad when the necessary engineering capabilities already existed in Winnipeg. That represents an additional cost. We recently heard that the Government is being approached for access to a hangar at the airport in Montreal. That, as well, would constitute a further subsidy. I raise those points because they bring into question whether the bids were that close.

The most important issue is that of how the Government approached this issue. The Government approached the letting of this contract on a win or lose basis. It decided that one city had to win and the other had to lose. It awarded the contract to the city in which it thought there were the most votes and shafted the small guy. Why could the Government not have taken a win-win approach? Why did the Government not allocate this contract on a basis on which both cities could have shared in the work? The repair work under the CF-18 contract is already shared between Europe and Canada so it must be possible to share the work. The fundamental question is why the Government would not approach this in such a way that all the cities involved could have won. If the Government was making a fundamental decision about industrial strategy, we should put all the cards on the table and have a debate about industrial strategy.

The Government has done it to Manitoba. It has recently done it to Newfoundland with regard to fish, and it has done it to B.C. on softwood. It is time for the Government to show some concern about national unity and take an approach to the economy that will give a fair share to all regions of the country.

• (1820)

Mr. Roger Clinch (Parliamentary Secretary to Minister for External Relations): Mr. Speaker, that is what the Government has done and will continue to do. The Government considers all regions and, given the opportunity rather than the rhetoric of the Hon. Member, it will continue to make its decisions based on fairness to all regions of the country.

A decision to award the contract for the CF-18 systems engineering to Canadair was made in the best interests of the nation and of all Canadians. I can assure the Hon. Member that the decision was fully in accord with government policies. The bidding process, the evaluation process and the ultimate decision were all in accord with government guidelines from beginning to end. There was no change; there was no deviation.

The Government's policy on contracting states that all government procurement shall be conducted in a manner to achieve the optimal combination of quality, time and the total life cycle costs of the acquisition; reflect fairness in the spending of public funds; and, when appropriate, relate to national policies and objectives. This basic statement of policy is publicly available and remains unchanged since 1975.

The bidding and evaluation procedures used in the Government, including those followed for the CF-18 maintenance contract, support the achievement of these procurement objectives. All relevant factors must be considered in major procurement decisions. We do not accept the lowest price without due regard to quality and technical competence. We do not look for quality and technical competence without regard to cost. We do not award a contract on other factors such as technology transfer, as in this case, without ensuring that program requirements will not be compromised.

Full competition is the best way of ensuring that we have all the information we need to weigh these relevant factors. Bidders were clearly informed that the lowest bidder might not be accepted. Much has been said about fairness. Would it have been fair for us to award the contract based only on assumptions about the relative costs and technical competence of the bidders? Because the Canadair and Bristol bids were so close, the Government made the choice in the interests of Canada as a whole. This was not contrary to the bidding process, it was not inconsistent with government policy and guidelines, and it was not unfair.

It has been suggested in the House that the Auditor General be asked to conduct a special investigation. Hon. Members will recall the response of the President of the Treasury Board (Mr. de Cotret). The Auditor General is a servant of this Parliament and free to perform his duties as he sees fit. Undoubtedly he will be closely examining a contract as important as this. When he does, the Government will co-operate fully with him, and make all relevant documents available, as we have always done.

Further, it should be emphasized that this contract award was conducted in full conformity with the Government's contracting regulations. Much information has been given to the House and as the President of the Treasury Board indicated, additional relevant information will be made available, as long as it does not contravene the normal practices which are in place to maintain the confidential nature of information given to us by competitors. If the bidders are willing to make the information available, then the Hon. Member will have it. The Minister of Supply and Services (Mrs. Vézina) is pursuing this matter.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.24 p.m.

HOUSE OF COMMONS

Tuesday, February 10, 1987

The House met at 11 a.m.

[English]

POINT OF ORDER

DAILY ROUTINE OF BUSINESS—ACCEPTABILITY OF MOTION AT COMMENCEMENT

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I wanted to see today's *Hansard* before I brought up a point of order which I think is of some importance to us on this side of the House, and I am sure the Government would concur.

Yesterday at the beginning of the sitting, the Parliamentary Secretary to the Deputy Prime Minister and House Leader (Mr. Lewis) rose in his place to move what we all knew to be a dilatory motion. He moved that we proceed to Orders of the Day. At the time, as far as I know, there was no question before the House to be debated, yet he was allowed to put his dilatory motion and it was voted on and, of course, carried.

I would like to make sure the Chair understands my point. I am not questioning the Chair's acceptance of the motion. What I do question was the Parliamentary Secretary's right to take the floor when there was nothing before us to move a dilatory motion which prevented many of us from tabling petitions and doing the regular things we do under Routine Proceedings.

I would give notice to the Chair today that I would like this matter to be discussed, possibly in the Chamber, so that we do not have a repetition of what happened yesterday, a dilatory motion being used by the Government to do certain things. We all know that the Government has many tools at hand to cut off debate, to adjourn the House or to do all kinds of other things. In my view, the Government is utilizing its powers to push too far the importance of its wish to get the Government's business done, and is using the rules badly in so doing.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on the same point of order. I think it is common practice that once prayers are finished, your remark is: "Let the doors be opened". I felt that that was an indication to the House that the business of the House could proceed. Under daily Routine Proceedings, I would suggest, Sir, that a motion to move to Orders of the Day is in order. There does not have to be a question before the House, so I moved at that time to proceed directly to Government Orders in order that the business of the House which had not been able to proceed on three preceding days might proceed.

A comment has been made about the ability of Hon. Members to present petitions. I know that my hon. friend who is a student of the House rules would be the first to tell the Chair that there are two ways to bring a petition to the attention of the Speaker. There is the method used when petitions are presented under the daily Routine Proceedings and there is also the method of tabling petitions, a method which does not require that one stand in one's place to make a lengthy presentation. Many Hon. Members, with the interests of the nation at heart, table petitions in this much more businesslike way. I suggest, Sir, that by moving to Orders of the Day, in no way were we preventing any Member from presenting a petition to the Speaker since there is another method of doing so.

In closing, I would simply say that in my copies of the *Projected Order of Business* and the *Order Paper and Notices*, it indicates this day's order of business. I think Routine Proceedings should include the right to make a motion. I suggest that if my hon. friend wants to make the same motion, that we proceed to Orders of the Day, we would be able to assist him in that.

• (1110)

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I would like to address the same point. First, I do not want to reflect on the decision the House made yesterday to move to Orders of the Day. It was a House vote and that is fair with me. I also believe the motion moved by the Hon. Parliamentary Secretary was perfectly allowable, and that is what the Chair did, it allowed it to come to a vote. Where I differ with my friend across the floor is that I do not believe the motion was made at the right time. If we look, for example, at today's routine of business, it starts with Tabling of Documents. What I say is that no one should be able to make any motion under Tabling of Documents. It is there in the line-up to table documents. The next item, Statements by Ministers, is the same. It is meant for Ministers to make statements. I contend that yesterday, when the Parliamentary Secretary made his motion, he should have made it under Motions because there is such an item in Routine Proceedings.

I would humbly request the Chair to look at this whole area of when motions can be made under Routine Proceedings so we have clear guidelines. We are operating under new temporary rules and I think it would be useful for all Members to know exactly what the Chair considers an appropriate time to move a motion such as that moved yesterday. In my humble opinion the motion was moved at the wrong time. It was moved even before there was anything on the Orders of the

Day, even before Mr. Speaker had called the first item of Routine Proceedings, even before Routine Proceedings was uttered by the Clerk at the table. This I believe puts us in an awkward situation, and I would ask the Chair to take it under advisement. I know it may take some time to come to a definite decision on this, but I think it would be appreciated by all members if the Chair conducted such an exercise.

Mr. Speaker: Does the Hon. Member for Kamloops—Shuswap (Mr. Riis) have an intervention?

Perhaps I could very briefly respond to the point brought forward by the Hon. Member for Ottawa—Vanier (Mr. Gauthier). I thank him for bringing to my attention earlier today the fact that he would perhaps want to raise it.

I listened to the Hon. Parliamentary Secretary and the Hon. Member for Saint-Jacques (Mr. Guilbault). The matter is not an easy one for the Chair. The Chair has been considering this especially since the use of the Routine Proceedings part of the day has been interrupted by both sides in the last while for purposes which both sides deemed necessary and appropriate. Members may remember that strictly speaking, once upon a time, the use of the motion complained of, if complained of at the time, may probably have been ruled out of order. Whether rightly or wrongly the Chair is not prepared to say at this point. However, there has been a practice going back a number of years which allows that.

The point made is absolutely correct, that the Chair had not called Tabling of Documents yesterday. However, the Parliamentary Secretary was up and the Chair felt he had to be recognized. Today the Hon. Member for Ottawa— Vanier almost got up before the Chair said Tabling of Documents. Members may have noticed that today the Chair hurried with the calling for "Tabling of Documents". However, the matter raised is an important one.

I invited the House Leader for the NDP to make a comment and he may very well want to consider this intervention quietly over the next day or two and make some representations. However, as I say, the Chair is acutely conscious that dilatory motions, and this may not be a dilatory motion, have certainly been made from time to time. I am not imputing motives in any way to any member, but when it suited the convenience or particular tactics in the House, they have been used during Routine Proceedings. Members will remember that the use of dilatory motions in Routine Proceedings was used extensively, and I must say with great skill, some weeks ago, not necessarily by only one side.

I welcome the invitation to the Chair to consider the matter. Perhaps it would be appropriate to consider it in discussion with members of all three Parties. As the Chair has indicated in the past, if it ever came to the point where the Business of the House was too long delayed, which probably would not be in the interests of this place, then perhaps the Chair would have to find a way to rule appropriately and get on with the various matters listed in Routine Proceedings. Happily, because of the great good sense of all members and co-operation between Parties, the Chair has not had to make a hard ruling in that regard. I do not take the invitation of the Hon. Member for Ottawa—Vanier and the Hon. Member for Saint-Jacques as an invitation to do so, but I do take it as an invitation to consider the practice and I shall do so.

ROUTINE PROCEEDINGS

[*English*]

COMMEMORATIVE STATUES

TABLING OF REPORT OF MINISTER OF PUBLIC WORKS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if I might just say in rejoinder, sometimes the word "Routine" Proceedings seems like a misnomer. There is far too much excitement to call it "routine".

I have two things to do. First of all, pursuant to Standing Order 67(2), I am pleased to table today two copies in both official languages of the report of the Minister of Public Works (Mr. McInnes) to Parliament on commemorative statues to Canadian Prime Ministers and commemoratives to other eminent Canadians.

* * *

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to Petitions Nos. 332-461, 332-493, 332-498, 332-507, 332-509, 332-511, 332-518, 332-560, 332-562 and 332-709.

[*English*]

Mr. Speaker: The Hon. Parliamentary Secretary has a point to make?

Mr. Lewis: Mr. Speaker, I must admit that I have lost track of exactly where we are in the proceedings.

Some Hon. Members: No kidding!

Mr. Lewis: That is all right, it happens from time to time.

Mr. Keeper: Don't tell him.

Mr. Speaker: May I suggest to Hon. Members that there is a certain frankness in the comments of the Hon. Parliamentary Secretary which are pleasing to this place. I called Presenting Reports from Committees. Petitions.

[*Translation*]

REQUEST FOR REVOCATION OF CHANGES TO UI REGULATIONS—EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, I have here a number of petitions from the ridings of Laval, Sainte-Marie, Saint-Michel, Jonquière, Gamelin and Hochelaga—Maisonneuve, in which petitioners object to the unconscionable action taken by the Conservative Government when it cut unemployment insurance benefits for early retirees. Mr. Speaker, these petitioners are asking the Government to put a stop to this shocking situation and immediately reimburse 35,000 early retirees.

• (1120)

[*English*]

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour and privilege of presenting several petitions which are, of course, correct in accordance with Standing Order 106. These petitioners from the ridings of Ottawa—Vanier, Ottawa—Carleton, Ottawa Centre, Nepean—Carleton, and Ottawa West would like to utilize their right to petition this House as follows. Whereas a decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the RCMP and the office of the Governor General without prior notice, and whereas the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud, and whereas area residents from the entire National Capital region who have used and enjoyed the grounds of Rideau Hall, recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120 acre park to public access, the undersigned, your petitioners, humbly pray and call upon Parliament to open the decision for consultation with citizens' representatives of the large and growing opposition in order that a *modus vivendi* be created that would satisfy both the Government and the public.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have some petitions to present with regard to the book tariff imposed by the Government. They are signed by petitioners from B.C. and Alberta. They say that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information, and whereas the tariff has little negative effect on the publishing industry of the United States, yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture, and whereas rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect to free trade negotiations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a petition signed by a number of Canadian citizens who are indicating to Parliament that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and that the proposed measures will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis, and that these proposals will result in higher drug costs for Government programs. They say as well that these changes are another example of Canadian Government concessions to the United States at the expense of the average Canadians. These petitioners call upon Parliament to reject these proposals to increase drug prices.

DECOMMISSIONING OF LIGHTHOUSES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have a petition signed by a number of residents of the British Columbia coast who are concerned about Ministry of Transport directions to automate light stations. They believe that this will reduce the weather reporting capability of these stations and, more important, reduce the assistance in search and rescue on a very rugged and remote part of the British Columbia coast. They call upon Parliament to make a thorough and complete public inquiry in the Province of British Columbia into the need for these manned light stations on the West Coast.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present a petition on behalf of a number of western Canadians, pursuant to Standing Order 106. They are suggesting that the Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy the necessary prescription drugs. They are asking the Government to reconsider its decision to proceed with this legislation.

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour, under Standing Order 106, to present a petition which has been certified as correct. It is from people from a number of communities in northern Manitoba including Wanless and The Pas. The petitioners express their concern with the federal Government's attempt to change the Patent Act relating to prescription drugs. They believe that this will increase drug prices for Canadian consumers and that it will severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, the undersigned, your petitioners, humbly

pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have some petitions from Canadians who point out that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for consumers, will severely restrict the ability of Canadians to buy the necessary prescription drugs, and will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. They believe that it will also result in higher costs to provincial government drug plans. They, therefore, humbly pray and call upon the Parliament of Canada to reject the proposals to increase prescription drug prices for all Canadians.

[*Translation*]

Mr. Gauthier: Mr. Speaker, if I understand correctly, you have grouped the members who have Bills to present. However, I noticed that you called Mr. Robinson, for instance, only once, while the Hon. Member may have three Bills.

Mr. Deputy Speaker: The Hon. Member is perfectly right.

* * *

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

Hon. Monique Vézina (for the Minister of State (Privatization)) moved for leave to introduce Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada.

Mr. Deputy Speaker: Shall the Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

Mr. Deputy Speaker: When shall the Bill be read the second time? At the next sitting of the House?

Some Hon. Members: Agreed.

* * *

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

REFERENCE TO COMMITTEE

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, there have been further discussions and I believe that there would be unanimous consent to pass the following motion. I move:

That the Order for the second reading and reference to a Legislative Committee of Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings be altered to provide for reference of the Bill to the Standing Committee on Transport.

Motion agreed to.

* * *

STARRED QUESTION

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if you would be so kind as to call Starred Question No. 61, I will read the answer into the record.

*TRAVEL EXPENSE ACCOUNTS

Question No. 61—**Ms. McDonald:**

1. Is there a policy of the Government concerning the use by public servants of expense account money for the services of prostitutes or escorts, or the viewing of strippers and, if so, what is it?

2. Are the services of prostitutes and escorts ever allowable business expense deductions under Revenue Canada assessments of personal or corporate tax?

3. Are guidelines provided to public servants and politicians regarding the use of public moneys while travelling on public business and, if so, what are they?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): I am informed by the Treasury Board Secretariat and the Department of National Revenue as follows:

1. and 3. Public servants are subject to a detailed set of guidelines called the "Treasury Board Travel Policy" which clearly establishes their entitlements when travelling on government business.

Travel expenses of Members of Parliament are governed by the authority of the Senate and the House of Commons Act and controlled by the administration section of the House of Commons.

Ministers of the Crown and Parliamentary Secretaries who travel are accountable for their travel expenses, which are reviewed and reimbursed by their department.

2. Only reasonable expenses made or incurred for the purpose of gaining or producing income from a business and substantiated by vouchers may be allowed as business expense deductions pursuant to the provisions of the Income Tax Act. Each case has to be determined from the facts available to the Department of National Revenue.

• (1130)

Mr. Lewis: Mr. Speaker, I ask that all remaining questions be allowed to stand.

[*Translation*]

Mr. Malépart: On a point of order, Mr. Speaker. I would like to ask the Parliamentary Secretary to the Deputy Prime Minister and President of the Privy Council (Mr. Lewis), in

connection with our Standing Orders which provide that questions on the Order Paper should receive a reply within 45 days of filing—I have a question, No. 54, which is dated December 10—and I would like to know why the Government is dragging its feet about answering this question.

[*English*]

Mr. Lewis: Mr. Speaker, I take notice of my hon. friend's suggestion and shall review the matter and report to him and the House as soon as possible. This is the first indication I have had that we may not have been following the Standing Orders. I will get back to him.

Mr. Deputy Speaker: Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed from Monday, February 9, 1987, consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to the Standing Committee on Transport; and the motion of Mr. Lewis (p. 3220).

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, let me begin my remarks on Bill C-19, the Government's proposed deregulation of the trucking industry, by pointing out that the Government is throwing out the baby with the bath water. The Government could have chosen a number of alternatives to deal with the trucking industry. It could abandon regulation, as it has done with this legislation; it could decide no change is necessary and keep the *status quo*; or it could have taken a moderate approach to the regulation of the trucking industry and make constructive reforms that could benefit both the shippers and the trucking industry while modernizing the regulatory regime. However, the Government has decided to abandon regulation.

[*Translation*]

Mr. Speaker, I want to point out that the decision of the Government was to abandon the regulatory system. The Government had several options. It could have decided, as it did, to abandon the regulatory system, or else it could have maintained that the existing system was marvelous and did not require any change or finally, it could approach the regulatory system as in need of reform. For my part, I believe that a constructive reform to update the regulatory system as it applies to the trucking industry would have been the best approach. However, the Government decided to throw away the baby with the bathwater. This is a destructive approach.

[*English*]

There are three aspects of this Bill on which I want to comment. They are safety, the impact of deregulation on Manitoba, since I am a representative of Manitoba, and the over-all economic impact of abandoning regulation in the trucking industry.

The Government has proposed to remove regulation of the trucking industry to make it a wide open free market in which the strongest will survive and the fastest will win the race. Consequently, truckers will push themselves to the limit and perhaps beyond because they will be living from day to day and load to load. This lack of security will cause them to continue driving even when they are exhausted.

In the United States this question of fatigue has been raised as a result of their experience with a deregulated environment. I have a report by a foundation study on truck driver fatigue and highway accidents which indicates a shockingly high number of fatigue related big truck accidents. Let me cite some of those statistics for the record. First, 60 per cent of the 231 accidents studied involved fatigue. Second, the fatigue factor was shown to be three times greater than accident reports indicated. Third, 49 of the 231 accidents studied involved fatalities; 16 truck occupants and 33 occupants of other vehicles. Fourth, 63 per cent of the truck occupant fatalities occurred in fatigue related accidents. Fifth, 6.5 per cent of the drivers of heavy truck are estimated to be driving more than 16 consecutive hours, which is the equivalent of two eight-hour work shifts. Finally, one out of every three truck drivers is driving beyond the limit of the Federal Bureau of Motor Carrier Safety which is recommended at 10 hours per day.

I am giving these statistics to show that fatigue plays a very significant part in the safety of the trucking industry. It will play an even greater role if the trucking industry no longer operates in a regulated environment. The competition will force truckers to push themselves further while attempting to survive on a day-to-day basis. The approach of abandoning regulation in the trucking industry raises serious questions about safety, which the Government should consider before it proceeds any further with this legislation.

• (1140)

Another aspect of the whole question of abandoning the regulatory regime in the trucking industry has to do with its regional impact. I am particularly concerned about what this means for Manitoba. Manitoba has been hit hard by the Government on a number of occasions. When the Government reduced the transfers for education and health care, provinces like Manitoba were the hardest hit. It is not the first time the Government has taken some action which hurt Manitobans. I would like to read an excerpt from an article in *The Ottawa Citizen* on October 22, 1985:

> Manitoba stands to lose more than most provinces if reform of the trucking industry fails to safeguard domestic routes from competition by giant United States firms,—

That was said by Rolly Painchaud, President of the Manitoba Trucking Association. Mr. Painchaud went on to say:

Eight of Canada's 14 largest trucking firms are based in Winnipeg and more than 400 local trucking firms employ about 10,000 Manitobans.

He noted that hundreds of jobs could be lost through imprudent regulatory change. We are talking about an industry which employs 10,000 Manitobans in a province with a population of one million people. This is a very significant industry for Manitoba. It affects the employment of a great number of Manitobans. The Manitoba trucking industry is telling us to watch out. It has put out the warning signals. It is saying, "Wake up. If you go ahead with this abandonment of the regulation of the trucking industry, you are threatening jobs which exist in Manitoba". They indicate that hundreds of jobs could be lost to Manitoba.

I wanted to bring those facts to the attention of the Government. While I have not much hope it will listen, we will have at least put it on the record. If the Government does not heed these warnings, then the responsibility is on its shoulders.

Another aspect of the approach of abandoning regulation is the over-all economics. The Government promises a sunny morning in a deregulated environment. It tells us that if we throw open the trucking industry to competition we are going to have a sunny day, the economy is going to boom and there will be more wealth created. However, the reality is quite different. The reality includes aspects of safety, the threat to jobs and a realistic look at what happens when we throw out regulation and leave the trucking industry to an open "Adam Smith" kind of economic environment. What we will have is a David and Goliath situation. David is the Canadian trucking industry and Goliath is the American trucking industry. What the Government is doing is not only putting David up against Goliath, but it is going to take away David's slingshot. It is going to leave David defenceless against the giant Goliath.

To illustrate, let me just say that the experience with deregulation in the trucking industry in the United States has been that large firms have gobbled up little trucking firms and there is increased concentration in the trucking industry. There are fewer firms dominating the market. We predict this will happen in Canada. We will have fewer and fewer large firms dominating the market and the little firms will go out of business and disappear.

At the same time, and this has actually started to happen, Canadians will have no barriers to Americans coming into the Canadian market while Americans continue to maintain significant barriers to the Canadian trucking industry entering into the American market. There is still competition legislation in the United States with which the trucking industry has to contend. In Canada we have very weak watered-down competition legislation. The structures of the American and Canadian industry work in favour of the American industry. There is a much larger population base in the United States and many more urban centres, so there is a vast network of communities which can be a strong base for a trucking industry, whereas in Canada there are only a few large cities and our trade is spread out east to west. When it comes to facing competition in the north-south direction, we are going to be going up against a Goliath. With the Government taking away David's slingshot, we are in serious trouble. Therefore, the approach of abandoning regulation is a dangerous approach for Canadians.

[*Translation*]

Mr. Speaker, I would like to make three points about the decision of the Government to abandon the regulatory system for the trucking industry. This approach will increase the risk of accidents. In an unregulated environment and with open competition, there will be pressure on the truckers to work long hours until they become extremely tired, and tiredness can cause accidents. I have here figures which show that the number of accidents increases with tiredness, and these figures are contained in a document. I believe that an unregulated system will increase the danger of accidents.

In addition, the Manitoba Trucking Association has indicated that the approach taken by the federal Government will affect adversely many workers in Manitoba and that 10,000 jobs are involved in that province. This is therefore a major issue for Manitoba and I would like the Government to realize how this will jeopardize jobs in Manitoba. It is time that this Government realize that Manitoba exists. The Government should take care of the economy of Manitoba, not only of Central Canada. Mr. Speaker, I believe that you are indicating that I have only one minute left.

[*English*]

I would like to sum up by saying that the Government has chosen to abandon regulation, rather than taking the opposite approach, which would be to examine the present regime of regulation carefully and find out where this system could be improved. In that way we would take into consideration not only the present needs of the trucking industry but the needs of the shippers as well.

• (1150)

We in this Party would not take the position that there is no need for change since, obviously, even the trucking industry and the environment in which it operates changes, including what goes on in the United States industry. In the future we hope that the Government will bring in a regime that will be supportive of our trucking industry, one that will better serve the interests of the shippers as well.

Rather than abandoning regulation the Government should be seeking to improve it. I call upon the Government to back away from the approach of throwing out the baby with the bath water. It should take a constructive approach rather than be blinded by its own ideological commitment to the "Adam Smith" model of the free market.

I hope the Government will take into consideration some of the implications of the approach that I have noted in my remarks, including the questions of safety, the negative impact on the economy of Manitoba and just what type of ruthless

competition it will be putting the Canadian trucking industry up against without adequate protection.

Mr. Kilgour: Mr. Speaker, I would like to deal very briefly with the three major thrusts of the Hon. Member's speech and invite his response to the points I hope to make.

With respect to the question of abandoning regulation, the Hon. Member says that we have an ideological commitment to the free market. I take it that is in reference to the Regina Manifesto. It has been a long time since that resolution was passed by the Party which the New Democratic Party succeeds. The fact is we do not live in the 1930s anymore. We live in an increasingly competitive world economy. If the people of Winnipeg cannot get their goods to market then they will not have jobs, their children will not have jobs and the garment industry in Manitoba, for example, will not be able to get its products to wherever it is they are sent. More than 80 per cent of the goods produced in Manitoba are sent to the United States. Many of the Hon. Member's constituents work in the garment industry. If there is not an efficient trucking industry in place to get their products to market then their jobs will be less secure.

Transportation is a vitally important matter for the people of Winnipeg and for those from all parts of Canada. We are trying to do something to make the trucking industry more competitive and more efficient. I remind the Hon. Member that six major companies have their headquarters in Winnipeg.

The U.S. experience, which I mentioned, earlier was that employment increased by 22 per cent after deregulation in 1980 and that trucking employees were 40 per cent better paid than the average private sector employee. With respect to what the Hon. Member was saying about Canadians not being able to compete, does he not realize that Canadian truckers have increased their share of total transborder traffic by 8 per cent and 12 per cent between the years 1980 and 1984? We are able to compete in that market. There are approximately 1,000 Canadian trucking companies which now compete south of the border. We can and will compete. We must compete better.

The Hon. Member mentions the old cliché about regulations. I am told that the CTC publishes regulations virtually as fast as they can be printed. There is a regulation in place which tells railways what their tickets must look like, what size they should be and what type of print they should have. This is the type of nonsense and weight on peoples' backs from which we are trying to get away. We are trying to get away from needless regulations that prevent newcomers to the trucking industry from getting going and providing more vitality to an industry that is vital to Canada.

With respect to the question of safety, the Hon. Member for Bonaventure—Îles-de-la-Madeleine (Mr. Gray), as reported at page 3225 of *Hansard* for yesterday, spoke at length about the new uniform safety code. His points are summarized well at the bottom of that page. I assume the Hon. Member for Winnipeg North Centre (Mr. Keeper) has not read the Hon. Member's speech or is not aware of what a uniform safety code would do.

Mr. Keeper: Mr. Speaker, in the time that is left I will try to deal with the few points raised by my colleague. He made reference to the Regina Manifesto. I am proud of the Regina Manifesto, as I am sure are most Canadians. It is an historic document in terms of the evolution of our country. It is because of the people who were in Regina who drafted the Manifesto that we have the type of social policy network which exists in our country today, whether it be with respect to pensions, unemployment insurance or medicare. Those were the fruits of the labour of the Regina Manifesto.

Not only is there the Regina Manifesto to be considered, there is also the history with respect to national policy. In this respect we must consider Sir John A. Macdonald. The first Prime Minister of Canada had a vision of nationhood. He knew that if we were to become a nation and not be swallowed up by the Americans we would have to build an east-to-west economy. He had a national dream. He pursued it and built the railroad across the country from ocean to ocean. He was able to secure British Columbia for Confederation, as well as western Canada. He was a man of vision. What we have today is a so-called Conservative Party that is really a pale copy of the American Republican Party which thinks everything can be reduced to a free market. Members of the Conservative Party fail to put that into the context of nation building. Sir John A. Macdonald would be disturbed if he were to hear the types of speeches that we hear coming from members of the Conservative Party today. What needs to be done is to remind the Hon. Member and his Party that what we are trying to do in Canada is continue the process of nation building which Sir John A. Macdonald started.

The Hon. Member mentioned that we are able to compete with the Americans. Yes, I believe Canadian truckers can compete with American truckers. But we cannot just throw open our borders with no restraints whatsoever. If we do, then what will happen is that large American firms will come here to operate at lower prices. They will gain access to the market. They will drive our companies out of business. We will not have a trucking industry left. So we must have a policy that will support a Canadian trucking industry in order for the industry to be able to compete with very large American firms.

The Hon. Member mentioned safety and something about a uniform safety code. Codes are fine as long as they are effective. But we know that there are codes which are not worth the paper on which they are printed. What I am trying to point out to the Hon. Member is some of the experience with respect to the American situation. The Americans find themselves in a free-enterprise frontier where there is wide open competition. Truckers drive themselves beyond their limits. In this way they become tired and fatigued, and that impacts on safety.

I have tried to point to some of the realities that we would have to face if we were to follow the policies adopted by the Party of the Hon. Member.

• (1200)

Mr. Nystrom: My friend for Edmonton—Strathcona (Mr. Kilgour) mentioned the Regina Manifesto. The Regina Manifesto had a positive effect on all three political Parties. It has helped to make us different from the United States. It has historically made the Conservative Party more progressive than the Republican Party in the United States.

Mr. Benjamin: Until 1986.

Mr. Nystrom: The Prime Minister (Mr. Mulroney) is now trying to change that as he imports Reaganism into Canada. Historically the Manifesto had the impact of driving the Progressive Conservative Party to be more progressive in terms of bringing in CBC, the Canadian Wheat Board, supporting national medical care, supporting Petro-Canada. That has been the tremendous historical value of a democratic socialist party, and a socialist manifesto such as that which resulted in Regina in 1933, one of which all Canadians are proud.

The question I wish to ask is this. I too do not support needless regulations. One concern I have about deregulating trucking as proposed in this Bill is that it may discriminate against rural ridings like mine with small population centres, small towns, small markets, and many miles to drive between one town and another where at times it is difficult to get truckers in to make a profit. It is not hard to make a profit between the big centres, and the golden horseshoe from Windsor to Quebec City. But what happens with this type of Bill to rural Canada, and small-town Canada that does not have the same market clout, the same short distance, or the same short hauls? What happens to those areas with this type of legislation? Perhaps my big city friend from Winnipeg can comment on that.

Mr. Keeper: One of the advantages of coming from Winnipeg is that while it is a city, it is a city of medium size and does not fall into the category of Vancouver, Toronto, and Montreal. Obviously those cities will be well served in a wide open market because they have the population. They can take the risk of having a wide open market. Small towns in rural areas could lose their services if we do not have some system of regulation that indicates that there is not only a need to make a profit, but also a need to provide a service, then rural communities will not be abandoned in the same manner as the Government's move on post offices undermines rural community life.

This whole question of service impacts on Winnipeg in terms of jobs and in terms of service. We are not part of the big population centres of this country, so services for Winnipeg also could be detrimentally impacted.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart).

• (1210)

[*Translation*]

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, the Bill before the House today follows another stupid decision by the Government with respect to Bill C-18. Today we are considering Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings. Mr. Speaker, the Bill as proposed and also the provisions proposed and adopted through Bill C-18 go against the interests of truckers in Quebec and Canada. We know that under the combined provisions of Bills C-18 and C-19, our Quebec carriers will be subject to unfair competition in railway sector. With Bill C-19, however, the Government is also inviting every single company, even the smallest, across this country and across our regions as some Hon. Members said earlier, not just in our larger urban centres but also in remote areas where competition is already fierce, these people are being asked to compete with the U.S. giants in the industry and the giants in the larger urban centres who are trying to take over the entire trucking industry.

At first glance, the Bill looks very straightforward. It looks like the ideal solution to improve competition. People are being told this will bring prices down and that consumers will benefit. It is the law of the jungle, however. No more and no less. It means that steal a contract from another company, during the first six months the bigger company will lower its rates and make do with less profit. As soon as it has the contract and has eliminated a competitor, a smaller company, one of our remote areas such as Rimouski, for instance, will have lost an industry and lost the jobs of those truckers, and after that, the bigger carrier that will be operating nationwide will charge the rates it wants, which means an increase in the cost of consumer goods distributed by these carriers, and the consumer ends up paying the bill. Because of the resulting lack of competition and the monopoly situation for which the Government will actually be to blame, workers will be at the mercy of a couple of multinationals in the trucking industry. When these workers make demands for improved wages and leave provisions, they will be at the mercy of the people who have the monopoly and who will require them to work overtime without overtime paid. This will lead to utter anarchy, and by that time, thank God, we will have another Government, a Liberal Government, to pick the pieces left by the Conservatives.

Mr. Speaker, Conservative Members would be well advised to read an article that appeared in *Le Devoir* on Tuesday, March 18, under the headline: "Quebec Truckers Fear Increased Penetration of Quebec Market by U.S. and Ontario Carriers". I think Conservative Members from Quebec would do well, before they hasten to vote blindly, like sheep, in favour of this Bill, to read it first and to consult with the parties concerned like Mr. Jacques Alarie, Executive Vice-President of the Quebec Trucking Association. These people, who are experts and work in the industry, could prove beyond the shadow of a doubt that the Conservative Government would be

making a terrible mistake by adopting this Bill and that the consequences would be very serious indeed for the trucking industry and for thousands of related jobs.

Mr. Speaker, do you realize that deregulation, in fact everything that has been happening in the last two years, everything this Government has been doing, has been aimed at abolishing every regulation, framework and protection that existed for our weakest industries? Earlier, the Parliamentary Secretary and all those members and Ministers were saying proudly: We know our truckers. They can compete with the U.S. multinationals. We are not worried. These are the same people who said more or less the same thing with respect to the footwear industry, when the Conservative Government decided to move quotas on shoe imports. And what do we read in today's *Journal de Montréal*? "Our shoe industry is still in danger." Fourteen months have gone by since this Government did away with footwear quotas, and now the industry has just sounded the alarm. This is not quite what the false prophets of the Progressive Conservative Party had promised at the time, practically swearing on the Bible that the footwear manufacturers in their ridings—the Eastern Townships, Brome—Missisquoi, Saguenay—Lac-Saint-Jean, Beauce—would be able to face competitors from Italy, Brazil or anywhere, no problem.

Liberal Members, the industry, employers and employees, labour leaders, and all trade unions that protect workers kept telling the Government that it was making a mistake. But the illustrious seer, our beloved Prime Minister (Mr. Mulroney) who gets his marching orders from Washington, replied: No problem, everything will work out.

Fourteen months later, Mr. Speaker, and the footwear industry is reeling. These people do not have land for sale to make a profit!

Mr. Speaker, what we heard about Bill C-19 the day before yesterday and today is a series of rehashed speeches the Conservative Ministers and Members made when they told us they would abolish the footwear quotas. And now we are looking at the results 14 months later. Sheepishly and blindly, the same people are now going to pass this Bill and in another 14 months or two years—thank God, most of them will no longer be here by then—after two more years of the kind of mess we have had they will have harmed the people, plant shutdowns, companies closing their doors because of Bills such as C-18 and C-19, workers losing their jobs. A Liberal Government will replace this Conservative administration, but even with the best intentions in the world and unlike the Tories we will find it difficult to set everything straight and undo the damage. We need look no further than what has been happening since the session resumed, nothing but scandals. Who in this country benefits from this? Who is taking advantage of the economic situation? It would seem that the only ones who do are those who are in orbit around the Prime Minister and who belong to the Conservative Party. So who stands to lose in all this? People in the trucking industry, Mr. Speaker. The Member for Montreal—Sainte-Marie is not alone saying this, because I do not claim to be an expert in this field, but the information I have is that Bill C-19 as drafted is dangerous. Should the Government turn down the amendments which will be introduced by our official critic, the Hon. Member for Papineau (Mr. Ouellet) who is fully conversant with this issue, if the Government were to reject these amendments, then the people, road transport experts, transport companies, not only the representatives of the industry but representatives of the employees—

It is a fact that collective bargaining between employees and employers are often a source of conflict. But in the area we are dealing with today, as was the case with the footwear industry, employers and employees, management and unions—it is not everyday that Ti-Louis Laberge will sit together with the boss of such and such company. But in these cases, Ti-Louis Laberge, Gérald Larose and all the others were sticking together, and telling the Conservative Government to protect the defenceless, to stop supporting the strongest. Canadians do not endorse the principle that only the strongest will survive. They are proud and responsible people and in several instances they will even pay more for their goods if they know that they are providing jobs for Canadian men and women.

Canadians and Americans see things differently. I strongly urge Government Members to accurately reflect the views of their constituents. What are those views? Canadians voters feel strongly that Canada should not become another American state. They want to be different from the Americans. Also, they want to hold out what they have achieved which belongs neither to the Conservatives nor to the Liberals. Taxpayers' money belongs to the Canadian people as a whole and the Government must use it for wealth redistribution and regulation purposes. It has always been the understanding with regard to income tax revenues. They have fought for social security, health and medical services, old age security pensions, family allowances, and various regulations aimed at protecting those in need be they individuals, institutions, or industries.

And all the efforts of this Conservative Government over the past two years, namely with Bills C-19 and C-18, beside feathering their own nest, have been to destroy Canada's own identity, what makes Canadian men and women different. How could a Member representing a far away riding where a couple of small trucking firms have a major impact on its community, if only because of the seven or eight jobs they are providing, contrary to a major urban centre like Montreal where seven, eight or ten jobs mean—and the consequences for the development of the area, how could such a member, whatever his political stripe, be blind enough to adopt this legislation without checking first and getting experts' opinion?

I am not asking Progressive Conservative members to rely only on my remarks, but before voting on this bill, to seek the advice of the motor carriers in their areas, as well as employee representatives, and to return not with the *status quo*, but with amendments likely to improve highway transportation, while protecting of jobs in far away regions, as well as ensuring the survival of small and medium size businesses, making it

possible for them to make profits just like giant multinationals, and to create jobs. But at the point where we are now, this is the alarm as sounded by the footwear industry—14 months ago Conservative Members, the Prime Minister and the Government suggested the same thing that the Parliamentary Secretary will be telling me in a few moments, that our industries are capable of competing, that he has seen them and that they are in a position to do so. That is the kind of comments, of suggestions that were made 14 months ago. All Tory Members said our footwear industry was sound. It was capable of coping with competition. But today we have the clear proof that if the Government does not change the quotas, the footwear industry will go bankrupt, consumer costs will increase and thousands of Canadians will lose their jobs.

Mr. Speaker, it is my hope, although I am more or less like any other Canadian—there are not very many people left around who expect anything good from this Government—anyway, even if I am the only one still to be optimistic enough to ask them to wake up and rally, not to indulge in the kind of antics we saw over the week-end, not to gather around Marcel Chaput to get their morale boosted, but perhaps to consult experts in those matters. If their morale is low and they need to have Marcel Chaput around, that is their business. But as far as we and Bill C-19 are concerned, go and talk to the industry. The Hon. Member for Rimouski has in her area people with expertise, ability and experience. Why does the Hon. Member for Rimouski not meet and sit down with two, three or four firms in her constituency, or even set up a regional caucus in order to get the people involved together and finally— not to rise in the House of Commons, I am not asking for that, but to go back to her caucus and her Prime Minister or the Minister of Transport (Mr. Crosbie) and tell them: Listen, Jos. Who, you are off the track, because what is at stake here is trucking, and the impact will be negative for us in our area. This is something that can be said, that can be done. I would remind Conservative Members that when their Government wanted to de-index, to cut the 3 per cent indexation of old-age security pensions, all of the Conservative Members were suggesting the whole people were in agreement. But they looked funny at the end when the Prime Minister admitted he had made a mistake. Stop following like sheep. Have some guts, stand up! Because if you do not stand up, there will not even be one of you left out of ten comes the next election. I think this is important. Although the Canadian people no longer have any confidence in anyone in that party, it is my hope that the comments made both by the Opposition parties and owner associations and employee unions will get this Government to listen, for once.

Mr. Edwards: Mr. Speaker, the Hon. Member was saying that the Conservatives have been consulting with a certain Marcel Chaput. This is not true, Mr. Speaker, the gentleman in question was Jean-Marc Chaput who preaches hope and confidence, rather than despair like the Liberals.

• (1220)

[*English*]

I think it is important that all of us recognize the job-creation aspects of this particular Bill and the opportunity it allows us to pass on benefits to consumers. As an Albertan, I am intensely sensitive to the questions of job loss and job creation. Just this morning I received a letter, which is most appropriate, from the vice-president and general manager of Celanese Canada Limited, a company which employs 700 people in the greater Edmonton area. This gentleman, Mr. Ian Brownlie, says:

> There is a real link between lower costs for the manufacturing sector, including transportation costs which is particularly high in Canada, and job creation.
>
> I am convinced that the better services and lower freight rates resulting from this transportation legislation will benefit the manufacturing sector in job creation and substantially improve Canada's competitive position in the world.

I would appreciate hearing the comments of the Hon. Member on that particular point. Further, Mr. Brownlie suggests that the new simplified procedures for truckers to obtain operating licences will expand the scope of trucking services in Canada and will result in more competitive highway freight rates. The Hon. Member was complaining about truckers in remote areas. I would suggest to him that the simplified procedures for operating licences will give more flexibility and competitiveness to the small operators in small areas and that this reform measure would provide economic and efficient transportation services at the lowest total cost.

Finally, I would like the Hon. Member to comment on the question of safety. As Mr. Brownlie correctly points out, safety is a key requisite and long-standing commitment for his firm. He says:

> My company would have been unable to support this legislation if more efficient economic regulation led to a decrease in transportation safety. But I am confident that will not be the case.
>
> A new rail safety act and a uniform national safety code for trucking are two measures that will help to ensure that safety of the transportation system remains as the top priority.

The Hon. Member referred to experts in the field. I suggest that in this instance we have heard from an expert shipper. The ultimate expert in this case is the consumer who will know whether or not he or she is being benefited by this legislation. It is clear that the consumers of Canada are demanding the passage of this legislation.

[*Translation*]

Mr. Malépart: Mr. Speaker, I would like first to apologize if I referred to Marcel Chaput. The Hon. Member is right, Marcel Chaput was not the speaker invited to motivate, to boost troop morale. But knowing this man, I can guess what he told those people: "Listen, be optimistic, the Prime Minister could have moved two penitentiaries, but he only moved one. There could have been 15 scandals, but there were only eight or ten." This is about what he said, but that was the choice Conservative Members made, and I think the majority of Conservative Members were ashamed of that kind of thing.

An Hon. Member: What about the Liberals? Francis Fox?

Mr. Malépart: It hurts, does it not? Because when they shout, it is because it hurts. A good sign.

To answer the specific question concerning the comments of his expert who said this would increase, 14 months ago, the Hon. Member rose—the same kind of situation—to justify removing quotas for the footwear industry.

I would invite the Hon. Member to read today's statements which show that footwear imports jumped to 50 per cent, that 1,500 jobs were lost in 14 months in the Canadian footwear industry and that the market share has declined to 34 per cent. As far as I know, I am sure the cost of footwear has kept going up. Footwear is more expensive. But what we have are imports, and that creates jobs elsewhere while we are losing our own here.

Thus the speech which the Hon. Member has just made did nothing to surprise me, because he has been told by someone to read it. However, if he had gone to the trouble of checking what he said 14 months ago about what his Government has done about quotas on footwear, he would realize today that it was a failure and what he is doing today with Bill C-19 concerning trucking will have the same effects 14 months from now, and I mean a failure such as those we have noted in other areas.

Mr. Keeper: Mr. Speaker, I would like to ask my colleague a question. It is quite a serious one that is raised by many Canadians. When Members of the Liberal opposition criticize the Government, if they were in power, would their policy be much different? Or is it merely that because they are in opposition, they feel that they are there to criticize the Government. I should like to point out that the Liberal Government of Ontario is now also deregulating the motor vehicle transport industry.

I would like the Hon. Member to answer that question which concerns many Canadians.

At the policy level, would there really be a difference if the Liberals were in power or is it merely a matter of image and rhetoric?

Mr. Malépart: Mr. Speaker, I am pleased with the opportunity that is being given to me by the Hon. Member of the NDP to show the difference between Tories, Grits and New Democrats. Of course, if the Liberal Party were in power, a Bill would have been introduced to improve regulations in the trucking industry as in other areas. However, you can be sure that it would be a lot different from that of the Tories. It would not be aimed at removing every protection given to small operators to encourage the wealthier ones.

Moreover, I should point out that we would act quite differently from the New Democratic Party. We would not try to nationalize and to have everyone on the same standing, allowing the the poorer ones to improve their condition, while chopping heads to reduce everyone at the same lower level.

Now, the difference between the Progressive Conservative Party, the Liberal Party and the New Democratic Party is that the Liberal Party keeps to the centre, assuming realistic positions which respect the citizenry and do not promote systems just for the sake of it.

Mr. Grondin: Mr. Speaker, my hon. colleague has raised a very important point as concerns the danger that competition from the American giants represents for our trucking industry.

Can my colleague tell me why, in his opinion, the Conservative Government favours our neigbours to the South and tries to give away everything to them?

Mr. Malépart: Mr. Speaker, if we look at the career of the Prime Minister before he came here, we find that he was working for an American company at closing down Iron Ore quietly. With this in mind, we find that, since September 4, this Government has bowed down in the case of energy, in the case of FIRA, in the case of lumber, and in the case of the agreement with the French Government on fisheries. We have here an individual and a Government with no backbone who are at the mercy and under the orders of Washington. It is not for nothing that the polls show the lowest rating ever for the Party in power. Canadians like people who can stand up for themselves. There is a good reason why people like Mr. Trudeau or Jean Drapeau had long careers. They were able to show some leadership; they had a strong will and the population was willing to follow their lead.

• (1230)

[*English*]

Mr. Les Benjamin (Regina West): Mr. Speaker, the Government is proceeding in a fashion which, by comparison, makes Liberal arrogance look mild. It is trying to ram through legislation by way of an outrageous abuse of the rules. It is the tyranny of the majority. We had four days debate at second reading on Bill C-18 and we are in only the second full day of debate on Bill C-19 and the Government moves that the question be now put. That is another form of closure.

Mr. Friesen: Should have done it sooner.

Mr. Benjamin: Mr. Speaker, transportation in all modes without regulation is a natural monopoly. The question is not whether we should have regulation, the question is what kind of regulation. As I and my colleague from Thunder Bay—Atikokan said in our minority report on *Freedom to Move*, entitled *Good Regulation: The Real Choice*, there is no argument that regulations need to be updated and modernized, obsolete regulations thrown out and new ones in line with today's technology be implemented.

Government Members have been ignoring with arrogance the facts relating to the current state of transportation in Canada and after deregulation in the U.S. The Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) quoted employment figures from the U.S. which would leave the impression that the number of people gainfully employed in

trucking there has increased over the past few years. No one we have spoken to can substantiate his claims unless you include in his numbers those of full-time jobs which have become part-time and the number of idle truck drivers who still claim some income from transportation. There has been a great deal of economic activity in the U.S. due to deregulation, but the ill effects should not be ignored because the smallest problems in the U.S. will be felt here in much greater proportion.

If the Parliamentary Secretary wishes to insist that the committee be allowed to travel to various parts of the U.S. in order to view the panacea which he says exist, I will be most pleased. We can look at what is happening in California, Ohio, and Washington, D.C., right now. They are trying to undo deregulation and finding it extremely difficult, in some cases impossible. For example, in California they are now holding re-regulation hearings to try and restore stability, viability, efficiency and economy to the trucking industry in that state. That state handles as much trucking as all of Canada put together. Trucking deregulation there has caused so many economic and safety related problems that it has had to resort to, would you believe, regulating rates in order to compel the industry to behave properly in matters of safety, predatory pricing, and a host of other areas. However, after the damage has been done they have been unable to go back to where they were. They find they cannot go backwards. As much as they want to, they cannot start regulating entry and exit after opening the floodgates. There are just too many licences and they cannot take them back so they have decided to regulate tariffs in order to gain some control over a very badly deteriorating situation.

There is a lesson in that for the Government when it promises to review the situation in three, four or five years. You do not get a second chance. It has to be right the first time and this Bill is dead wrong. I have many articles and studies about deregulation in the U.S. Does the Government side not have a single report which talks about the increase in crashes and traffic deaths? Is the Government really unaware of the bankruptcies and takeovers? It talks as though we were making this all up. Are government Members ill-informed or do they just not want to hear the bad news about what is happening down there?

Yesterday the Hon. Member for Mississauga South (Mr. Blenkarn) was absolutely amazing. He said under the present licensing system trucking was a monopoly and this Bill would break up those monopolies, and new firms would appear because there is so little capital investment required to get into trucking; "Just a truck", he said. Then he talked about the availability of licences between Toronto and Montreal, as if that was a prime example of what he was talking about. I looked into his example and I wish to better inform the Hon. Member as to the reality of the situation.

I correctly told him yesterday that almost 90 per cent of licence applications are approved under the present regime. Hardly the basis of a monopoly. However, I was wrong when I assumed that a licence for the Montreal-Toronto corridor, which he used in his example, would be just as easily approved. What he could not tell this House is that that corridor already has over 20 Class A licences. Some 20 companies with terminals, yards, maintenance areas and communications equipment are competing in a highly competitive market. To hear him speak one would think there was a monopoly. That shows how badly misinformed he is.

Those Class A licences he talked about are, in the main, less than truckload licences for that corridor. Those are companies which go to a manufacturer or retailer, pick up what they have and return to the yard for unloading, sorting and reloading. That requires a massive investment. For the Hon. Member to suggest that the investment required for that infrastructure is inconsequential is arrogant and ignorant nonsense. He would have any guy with a truck in there skimming off any gravy he could get. A licence between those two points would be opposed because it is so competitive that any more competition would risk the house of cards.

Government Members may be surprised to learn, when they talk about the great things that have happened in the U.S., that with all this claim of more competition there has not been one single less than truckload carrier start up in all of the U.S. since deregulation—not one. It is now concentrated in the hands of a few very large carriers. There have been new names, new takeovers, new logos, but not one single LTL general freight carrier has started up. How many, therefore, is the Government promising us when we start that here? Under cutthroat competition who is going to build those terminals, yards and maintenance facilities in the world envisioned by the Hon. Member for Mississauga South? The answer is no one is going to be stupid enough to do it. If the Government side doubts me, let them insist that the committee travel to the U.S. so they and I can be better informed, if they dare.

I have another example of the Government's Party line differing with reality. There was a comment yesterday about safety codes. There is no safety code, national or otherwise, in trucking. Because the Government has not set it as a priority, for all its talk, there may never be a national safety code.

• (1240)

I am informed that last week in Victoria a meeting of the Canadian Conference Motor Traffic Authority, which is the principal body of provincial, federal and industry trucking agencies, broke up in disgust as they were unable to reach any agreement on vehicle inspections and other safety issues. I am told that there were threats of legal action by some shippers in attendance. The federal Government also participates in CCMTA and, therefore, has no excuse for not knowing that what I say is true.

The Government knows that the trucking industry does not want this Bill with no safety code in place. It also knows that no safety program was to be in place until at least 1989. Now even that date is in doubt. The Government does not realize that if this Bill were delayed it would have more clout with the

provinces to standardize inspections. The Government does not understand that there will be a national safety fiasco. Has no one informed the Government that the Americans have already told the Province of British Columbia that they would ignore B.C. inspection regulations as well as those of the other provinces? Why would the Government proceed down such a slippery slope of economic deregulation without cleaning up this mess in advance?

If the Government policy is to deregulate, a national safety code which would be enforced and a national vehicle safety board with the participation of the 10 provinces, the two territories and the federal Government, must be in place before we proceed with this legislation.

I want to dwell for a few minutes on another serious matter. This Bill is not only seriously flawed, but constitutes a breach of the terms of the Memorandum of Understanding on the reform of extra trucking regulation which was agreed upon by the former Minister of Transport and the transport Ministers of the 10 provinces and the two territories. With this legislation the Government has broken an agreement with the provinces and territories. It has violated the federal-provincial consultation which the Prime Minister (Mr. Mulroney) and the Government have raved so loud and long that they would enhance.

As one example, according to the Memorandum of Understanding, the question of the entire elimination of economic regulation in favour of fitness only entry tests was to be given further study. There was clearly no agreement to completely deregulate the system after three years, or at any time, nor was there any consensus that the new entry standard was intended to be transitional only. That was not in the Memorandum of Understanding and there was no consensus on it among the provinces and the federal Government. However, the Bill contains automatic sunsetting on this new shifted burden of proof of entry regime which Clause 30 imposes.

As another example of violation of the Memorandum of Understanding between the provinces and the federal Government, Manitoba agreed to sign the understanding on the basis that an interested person would only have to demonstrate that the granting of the application would be potentially detrimental to the public interest. This legislation leaves out the word "potentially". The entry standards document which the council of Ministers adopted provided that an application could be opposed on the grounds that the applicant is unfit, unwilling or unable to operate the undertaking. The Bill has replaced the words "is unfit" with a different criterion. This is like throwing a deck of cards up in the air and hoping that they all land in proper order.

The Memorandum of Understanding used the words "economic or social development", but in the Bill we see "the economic or social development of Canada". Manitoba signed the Memorandum of Understanding on the understanding that the impact of a proposed service upon the economic and social development of Manitoba would be considered by the transport board. The legislation leaves out such words as "or a province" or "or a region of Canada". Those words do not appear in the Bill.

Another area which violates the Memorandum of Understanding is with regard to the national definition of fitness recommended by the CCMTA. The legislation proposes that fitness certificates or licences issued by one jurisdiction to a carrier domiciled in that jurisdiction be recognized by other provinces. That would mean that a carrier which got a fitness certificate in one province could operate in any other province or territory and in the United States. Due to the wording of the Act, a provincial transport board which simply recognized a licence from another province and made no independent assessment of the carrier's fitness would likely be found by a court to be illegally fettering its discretion. One province could have very slack rules on the matter of the fitness and quality of trucks and equipment, on maintenance standard and procedures, and with regard to the number of hours which a driver may drive without rest. The province with the poorest fitness standards could issue a fitness certificate to a carrier who could then operate anywhere else in Canada without having to worry. A province which has good standards could do nothing about that under this legislation. That is another violation of the Memorandum of Understanding. So much for the sound and consultative federal-provincial relations. That is another example of the betrayal by the Government of an understanding which was signed by everyone.

Another issue is that of international trucking and our relations with the United States. There is today a Bill before the U.S. Senate which provides for the levying of heavy vehicle user taxes on all trucks which use the interstate highway system, which is partially financed by the federal authority in the United States. In the case of Canadian truckers, the additional tax will amount to some $700 per vehicle. There is no provision in Canada for an equivalent tax on U.S. trucks coming here. It is another sell-out of the worst kind. The Government is prepared to allow the U.S. trucking industry, which is massive compared to our industry, to come into this country. It will be allowed to operate in this country under a regime that Canadian trucking and railroad companies cannot have in the United States.

• (1250)

Those so-called Canadians sitting over there, sit back and quietly acquiesce to this kind of betrayal of our sovereignty and independence over transportation with the United States. I hope the Government will withdraw this legislation and wait until the national safety code is in place, until there is a national safety board that is functioning with the full agreement of the provinces, and there is a uniform national standard of safety, equipment, maintenance, and work rules that provide for the safer operation of the trucking industry. That should be in place before the Government deals with this legislation which violates a federal-provincial agreement.

[*Translation*]

Mr. Grondin: Mr. Speaker, I thank the Hon. Member for his intervention. In his statement he made a few references to the difficulties or dangers which might result from an invasion of the Canadian road transport industry by the American giant, but his colleague from Winnipeg North Centre (Mr. Keeper) raised the transportation safety problem. Surely my colleague is aware of the fact that State of California authorities are reconsidering their decision to deregulate and now want to restore regulations. This seems to indicate they have gone too far with deregulation, they now want to reverse the process and impose some rules to avoid problems, particularly with respect to safety in the transport industry. I should like to know whether my colleague might not see in this decision of the State of California a very timely lesson for Canada, an indication that we should at least weigh the pros and cons before endorsing a deregulation process which might seriously compromise the whole transportation safety program.

[*English*]

Mr. Benjamin: Mr. Speaker, let me refer to what Judge William A. Turkish of the California Board that is holding re-regulation hearings had to say. He said:

—there is a great deal of evidence deregulation and partial deregulation in California have played a role in the increase of truck (accident) rates between 1981 and 1984.

When the truckers testify, as they did in the reregulation proceeding, that they are going out of business in huge numbers and are cutting corners by driving longer hours than is legal, at speeds that are illegal and in vehicles that are not properly maintained, then I'm concerned—and you should be too.

The evidence not only comes from California but a number of other U.S. jurisdictions, including Ohio, which is also considering the same steps. The federal authorities in Washington are also very concerned about what has happened in the trucking industry since deregulation.

Mr. Kilgour: Mr. Speaker, I have a number of questions for the Hon. Member. First, what is his opinion about the approximately one million Canadians who work in industries that depend upon transportation? Transportation in Canada is about 1 per cent to 2 per cent more than our sales competitors around the world. Obviously, distance is a factor, but it seems that we must become more competitive in the transportation sector.

With respect to California, it is my understanding that a number of other states have found that economic deregulation has worked very well. However, I will agree that California does have some difficulties.

Third, no one in the United States has dealt properly with safety. The Hon. Member knows that we intend to deal with safety first, within the safety code. That is a very important distinction to be made between our approach and that in the United States.

The Hon. Member mentioned the meeting in Vancouver of the Canadian Conference of Motor Transport Authority. I understand from someone who was there on behalf of the Department of Transport that the meeting went very well and there was agreement on a number of items with respect to safety. He was not aware of any shipper who threatened legal action, and perhaps the Hon. Member could tell us the nature of that claim.

Finally, with respect to the American Senate, we completely agree with the Hon. Member that the $550 per vehicle would appear to violate the Brock-Gotlieb agreement. The Minister of Transport (Mr. Crosbie) has protested that matter. I understand there was an agreement not to add this type of penalty prior to hearing from the consultative committee, yet the Senate has proceeded, quite improperly. We agree with the Member fully on that point.

Mr. Benjamin: Mr. Speaker, if the Hon. Parliamentary Secretary agrees that the Senate in the United States has acted improperly, why not make a reciprocal provision in Canadian law that will serve notice on the U.S. administration and Congress that we will deal with their transporters coming to Canada in the same manner? I have not heard the Minister make a statement on government policy in this area. The Government can send all the letters of protest it wants, they will not be given any attention. The U.S. Congress will act as it pleases, no matter what the U.S. administration or the U.S. President says. It will override vetoes more frequently than before.

Let me comment on the safety code. I have heard intentions and statements that there will be no compromise on safety from the last five Ministers of Transport. There has been nothing but compromises of safety in rail, truck and air transportation. We have heard promises and declarations of good intentions on a national safety code, an accident investigation board, an air safety code, a trucking safety code and a rail safety code. Nothing is in place and there is no legislation before Parliament. The Government is still attempting to draft the legislation, but it cannot get a consensus on trucking from the provinces. I predict that there will not be any such legislation for the trucking industry, let alone air or rail, before 1990 or 1991.

The Parliamentary Secretary stated that there are some one million Canadians who work in industries that are dependent on transportation. I know very few industries that do not depend on transportation. In fact, I cannot think of one that is not dependent on transportation in some form or another. Even the local McDonald's restaurant depends on trucks to bring in supplies. Therefore, what is the relevance of that point?

It is in the worst interests of industry and businesses in Canada if we do not have a transportation system in all modes that is not only competitive, safe and efficient but also economically viable. When there is a system of fly-by-night operators who operate as they please, that will not provide reliable and economic service to shippers and receivers. Unless there are some standards and rules for the transportation industry, the shippers and receivers will be the first ones to suffer.

Mr. Deputy Speaker: It being one o'clock, I do now leave the Chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

TRADE

CANADA-UNITED STATES NEGOTIATIONS—POULTRY AND DAIRY INDUSTRIES

Mr. Maurice Foster (Algoma): Last month Daniel Amstutz, U.S. Under-Secretary of State for International Affairs, said the United States wants sweeping and fundamental changes in how Canada's Farm Marketing Boards operate, in the free trade deal. Last week the Minister for International Trade (Miss Carney) refused to clarify whether farm product marketing boards were being negotiated in the free trade deal. Yesterday the Minister said that the Canadian system of marketing wheat was not a subject for the free trade negotiations.

However, the Minister has not said that supply management and marketing boards for poultry and dairy products will not be on the table for negotiation in the free trade talks. Meanwhile, reports persist that our Canadian marketing systems will be negotiated away by the Government to the U.S.A. I call upon the Government to make a clear statement that our supply management and marketing board system for the poultry and dairy industries will not be destroyed by free trade.

* * *

EDUCATION

LACK OF FUNDING IN NEW BRUNSWICK

Hon. J. Robert Howie (York—Sunbury): Mr. Speaker, the National Conference on Education mentioned in the Speech from the Throne is a major step forward in addressing one of the greatest problems facing our country. At our New Brunswick universities, lack of funding has created a critical situation for our libraries. We have overcrowded classrooms, outdated equipment, insufficient building maintenance, and staff shortages. It can also mean increased tuition fees which are already among the highest in Canada.

In New Brunswick schools we have seen French immersion programs moved from Grade 1 to Grade 4, and our educational system is not able to employ an adequate number of important teaching specialists. If this conference successfully addresses the questions of funding and jurisdiction and provides a continuing vehicle for future input, it will have made an important contribution to Canada's most precious asset, our young people.

* * *

EMPLOYMENT EQUITY

NATIONAL CITIZENS COALITION STATEMENT CONDEMNED

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, this morning on CBC Radio the National Citizens Coalition was reported as opposing equal pay because: "The reason women are paid less is that married women are less valuable than their husbands. They drop out to raise children and their job skills slip". We deplore this kind of negative stereotyping which denies equality rights for women. Equal pay for work of equal value is a fundamental principle of Canadian justice which is upheld by the Canadian Human Rights Commission. Despite this, married women continue to be exploited in part-time and low paid jobs. This is encouraged by the statements of the National Citizens Coalition.

Many enlightened employers find women who have been homemakers bring organizational and human relations skills to their jobs, and are often more reliable and motivated than younger employees. These qualities should be recognized on job resumés as is done by the City of Vancouver.

We call upon the Minister responsible for the Status of Women to challenge these kinds of discriminatory statements which encourage exploitation of women workers.

* * *

ENERGY

OIL AND GAS INDUSTRY—RESTORATION OF DEPLETION ALLOWANCE URGED

Mr. Alex Kindy (Calgary East): Mr. Speaker, the unemployment rate in Calgary rose from 10 per cent to 12 per cent last month. Thirty thousand people lost their jobs in Alberta last year because of the slump in the energy sector. Some 50 per cent of the geophysical contractors are out of work.

When the national energy policy was established, the oil and gas industry lost its depletion allowance. It is now the only sector—and I repeat—the only sector in the mining industry which does not benefit from this incentive to explore. To be seen to be fair, we have to restore the depletion allowance to the oil and gas sector of the mining industry.

S. O. 21

[*Translation*]

ACID RAIN

MAPLE TREES—NECESSITY TO COMPENSATE MAPLE SYRUP PRODUCERS

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the Agricultural Producers' Union wrote the Minister of State for Forestry and Mines (Mr. Merrithew) and the Prime Minister (Mr. Mulroney), enclosing an invoice for the acid rain devastation of our maple forests. Then the group sent copies of these letters to the members of the Standing Committee on Agriculture and those of the Standing Committee on Environment and Forestry to which the Minister belongs, of course.

Some 10,000 Canadians earn their living in the sugar maple industry. In recent years acid rains have been the source of deterioration of most sugar maples and of healthy trees in maple syrup producing regions. By the same token, the jobs of many Canadians are jeopardized and a major component of Canada's legacy is threatened.

Not only is the Government not prepared to take action and help maple syrup producers, but the Minister of Environment admits he is not aware of the producers' request for compensation to offset their losses.

Acid rains are indeed a problem which the ongoing devastation of Canadian maple forests makes even more obvious.

Time has come for the Conservative Government to assume its responsibilities by once and for all coming to grips with the issue of reducing acid rain producing emissions, and offering to compensate maple syrup producers for the tragic losses they have incurred.

* * *

POLITICAL PARTIES

POLITICAL ACTIONS

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, yesterday, Liberals and New Democrats took a step that may jeopardize our democratic system when they indulged in a series of unfounded attacks against members who are doing their best to attract investment and jobs to their ridings for the benefit of their constituents.

Mr. Speaker, I want to warn the Liberals and the New Democrats against this approach and the methods they are using to destabilize the Government. They should realize that when things get stirred up, events once forgotten may rise to the surface.

Mr. Speaker, I think we should recall that the mother of a very active member opposite was appointed as a citizenship judge in June 1976. I also see the sister of a prominent Liberal who was also appointed as a judge in July 1980, while the brother of another Liberal was appointed ambassador to Mexico and another is a cousin of the former Prime Minister, and so on. These are very competent people whose reputations might be tarnished in the course of an escalating exchange of accusations in the House.

Mr. Speaker, in September 1984, I believed that it was a Member's duty to defend his constituents and improve the economy of his riding, and that the Opposition, through criticism, contributed to the debate on proposed legislation. Unfortunately, we are being stifled by a veritable psychosis of innuendo and partisan revenge. Outside, my constituents wonder what we are doing here and why we aren't discussing the problems of youth and homeless Canadians, all of which puts the political stability of this Government in jeopardy.

* * *

• (1405)

[*English*]

SEARCH AND RESCUE

SEARCH FOR VESSEL MISSING OFF VANCOUVER ISLAND

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, the vessel *Scotia Cape* and her seven-member crew remain missing at sea off the northern tip of Vancouver Island. The disappearance of the steel-hulled dragger last seen 13 days ago is a sombre reminder of the peril of the sea, the daily dangers faced by those in the fishing industry, and the need for more search and rescue facilities on the West Coast.

Today, dozens of concerned British Columbians brave the winter Pacific in private aircraft and small vessels in a search for the *Scotia Cape*. They work with the dedicated people at Victoria Rescue Co-ordination Centre, 442 Squadron at Comox, and the Coast Guard, in this and other search and rescue efforts.

The search for the *Scotia Cape* is a reminder that decades of Liberal government neglect of search and rescue facilities on our coasts have not been addressed by the Conservative Government. The Coast Guard, Air-Sea Search and Rescue, and volunteers, need more commitment from the Government and more resources to prevent the loss of lives.

* * *

CANADIAN WHEAT BOARD

LACK OF FINAL PAYMENT FOR HIGH GRADE WHEAT

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, I rise today to draw the attention of the House to the basic unfairness in the Canadian Wheat Board's recent statement that there would be no final payment on hard wheat sold during the 1985-86 crop year.

The growers who produced the higher quality wheat are particularly disadvantaged by this move, since the Canadian Wheat Board made a profit of $54 million on the sale of their wheat. Under the pooling system, this profit was transferred to reduce the loss incurred on the sale of lower grades.

Since the higher grade of wheat is produced in smaller quantities, these growers are being penalized twice—once for a lower yield and again by a price that was lower than the one received by the Canadian Wheat Board for their product. All western farm organizations are united in the view that there must be a change in the method of determining final payments made to grain producers in order to ensure that the producers of this high quality grain reap the profits of their labour.

I urge the Minister of State for the Canadian Wheat Board (Mr. Mayer) to address this matter, not only on behalf of my constituents but on behalf of all western Canadian grain producers.

* * *

RAILWAYS

CALL FOR REINSTATEMENT OF WINNIPEG UNDERPASS PROJECT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, on the weekend there was a tragic traffic accident on the CN main line on Waverley Street in Winnipeg. This accident need not have happened if the federal Government had followed through on a commitment that had been made in 1984 to build an underpass. That was part of a program that was to spend $15 million across Canada. Underpasses were built in the Provinces of Ontario and Quebec under the program, but in Manitoba the program was cancelled.

Once again this is an example of how the Government tends to treat those in the west as second-class citizens. Road safety should not be sacrificed as part of that attitude. I call upon the Minister of Transport (Mr. Crosbie) to reinstitute immediately that program so that we will not have future tragic accidents on the Waverley overpass of the CNR.

* * *

• (1410)

FORESTRY

NOVA SCOTIA—FEDERAL-PROVINCIAL AGREEMENT

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, on Saturday I had the pleasure of joining with the Minister of National Revenue (Mr. MacKay) and the Hon. Member for South West Nova (Mr. Comeau), in announcing a $38 million forestry agreement with Nova Scotia. Over the next two years the federal Government will commit $22 million as an investment in the forests of Nova Scotia. This is in addition to the $10 million Cape Breton forestry initiative of 1986.

Our Government clearly understands the importance of the forestry industry to Nova Scotia. A healthy forest is essential for a healthy economy. Thousands of jobs depend on the continued good health of the forest industry in Canada. Improved management techniques will result in more jobs per acre, and more money in our economy.

I wish to congratulate the Government for avoiding a lapse between the expiry and the renewal of the agreement. The last time the former Liberal Government caused serious injury to the forest industry of Nova Scotia because of its failure to act in a sensitive manner. We have responded.

* * *

INDIAN AFFAIRS

BAND MEMBERSHIP REGULATIONS—DEADLINE FOR IMPLEMENTATION

Mr. Rod Murphy (Churchill): Mr. Speaker, I must point out the insensitivity of the Conservative Government to the concerns of our native people. Native bands throughout Manitoba and elsewhere are being forced to rush monumental and vital decisions about their futures because of bureaucratically imposed deadlines.

The federal Government has decided that native bands have until June 28 to discuss and implement regulations for future band membership. If this deadline is not met, the Department threatens to impose its own guidelines arbitrarily and remove all degree of choice and decision from the duly elected bands. We must recognize that such decisions are essential to the future of these bands, and cannot be unduly rushed. After the countless delays created by the federal Government, Parliament, and the Department of Indian and Northern Affairs in regard to Bill C-31, it is entirely inappropriate for the Indian bands to be expected to meet this arbitrary deadline.

The actions of the federal Government in this case are especially offensive in light of the slow progress in the implementation of native self-government through our Constitution. The federal Government has abdicated leadership at this crucial time. With the federal Government neglecting its duty to provide leadership in this area, it is ridiculous for the same Government to impose artificial timetables regarding band reinstatement.

S. O. 21

[*Translation*]

NEW DEMOCRATIC PARTY

FINANCING

Mr. Gabriel Fontaine (Lévis): Over the weekend, Mr. Speaker, the Leader of the socialist Party stammeringly uttered a few incoherent words about his political Party's funding sources.

Mr. Speaker, the leader of the socialist Party should clearly tell the House where his Party gets its funds, and spell out the decisions and measures the socialist Party intends to take in connection with Ontario Supreme Court Justice John White's ruling that workers' dues which, in accordance with the Rand formula, are deducted from the wages of employees who do not belong to the union can only be used for union purposes.

Why does the socialist Party use these funds? It is a question of principle and forthrightness, Mr. Speaker, and the Leader of the socialist Party must shed light on his Party's nebulous sources of funds.

The morality of his Party is at stake. Will the socialist Party refund the money thus unjustly taken from the wages of Canadian workers?

* * *

[*English*]

INCOME TAX ACT

CHANGE AFFECTING BRITISH COLUMBIA SKY TRAIN PROJECT

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, Canadians are in favour or closing tax loopholes, but it is essential for the integrity of our tax system that this be accomplished in a fair and orderly manner.

It is unacceptable for the federal Minister of Finance (Mr. Wilson) to legislate retroactively, in the form of a press release important changes to the Income Tax Act, which occurred last week in the case of the British Columbia SkyTrain offering. Canadians, and more particularly the residents of the Province of British Columbia, have a right to plan their tax affairs with the knowledge that the rules will not be changed once the game is over. Canadians also wish to know if—and I stress if—the British Columbia Minister of Finance was correct when he stated that this retroactive change was grossly unfair because the federal Minister of Finance had not objected to three previous uses of the same tax provision.

One can only add, so much for the Prime Minister's (Mr. Mulroney) empty promises of "national reconciliation". Surely the provinces deserve better treatment from this Government.

SOCIAL AFFAIRS

EXISTENCE OF FOOD BANKS—CONTRIBUTION MADE BY LIBERAL PARTY IN TORONTO

Mr. Sergio Marchi (York West): Mr. Speaker. the plight of Canada's hungry is reaching alarming proportions. They are becoming increasingly dependent upon the generosity of food banks across the country. Last year food banks served over 300,000 Canadians.

• (1415)

In Toronto alone more than 61,000 people relied on the 2.1 million pounds of food distributed by food banks, agencies, and churches across the city. Hardest hit by this epidemic are those on welfare, the elderly, and the unemployed. However, it also includes single-mother households and the working poor who, with sky-rocketing housing costs and low wage rates, find it impossible to provide nutritious warm meals for themselves.

Today's line-ups are now as commonplace as the desperation of many in the mid-1930s. In an attempt to sensitize people to this national dilemma, last night the Liberal Party raised approximately $30,000 and 10 vans of food for the daily food bank of Toronto.

However, perpetual hand-outs are not the answer. To combat the crisis of hunger and poverty we need a comprehensive socio-economic policy which will eliminate the humiliating necessity of human beings lining up for their daily bread. Only then will we put the food banks out of business, which is the first priority.

* * *

MEMBERS OF PARLIAMENT

TWENTY-THIRD ANNIVERSARY OF ELECTION OF MEMBER FOR SAINT-DENIS

Mr. Speaker: I know Hon. Members would want me to bring to the attention of the House the fact that this is the twenty-third anniversary of the Hon. Member for Saint-Denis (Mr. Prud'homme) in the House of Commons.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Turner (Vancouver Quadra): Mr. Speaker, one learns to survive.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—FEDERAL-PROVINCIAL CONSULTATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, let me quote from the Prime Minister in Newfoundland on June 14, 1984. I am using his words: "when Brian Peckford and other Atlantic Premiers sit down with Brian Mulroney to negotiate, they will get a new deal, a fairer deal, and a better deal". I ask the Prime Minister whether the recent deal on cod with France is the style of better deal he had in mind for Atlantic Canada. Doesn't last night's emergency meeting of provincial Premiers fly in the face of his commitment to the country for better federal-provincial relations?

Right Hon. Brian Mulroney (Prime Minister): Not at all, Mr. Speaker. I think it indicates the sense of reasonableness which exists even with tensions in our federal state. I think my right hon. friend was referring to a statement that I made in regard to getting a better deal for Newfoundland and Labrador on the offshore which had been paralyzed, the negotiations thereto, for some 15 years by the previous Government. I was making a commitment on behalf of my Party that, if we were called upon to form a Government, we would negotiate a better deal for the people of Newfoundland and Labrador, and by universal judgment that has been the case.

PREMIERS' COMMUNIQUE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Prime Minister talks about the offshore. I ask him whether or not the fishermen of Newfoundland count equally in that particular purview of the Prime Minister. The emergency meeting last night of provincial Premiers seems to be slightly out of phase with the Prime Minister's commitment to national reconciliation. Does he agree with the words of the unanimous communique of the provincial Premiers last night in Toronto when they said on the cod deal that it "was concluded in a manner which is inconsistent with the basic principles of Canadian federal-provincial relations"?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in regard to the first part of the question, my right hon. friend did not ask about the fishermen. He was making reference to a quote from me that was made with regard to the offshore which we proceeded to deal with immediately, and I have responded to that.

With regard to last night's statement, the provincial Premiers are well entitled to their opinion. I have stated the view of this Government, that Parliament shall speak for the interests of all Canadians. But, in regard to the specific question of process to which this refers, my hon. colleague, the Deputy Prime Minister, has already conveyed the regrets of the Government that that process was deficient, and has called upon the Government of Newfoundland and Labrador to re-engage in intensive consultations with the federal Government and the provinces to ameliorate the situation.

* * *

[*Translation*]

FISHERIES

REQUEST THAT GOVERNMENT REVISE CANADA-FRANCE ACCORD

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, since the Prime Minister has yet to tell the country why the cod fishing accord is in the interest of Canada, is he prepared to accept the requests of the provincial premiers, either to revise or cancel the accord?

Right Hon. Brian Mulroney (Prime Minister): Again the Leader of the Opposition is mistaken, Mr. Speaker. They did not ask that it be cancelled, as far as I know, they asked that it be revised, but not revised in itself.

• (1420)

[*English*]

"—to review the terms of the Canada-France Agreement to ensure that it maximizes Canada's use of this vital fishery resource." My right hon. friend left out a very important aspect of it, thereby distorting the entire meaning of the Premiers' communiqué. In regard to this, we are indeed engaging with the Government of Newfoundland and Labrador and the Governments of other provinces that might be interested in steps to ameliorate the situation.

RESPONSIBILITY FOR CONCLUDING AGREEMENT

Mr. George Baker (Gander—Twillingate): Mr. Speaker, Canadians have heard over the last couple of days the Minister of Transport, all alone, acting like Mr. T, confronting the self-confessed intellectual terrorist, the Premier of Newfoundland, and I dare say he has been wondering where the rest of his A-Team is. I would ask the Minister or his stand-in to confirm that the most guilty parties in this entire affair are the Prime Minister's Office and the Canadian Embassy in France.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think my hon. friend knows full well that when a decision is entered into, it engages the responsibility of the entire Government. While the Hon. Member may disagree with that and indeed question it at will, it represents a decision of the Government of Canada, freely arrived at. In response to my right hon. friend, we indicated that the matter he raised will be dealt with.

CANADIAN EMBASSY'S INTERPRETATION OF AGREEMENT

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the *note verbale* from the Canadian Embassy to the Government of France says that these quotas exceed the legal obligations of Canada, that the cod allocations in the Gulf, including those off the Prime Minister's riding, may now be fished outside the Gulf for this year, and that the prohibition against French fishing vessels on the Burgeo Bank has been removed. The last straw is that licence fees have been reduced this year over last year at the request of the French. Does the Prime Minister recall saying in Newfoundland in 1984 that he was not afraid to inflict prosperity on Newfoundland? Under whose direction is the Canadian Embassy in Paris now inflicting prosperity on France? Canadian fishermen are being French-fried.

Some Hon. Members: Hear, hear!

Right Hon. Brian Mulroney (Prime Minister): Time, Mr. Speaker. I will not try to compete with that one. The Leader of the Liberal Party in Newfoundland is in the galleries and I think George is competing for something down there.

Some Hon. Members: Hear, hear!

Mr. Mulroney: Mr. Speaker, clearly, as I indicated in an earlier response, the action taken was in the interests of the fishermen of Newfoundland and Labrador. That was our principal concern, as our principal motivation in regard to the offshore was the negotiation of an agreement that would allow Newfoundland and Labrador a fair share in the manner in which these resources could be developed. That is exactly what we intended in regard to this. We hope that the ultimate negotiations will not only result in my hon. friend agreeing that that is the case but will meet with the complete satisfaction of the Newfoundland fishermen whose interests we are deeply committed to protecting.

* * *

[*Translation*]

THE ADMINISTRATION

ROLE OF PRINCIPAL SECRETARY TO PRIME MINISTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. We have learned today that the Principal Secretary to the Prime Minister had direct discussions with local riding Conservatives about the possibility of a Liberal or a Conservative company being awarded a contract. According to the Prime Minister, is that the proper role of the Principal Secretary to a Prime Minister of Canada?

Right Hon. Brian Mulroney (Prime Minister): I think the question of the Hon. Member is rather funny. It seems to me that the statement of Mr. Bernard Roy, who is well known for his frankness and integrity, was clear, absolutely clear. If anyone is aware of facts likely to contradict a statement by such a man, go ahead!

• (1425)

[*English*]

PRINCIPAL SECRETARY'S DUTIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, part of the statement made by the Principal Secretary to the Prime Minister confirmed he had discussions with Conservatives at the constituency level about certain contract possibilities. My question is straightforward and serious. Does the Prime Minister believe it is the role of the Principal Secretary to the Prime Minister of Canada to be involved in discussions about the submission and resolution of contracts, or should such details not be left to the Departments which have responsibility for contracts in the Government of Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Leader of the NDP reveals the very shocking fact that my Principal Secretary had discussions with Conservatives. It is a comment on the poison which has been engendered in the atmosphere of this House that a distinguished parliamentarian would seriously raise a question of this nature. Of course it is the right of a Principal Secretary, or any other Canadian—I assume the Chief of Staff of my hon. friend can deal with members of the NDP and speak to them on a regular basis without there being anything wrong at all. If my hon. friend has anything against a man who has accomplished a great deal in his life I ask him to bring it forward, if he has anything at variance with what Mr. Roy has said.

RESPONSIBILITY FOR GOVERNMENT CONTRACTS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, we are discussing the role of the Principal Secretary to the Prime Minister. The contract I have referred to has already led to the criminal conviction of one person. That is not in dispute. The Principal Secretary to the Prime Minister has acknowledged being in direct discussions with local members of his own Party about contract procedures. Considering that, is it not the best standards of political leadership in the country for the Principal Secretary to the Prime Minister to stay entirely away from such matters?

If such questions are put to the Prime Minister's Office should they not get a clear message that it is not the role of the Prime Minister nor of his Principal Secretary to deal with contracts, that it is the responsibility of another Department of the federal Government?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Leader of the NDP has changed his tune again. My Principal Secretary—

Mr. Broadbent: It is the same question three times.

Mr. Mulroney: The last question dealt with his apprehension and concern that Mr. Roy talked "about contract procedures".

Mr. Broadbent: Yes.

Mr. Mulroney: He is, I suppose, as a Canadian citizen and as a member of the political process, entitled to talk about contract procedures—

Some Hon. Members: Oh, oh!

Mr. Mulroney: If there is anything shocking in anyone talking about contract procedures—

Mr. Broadbent: Nothing shocking at all.

Mr. Mulroney: If my hon. friend was consistent with the tradition he has long espoused in this House he would state that if Mr. Roy, in the absence of proof to the contrary, spoke about contract procedures, he did so in an entirely proper and correct manner.

[*Translation*]

REQUEST FOR PUBLIC INQUIRY INTO CERTAIN PRACTICES

Hon. Jean Lapierre (Shefford): Mr. Speaker, my question is directed to the Prime Minister. So far, in the riding of Drummond, a Conservative has been convicted of influence peddling. Yesterday, the Prime Minister's Chief of Staff admitted he had been involved in this matter at least 10 times during the year 1985-1986. We also know that there was political interference with the Public Works documents before the contract was awarded. I want to ask the Prime Minister why he doesn't ask for a public and independent inquiry so as to safeguard the integrity of the public tendering process.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it is—it's really a shame to see a lawyer and former Minister make accusations of this kind. It must be a great disappointment to the two Members facing him. He is indirectly accusing my chief of staff. This is a tissue of lies, a base and gratuitous attack, and if the Hon. Member has any facts, I would ask him—

Mr. Lapierre: Yes.

Mr. Mulroney: He says yes. He says he has facts. Well, let him bring those facts to the attention of the House and the police right now if he feels there has been an infringement of the law.

Mr. Lapierre: Well, I would say to the Prime Minister that if he were to make his own enquiries to find out who was involved in this interference, he would be surprised.

• (1430)

[*English*]

Since his buddies are clearly involved in this mess, is the Prime Minister avoiding a public and independent inquiry just to protect his cronies?

Some Hon. Members: Oh, oh!

Mr. Crosbie: That's enough.

Miss MacDonald: Come on, Jean.

Mr. Mulroney: Mr. Speaker, I did not hear the question, but I assume it was as slanderous and malicious in English as it was in French.

Mr. Gauthier: That's unparliamentary.

Some Hon. Members: Oh, oh!

Miss MacDonald: If you have charges to make, have the courage to get up and make them.

Mr. Speaker: The Prime Minister said that he did not hear the question. As a consequence, he is imagining a question he did not hear. He says that if he had heard the question which he did not hear, it would be as he described it in unparliamentary terms. Under the circumstances, perhaps the Hon. Member could put the question in terms which are so very clear that the Right Hon. Prime Minister will not have to imagine what the question was, or describe what he imagines the question to be.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Lapierre: Mr. Speaker, I think that if the Prime Minister can comment on a question he did not hear, we can also assume he glosses over facts he prefers not to see.

I want to ask the Prime Minister: Why not have a public and independent inquiry that will show to what extent people in his entourage were involved in this Public Works affair? I want to ask the Prime Minister: If he has nothing to hide, why not have this inquiry?

[*English*]

Mr. Mulroney: Mr. Speaker, the sounds in the House prevented me from hearing specifically all of the first part of the Member's last question. I took the liberty of saying what I did because I think that fairness would reveal that a consistent pattern of vituperation and false and misleading statements which are designed to smear innocent reputations has been contained in all of his questions in this area. The Member nodded the last time and said he had facts. Let him produce the facts or withdraw his false and baseless accusations.

Some Hon. Members: Hear, hear!

DRUMMONDVILLE CONTRACT—ACTIONS OF PRINCIPAL SECRETARY TO PRIME MINISTER

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Prime Minister and is with regard to the awarding of a contract which was not awarded to the lowest bidder, a contract which was not awarded to the group which was recommended by the Montreal regional office.

How can the Prime Minister justify the fact that his Principal Secretary, following a meeting with active members of the Conservative Party from the Drummondville region, personally contacted the Chief of Staff of the Minister responsible for one of the offices and asked that Minister questions with respect to the renewal of the contract for the CIDA building? Does the Prime Minister not recognize that his Principal Secretary has no business involving himself in such a contract but should, instead, be doing the business of the Prime Minister? He should not be getting involved in helping Tories get contracts from Liberals.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think my Principal Secretary has made a pretty clear-cut statement which should banish any doubt in the Hon. Member's mind as to any improprieties and illegalities of any kind with regard to his conduct or that of anyone associated with him in this matter. If, however, my hon. friend has any facts at variance with what I have just said, I think it would be proper and helpful to the House and the country for him to lay them before the House so the public can consider them.

Mr. Robinson: Mr. Speaker, I am referring to the facts given by the Principal Secretary himself with respect to his representations.

P.C. CANADA FUND CONTRIBUTION

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, in view of the concerns expressed by the Prime Minister and his Quebec colleagues on public morality, with particular reference to political party contributions, how can the Prime Minister possibly justify the fact that the PC Canada Fund includes $50,000 which was paid by André Hamel on the recommendation of Pierre Blouin in order to get a contract? Does the Prime Minister not think that public morality would insist that that kind of tarnished money be returned and not used for the Conservative Party of Canada?

[*Translation*]

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think that generally speaking, this is being investigated, by the police, and I will wait for the results, if any.

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF U.S.S.R. MINISTER OF SPORT

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of Mr. Marat Gramov, Minister of Sport for the Union of Soviet Socialist Republics.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF NOVA SCOTIA MINISTER OF ENVIRONMENT

Mr. Speaker: I would also like to draw to the attention of members the presence in the Gallery of the Hon. Laird Sterling, Minister of Environment for Nova Scotia.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF NEWFOUNDLAND AND LABRADOR LEADER OF THE OPPOSITION

Mr. Speaker: I am sure Hon. Members will also be pleased to know of the presence in our Gallery today of the Hon. Leo Barry, Leader of the Opposition in the Province of Newfoundland and Labrador.

Some Hon. Members: Hear, hear!

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THE ADMINISTRATION

PUBLIC WORKS CONTRACT IN DRUMMONDVILLE—REQUEST FOR PRODUCTION OF INTERNAL CORRESPONDENCE

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Prime Minister and is also with regard to the Public Works contract in Drummondville. Yesterday in the House the Minister of Public Works refused to give a commitment that the Public Works staff evaluations, the recommendations and the correspondence would be tabled in this House, offering, instead, to let me see some Treasury Board submissions.

Will the Prime Minister let the House and Parliament see that internal correspondence? Why will he not let us see that? Is it because the staff recommendations were changed, altered, or overturned, or is there something else to hide? Is that why we cannot see that information?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I should make it clear for all Members of the House that the Brodilaf group made the lowest tender in the Drummondville contract. There were other considerations such as moving and fit-up costs. There were additional considerations such as real value, the location and age of the building, and access for the disabled. With regard to all those factors, the Government made a decision to award the contract to the Brodilaf group which had the best tender.

ACCESS TO INTERNAL DOCUMENTS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am not sure that the Minister's definition of a best bid and my definition of a best bid are the same. I ask him to table that documentation in the House so that we can judge it.

[*Translation*]

In the light of the admission that there was some involvement on the part of the Prime Minister's Office and considering the inside information from Public Works that was leaked previously, I want to ask the Prime Minister: What specific security measures were taken to ensure that only authorized officials of the Department of Public Works had access to all the internal documentation? Is he prepared to state that such security measures were taken, and if not, why not? Who saw them?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in the preamble to his question, the Hon. Member said there was involvement on the part of the Prime Minister's Office. That is utterly false.

* * *

• (1440)

[*English*]

THE ADMINISTRATION

MINISTER OF TRANSPORT'S FISHING TRIP

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Minister of Transport. The Minister has confirmed that late last August he went on a fishing trip with the presidents of two airline companies.

Some Hon. Members: Oh, oh!

Mr. Shields: Scandalous!

Mr. Young: Given that the airlines have a special relationship with the Minister's Department, will he not agree that this kind of association flies in the face of the Prime Minister's declaration that even giving an appearance of a violation of the conflict of interest guidelines—

Some Hon. Members: Oh, oh!

Mr. Mazankowski: Get serious.

Mr. Young: For heaven's sake, I am trying to ask a question.

Mr. Cassidy: This is serious.

Mr. Mazankowski: Get serious.

Mr. Keeper: Get civil.

Mr. Speaker: I think the Hon. Member has nearly completed his question.

Mr. Young: I am trying to ask this question in the most civil way I know. I would appreciate if Hon. Members opposite would listen to the question rather than arrive at a conclusion. Would the Minister agree that even giving the appearance of violating the conflict of interest guidelines, as the Prime Minister has already stated, is not acceptable to the House or the people of Canada?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, while I am glad that the Hon. Member has asked the question, I do not agree with the question that he puts. When we are appointed Ministers we do not withdraw from the human race. We are perfectly entitled to meet our friends on social occasions or go on fishing trips with our friends or acquaintances, or to meet people whether or not they do business with the Government. Those friends and acquaintances do not have to withdraw from business or the human race because they happen to know cabinet Ministers. What kind of nonsensical results would that lead to?

I was invited on this particular trip by a person I have known for about 15 years. He invites Liberals on trips and invites PCs on trips, but I do not think he invites the NDP on trips.

Some Hon. Members: Oh, oh!

Mr. Broadbent: Maybe there is a message there.

Mr. Crosbie: He had with him as another guest, Mr. Carty, President of Canadian Pacific. That was the first time I ever met the gentleman. Several months later he wrote a letter to me asking for certain things he thought should be done in connection with a Flying Tiger-CP application. He made two requests to me and I turned down both requests, I suppose because he caught a salmon before I did.

Some Hon. Members: Oh, oh!

CONFLICT OF INTEREST GUIDELINES

Mr. Neil Young (Beaches): Mr. Speaker, my supplementary question is directed to the same Minister.

Mr. Shields: I wouldn't if I were you.

Mr. Mazankowski: Forget it.

Mr. Young: Mr. Speaker, for the Prime Minister.

Mr. Mazankowski: Disgusting. It really is.

Mr. Speaker: There seems to be a lot of fishing going on, but the Hon. Member is more than entitled to ask his questions and be heard. The Hon. Member.

Mr. Young: My supplementary question is for the Prime Minister. Will he not agree that when two companies which have dealings with the Department of the Minister of Transport, one to the tune of several billion dollars for building a third terminal at Pearson International Airport, and another approval of a takeover by Pacific Western Air Lines, it at least gives an appearance of a conflict—

Some Hon. Members: Oh, oh!

Mr. Young: —of a violation of—

Some Hon. Members: Come on.

Mr. Young: This is not a humorous question.

An Hon. Member: You are not even funny.

Mr. Speaker: The Hon. Member, like all other Hon. Members, is entitled to ask a question in this place and is entitled to the courtesy of other Hon. Members so that the question can be asked.

Mr. Young: Mr. Speaker, I will not restate the question. I will simply say that there is something seriously wrong in the political life of this country in the last several months and Canadians demand an explanation, rather than the hooting and hollering from the other side. That is all I am going to ask.

Mr. Speaker: There does not seem to be a question. The Hon. Minister may want to comment.

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, there is something seriously wrong in the political atmosphere in this country. No person who cares for his reputation is ever going to go into politics again if this continues. On this particular trip, incidentally, my two sons paid for our share of the trip because they had been so brutalized by the same kind of unfounded accusation earlier that they thought they would protect their old man.

Some Hon. Members: Hear, hear!

Mr. Crosbie: There is no conflict of interest in this particular trip. I have gone to a Christmas dinner with Pierre Jeanniot of Air Canada. I suppose I should resign because of that, according to the Member for Hamilton East. I went to the Beaver Club annual dinner with the President of CN. I suppose I should resign for that. When I was in Labrador fishing I saw certain members of the Liberal Party fishing there as well, including the Leader of the Opposition, with a businessman for Goose Bay-Happy Valley. I suppose they should be asked to resign for that. Why don't we all resign and give it all up?

Some Hon. Members: Hear, hear!

Some Hon. Members: Go on.

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CANADIAN TRANSPORT COMMISSION

CANADIAN PACIFIC—FLYING TIGERS FREIGHT OPERATION APPLICATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to Mr. T, the Minister of Transport. It has nothing to do with his fishing trip. He will know that after meeting with the President of Canadian Pacific in Newfoundland last August, Canadian Pacific and U.S.-owned Flying Tigers filed a joint application before the CTC for a common freight operation. Given that such an agreement will circumvent Canadian international agreements and allow American crews to replace Canadian crews, why did the Minister write this letter dated October 21, 1986, to the Vice-President of the Canadian Transport Commission, asking them to rule within a six to eight-week period? Will the Minister kindly explain that to the House?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I have no hesitation in explaining to the House that this is a matter that should be decided urgently in the interests of Canadian air policy. I was actually requested by the President of CP to make the decision immediately myself and, if I could not do that, to make an interim ruling so that they could proceed immediately. I turned down both requests. I referred it to the CTC and asked them to try to make a decision within eight or ten weeks because this is a matter of urgency to Canadian Pacific. I acted on the advice and in accordance with the advice of my Department.

I do not act because I know someone or do not know anyone; the people who know me know that no matter how well they know me I will never do anything that I do not think is in the public interest or the best interest of the Department I administer.

COMMISSION'S RECOMMENDATION

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I am not questioning who the Minister knows or does not know. Will he confirm that a similar application was submitted on January 12, 1981, which was refused by the CTC? Will he also confirm that the CTC is not providing a ruling or judgment on this application that is before it? Will he explain why this decision is back on his desk for his immediate decision?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the matter is back to me for a decision because they wanted to buck the decision back to me. The CTC has recommended that we proceed positively with respect to the CP—Flying Tiger application. It is recommending it, but saying that the Minister has to make the decision. Therefore, it is back in my corner and I will make the decision based upon all the factors. I will weigh all the arguments put to me by my Department. I will make the decision that seems in the best interests of the Canadian aviation industry and this Government, believe you me.

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CANADIAN WHEAT BOARD

REQUEST FOR FINAL PAYMENT TO GROWERS OF HIGH QUALITY WHEAT

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is directed to the Minister of State responsible for the Canadian Wheat Board. He knows that the

1985-1986 Wheat Pool account is in a deficit position, owing to losses incurred by the Wheat Board on sales of poorer quality wheat, and further, that a $54 million surplus on sales of higher quality wheat has been used to partially offset that deficit. Since it does not seem fair the the growers of high quality wheat be made to subsidize losses on the sales of poorer grades, will he consider making a final payment of $54 million to the producers of the higher quality grades, high protein and No. 1 and No. 2 hard wheat?

• (1450)

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, as the Hon. Member knows, this is a difficult issue with no easy answers. I should point out that the size of the over-all deficit in the three pooling accounts amounts to $200 million, which I think gives an indication to everyone of the very difficult international markets we face.

Second, we have widened the spreads to guard against the possibility of that kind of situation developing again in the coming year as well as in subsequent years. Third, I think the Hon. Member and most farmers would agree that the pooling system has served us very well, especially in these very difficult times.

With regard to the Hon. Member's specific question, I will be meeting, as I think the Hon. Member already has today, later on today or tonight with representatives of the wheat growers who are here in Ottawa to discuss this issue.

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THE ADMINISTRATION

AWARDING OF GOVERNMENT CONTRACTS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. During the last election campaign the Prime Minister made a great to-do about the abuse of the previous Liberal administration when it came to contract procedures and cronyism. Now, two and one-half years later, does the Prime Minister believe he has sufficiently improved the situation?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I think when people look back on the situation which prevailed in this House and this country politically in 1964-65, or thereabouts, most people would agree it was a profoundly deplorable and unfortunate atmosphere which prevailed. There was unfairness done. If one looks back 20 years one will see an atmosphere prevailing in this House which was characterized by unfairness. In many ways, back and forth, the charges made were baseless and needlessly damaging. They were spread around by the media, having been made in the House without the individuals involved having a chance to defend themselves.

I refer my hon. friend to the same kind of climate which is developing in this House today. It develops fundamentally when we forget to give our colleagues, irrespective of the requirements of intense partisan debate, that to which they are entitled at all times, the presumption of innocence, under our statutes and customs.

If my hon. friend is referring to the climate, I would agree that the climate has deteriorated. I deeply regret that, because while politics has its imperfections—because we are all human beings with our failings—no one ever intended that politics would become a vehicle for political assassination, for character assassination, and for the failure to grant one another the benefit of the doubt, the presumption of innocence. Anything at variance with that is deeply deplorable and I share the profound regret of my hon. friend.

Mr. Riis: The question was about contract procedures and cronyism and the Prime Minister's condemnation of the previous administration, saying he planned to change that. My question was if he felt there had been a sufficient change.

PRIME MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops—Shuswap): On the weekend the Prime Minister indicated he was concerned and has specifics in mind in terms of ways and means to improve the situation. Would the Prime Minister indicate to the House, and to the people of Canada, when he plans to make public those specifics, and how soon?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, obviously I made the reference to 20 years ago not to blame anyone. It was simply to point out that I think it was a genuinely regrettable time in our political history. The atmosphere was polluted and the reputations of people were needlessly damaged. My hon. friend asks about the climate which is giving rise to the same kinds of accusations, which no doubt will have the same kinds of hurt, and no doubt, in retrospect, will be viewed as having been needlessly damaging because of the absence of the presumption of innocence. In regard to that I say to my hon. friend that any action which is required to further strengthen our institutions will be endorsed and introduced by the Government.

* * *

EMPLOYMENT

FUNDING OF EMPLOYMENT PROGRAMS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. Last Friday we learned that the unemployment rate for January increased to 9.7 per cent, with the greatest increases in Alberta and Quebec and improvement only in Ontario. Considering this deteriorating situation, how can the Minister justify the cuts of $200 million

in employment programs which he announced on January 30 to the Federal-Provincial Conference of Employment Ministers? Will the Minister recommend that these cuts be rescinded immediately and that new programs to combat high regional unemployment be introduced?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I wish my colleague had asked me this question during the four months before January because then the employment figures were rising constantly. Now referring to a specific month— he is wise and I am sure my colleague will want to wait a little longer.

As to the $200 million, well there was not a $200 million cut-back in the programs. If we take administration costs into account, it would be more like $100 million. I think our Government has shown what it could do over the past two and a half years, creating 675,000 jobs under a Canada-wide economic program. I do not deny that certain regions are experiencing difficulties, but with respect to western Canada more than $2 billion have been invested and this has a positive impact on job creation. Once again I would suggest that my colleague can only dream about having had this kind of results in the past.

INQUIRY IF GOVERNMENT WILL RECOMMEND PART-TIME WORKERS BE ELIGIBLE FOR UNEMPLOYMENT INSURANCE

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, the Minister did not answer my question. The average unemployment rate for last year was 9.6 per cent, and it now stands at 9.6 per cent. Since last week's figures indicate that part-time work is also rising on a continual basis, is the Minister now prepared to recommend that part-time workers as well be eligible for unemployment insurance, as advocated by several commissions?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, if my colleague is going to take this approach, let us do it right. The Hon. Member is referring to the Forget report which supports the payment of unemployment insurance benefits to part-time workers. The Liberal Party will have to make up its mind: either you endorse the Forget report and say so to Canadians, or you do not endorse it, but stop straddling the issue!

* * *

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—MEETING OF PROVINCIAL PREMIERS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister. Yesterday evening the Premiers met in Toronto. That in itself was a very unusual occasion.

An Hon. Member: Not since 1966.

Mr. Rodriguez: Not since 1966. The Premiers unanimously agreed that they should be fully consulted whenever the federal Government enters into an agreement with foreign powers on matters which affect their provinces. Does the Prime Minister agree with the Premiers? Will he pledge to consult with the provinces in the future before entering into such international agreements affecting those provinces?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend appears to be astonished at the meetings. Since this Government has come into office, we have annualized First Ministers' meetings. I think it is good for the country and good for the federation. So my friend ought not to be surprised that there are these meetings of Premiers from time to time. I think it is good. The Premiers have asked for a review of the terms to ensure that it maximizes Canada's use of this vital fisheries resource. We are in agreement that we meet with the appropriate provinces to maximize the resource and to be as helpful as we can to the fishermen of Newfoundland and Labrador.

FEDERAL-PROVINCIAL CONSULTATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I might point out to the Prime Minister that this was an emergency meeting called by the Premier of one province who felt that in fact his Government and the people of Newfoundland had been ignored completely and that the federal Government had sold out the shop. In the case of Newfoundland, cod is extremely important to the Newfoundland people. Will the Prime Minister not concede that the process was wrong and give a commitment now that in fact the people of Newfoundland will be consulted right up to the point where ink meets paper? That is what we want to know.

• (1500)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I will answer that before my hon. friend expires, who says that we sold out the shop. The fact of the matter is that view is not shared by the Premiers. On the contrary, the Premiers called for the correction of any deficiencies in the process with regard to the terms to ensure that it maximizes Canada's use of this vital fishery resource. We are not in disagreement with that.

My hon. friend, the Deputy Prime Minister, has already conveyed the regrets of the Government in regard to any problems in the process. We will work to ensure that it never occurs again. With the co-operation of the Minister of Transport and the extremely able members of the caucus of the Government from Newfoundland and Labrador we will work intimately with the Government and the Opposition— and with all the people of Newfoundland and Labrador—to get the best possible deal for the fishermen of that province.

SPACE DEVELOPMENT

UNITED STATES SPACE STATION—COST TO CANADA

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is for the Prime Minister. The Prime Minister knows that his Government has committed $800 million to the U. S. space station. There is great concern in the United States and abroad that this station may be used for military purposes. There was some confirmation of that last week. In addition, we have learned that the cost is moving from $8 billion to approximately $13 billion. Has the Government satisfied itself as to what the cost implications might be for Canada as a result of this extraordinary increase in the cost of the station? More important, is the Government satisfied that the space station will not be used for star wars research or for any other military application?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we have already stated the position of the Government in regard to that matter. In regard to the first part of the Hon. Member's question, there are meetings ongoing at this moment. I will be happy to report to my hon. friend at the end of those consultations.

REQUEST THAT CANADIAN PARTICIPATION BE PLACED ON HOLD

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, will the Prime Minister undertake to put Canada's participation on hold until the confusion surrounding the purpose and mission of the space station and its cost is clarified?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are moving ahead in consultation to ensure that the objectives are clearly those that are fully endorsed by the Government of Canada. If there is confusion in the process, it is not in the objectives of the Government which we will pursue completely.

Mr. Speaker: This will be the last question. The Hon. Member for Fraser Valley East.

* * *

REFUGEES

REPORTS OF POSSIBLE ARRIVAL OF TAMILS FROM GERMANY

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, my question is for the Minister of Employment and Immigration. Once again we are hearing of a possible influx of Tamils. In light of the rumours that there is a continuing influx of Central American refugees from the United States will the Minister please tell us what we are doing to prevent further abuse of our immigration and refugee policies?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think this is an excellent question. All I can say about rumours concerning a boat load of Tamils is that it is the kind of constant rumours we get regularly from European countries. All we can do for the time being is keep in touch with German authorities particularly in an attempt to be aware of the latest developments. Now, if we hear about it when the boat has already reached Canadian waters or its passengers are on Canadian soil, the usual regulations apply, which means that we do not expulse citizens of Sri Lanka, we automatically give them a permit to stay, as we did last year. However, you know that the Government intends to introduce legislation—very soon, we hope—to clear up this issue and eventually enable us to improve the procedure to handle such cases. I can even say that we are now working on temporary measures to help us get a handle on the problem to which the Hon. Member is referring.

* * *

[*English*]

POINT OF ORDER

PARLIAMENTARY IMMUNITY—MEMBERS' RESPONSIBILITIES

Mr. Albert Cooper (Peace River): Mr. Speaker, I rise on a point of order arising out of Question Period. It surrounds the issue of parliamentary immunity.

I refer Your Honour to Citation 55 of Beauchesne's. I will not read it because the Chair is well aware of it, as are other Members of the House. It deals with a Member's privilege of freedom of speech in the House of Commons and the reality that none of us can be held liable in any court in the land for any statements we make here in the House of Commons. It is probably the most fundamental privilege that we enjoy as Members of the House. It is one that I think all of us have to treat with a great deal of respect and a great deal of reverence since it is the principle upon which we operate in the House.

It is clear that that immunity was established so that we as Members of Parliament would feel free to come into the House and make any statements on any subject that we feel are necessary for the good conduct of the Government and for actions that may affect various regions of the country on issues that we feel are of significance. The whole concept is that we are free to make such statements.

As a result of that, and flowing from that freedom of speech principle, there also comes some responsibility. One of the things that I think is absolutely fundamental to the whole business of parliamentary immunity is that we as Members are responsible for our actions and words in the House of Commons. If Your Honour refers to Citation 359(7) of Beauchesne's he will see that it states:

Point of Order—Mr. Cooper

A question must adhere to the proprieties of the House, in terms of inferences, imputing motives or casting aspersions upon persons within the House or out of it.

The reason I rise is that I believe we as Members have a privilege and a right given to us in the form of free speech that protects us from legal action, but at the same time, as described in Beauchesne's, we have also been given responsibilities. The responsibilities are that we use the privileges with the utmost of caution.

What I ask you to do, Mr. Speaker—and I do not want to catch any particular Members in the net—is review the "blues" for today and have a good look at the facts that I believe were in some of the questions, which cast aspersions and which dealt in innuendo. I believe they are clearly in breach of the traditions as outlined and enlarged upon in Beauchesne's. We have been given a very fundamental privilege. When that privilege is abused and used for political purposes and is not based on fact, but is used simply for making points that can create a headline or score a political point, then I argue that what we are facing is an abuse of a rule that governs us. We are abusing a privilege that we enjoy. I would ask that Your Honour review the "blues" taking into account Citation 359(7).

[*Translation*]

Mr. Lapierre: Mr. Speaker, I welcome this opportunity to speak to this point of order. I wanted to refer to comments by the Prime Minister (Mr. Mulroney) that accusations were being levelled against certain members of his staff or his entourage. The Prime Minister said it was a tissue of lies.

Mr. Speaker, perhaps I may refer you to the first questions I asked on Friday, February 6, when I asked whether the Deputy Prime Minister could advise the House concerning the role played—

Mr. Speaker: The Hon. Member probably has something very important to say, but according to the Standing Orders, if a Member has a complaint, he must raise the matter immediately. The Hon. Member referred to something that happened last week.

Mr. Lapierre: Mr. Speaker, as far as the debate and the point of order are concerned, I am not interested in filing a complaint. I only want to say that today my question, which was quite straightforward, was about the Prime Minister's chief of staff who admitted to having been involved in the matter at least 10 times, and that I got this information from the newspapers which you problably read yourself this morning.

What I find hard to comprehend is the attitude of the Prime Minister and the Hon. Member who raised the point of order, claiming that we made accusations. Mr. Speaker, if we had received satisfactory answers, we would not have had to repeat the question five or six times. The truth of the matter is, Mr. Speaker, that it is our duty as Parliamentarians to obtain from the Government the real answers it has a responsibility to provide. Personally, Mr. Speaker, I think the Prime Minister has a duty to reply to the House, and if they want to try to gag us by claiming that we are making accusations every time we ask a question, this is an infringement of our freedom to act as Members of this House. Consequently, I hope the Chair will take the time to read all the comments that were made during this debate. I would like to have the Chair's opinion. However, I think one thing should be clear and that is that we have a basic duty to get at the truth, which is an almost impossible task in this Parliament, Mr. Speaker.

• (1510)

[*English*]

Hon. Herb Gray (Windsor West): Mr. Speaker, I wish to respond to the point raised by the Hon. Member for Peace River (Mr. Cooper). If the Hon. Member would listen to his own words, they contain the answer to his concerns. I think that I recorded his words accurately when he was referring to the concept of parliamentary immunity. He said that it means Members should be able to come into the House and feel free to make any statements they feel are necessary. If that is the case, surely that freedom cannot be abridged such that Members can only make those statements which are satisfactory to the Government, or which are couched in language that is satisfactory to the Government. That is the clear suggestion with respect to the point he makes.

The citation in Beauchesne's referred to by my hon. friend is a set of guidelines which were set down by the Speaker in 1975 to assist the House in understanding the manner in which that Speaker intended to use the discretion he had with respect to Question Period. As recently as yesterday I pointed out that the guidelines in Beauchesne's have been superseded, not only by later guidelines but more particularly those stated in the House by your predecessor, and also by the hundreds of precedents established by the questions asked by the Conservatives when they were in Opposition, and which were fully accepted by your distinguished predecessors. The language in those questions certainly does not in any way meet a lesser standard, nor is it language that is less vigorous than the language used in the questions put today. I submit that the point raised by the Hon. Member for Peace River has been struck down by the hundreds of precedents established by the language used by the Conservatives when they were in Opposition, and which was accepted by your distinguished predecessors.

Furthermore, I respectfully submit that no guidelines that have been established by any Speaker to inform the House as to how that Speaker will use the discretion he or she may have with respect to which questions are accepted during Question Period can be used, even unintentionally, to limit the rights of free speech that members have in the House, and which have been established under the concept of our parliamentary immunity. This is what the Member for Peace River is inviting you to do. I submit to you that the concept of free speech encompassed in the concept of parliamentary immunity must rise above and supersede any guidelines set down by any

Speaker with respect to the discretion that Speaker may wish to exercise with regard to questions to be recognized in Question Period, or during any debate in the House.

I conclude by saying that if the Hon. Member was as concerned as he appears to be about the issue, he would have risen and complained, not just about questions today but more particularly about answers given by his Leader. For example, the Prime Minister (Mr. Mulroney) in answering a question that, as you pointed out, he said he had not heard, said that he assumed it was slanderous and malicious. In the list of words in Beauchesne's that have been ruled unparliamentary by previous Speakers is the word "slanderous". When the Hon. Member rose, I thought he was going to raise a point of order calling upon his Leader to withdraw the word "slanderous" because it was unparliamentary. If the Hon. Member had done that, then this point of order could have been approached with some degree of seriousness, and perhaps support. Not having done that, with all due respect, I feel that in looking at the merits, the precedents, what the Hon. Member said in his opening remarks that members have to feel free to come in here and speak their minds, and also noting what he did not say, I respectfully submit to you that his point of order is totally without merit.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise to associate myself with the remarks of my hon. colleague, the Hon. Member for Peace River (Mr. Cooper). I do not feel that there is any necessity to respond to the comments of the Hon. Member for Shefford (Mr. Lapierre). I do wish to make two points with respect to the comments of the Hon. Member for Windsor West (Mr. Gray).

First, the House Leader for the Official Opposition has zeroed in on freedom of speech. The point made by my colleague was two pronged; there is freedom of speech in Parliament, but there is also a responsibility to use that freedom of speech carefully and responsibly as Members of Parliament. That was the point that my hon. colleague was making. It was probably inadvertent that my colleague from the Official Opposition zeroed in on the words "freedom of speech". My colleague was saying that you cannot have freedom of speech without using it responsibly. That is what we are after, the responsible use of that freedom of speech.

I would welcome comparison during our time in Opposition with the Official Opposition's line of questioning. You will notice that I do not draw the New Democratic Party into this. I welcome comparison at any time of our line of questioning, the breadth of issues, the dealing with regional disparities, and the dealing with social issues because, Sir, I tell the House that I kept records during those days. There is absolutely no comparison between holding a government accountable, which we did, and slander, which is what the Opposition is engaging in on a daily basis.

Mr. Gray (Windsor West): I rise on a point of order. It is very clear that the word "slander" is unparliamentary. I call upon the Hon. Member to withdraw that word, especially without your admonition, if he is serious about his remarks of a few moments ago.

Mr. Lewis: At no time today, or at any other time, did I claim that any particular member of the Opposition engaged in a slanderous comment. I said that type of conduct is slanderous.

Mr. Gray (Windsor West): The Hon. Member was talking about the conduct of the Opposition.

Mr. Lewis: In general.

Mr. Speaker: I apologize to the Hon. Member. I was about to recognize him, and if I do not his words will be lost to us.

Mr. Gray (Windsor West): I draw your attention to page 110 of Beauchesne's. According to the debates of the House of Commons on August 8, 1960, p. 7777, the Speaker of the day ruled that the words "slanderous accusations" were unparliamentary. I submit that that seems to be on all fours with the remarks of my hon. friend. If he is so concerned about setting standards in the House, he will set an example and withdraw those words.

Mr. Lewis: One of the oldest maxims at law is you cannot suck and blow at the same time. Earlier in my hon. colleague's comments we were to dispense with all precedent because today was today.

• (1520)

Now—just now—we are to refer to Beauchesne's in support of an argument. My friend cannot have it both ways. I agree that we should be making new precedents now, but let us make them on a level with which we both can agree. Let us not dispense with precedent at one moment and turn around in the next minute and wheel a precedent into the Chamber in defence of our accusations.

All of us must try—and perhaps we are doing it through this debate—to raise the level of debate. We are prepared to go back to look at our "blues", if my hon. colleague is prepared to go back and look at his "blues", to try to raise the tone of debate in the House.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I reluctantly rise to add some comments to a debate which I think is unfortunate. A growing number of Members of the House—perhaps most but not all of them—as a reflection of the people of Canada have been very disheartened at the way in which things have developed over the last number of days and weeks. At times it is impossible to ask the kinds of questions the Opposition ought to be asking of cabinet Ministers, the Prime Minister (Mr. Mulroney), and the Deputy Prime Minister (Mr. Mazankowski) because of the need to raise questions regarding abuse or perceived abuse of privileges and of contract procedures by people in the Prime Minister's Office. This does not enable the House to function

as it ought to function. It does not enable the Government to function as it ought to function. Quite frankly, we are becoming very concerned.

Things were going very well today. We had a very productive morning in terms of debate. We were looking forward to a productive afternoon. However, a representative of the Government had to rise on an extremely spurious point of order, which I found surprising, because I know how knowledgeable is the Hon. Member when it comes to rules and procedures, and the seriousness with which he normally approaches these matters. But not today. The arguments put forward are not appropriate ones in my humble estimation. I would like to think that we could end this silliness and get on with doing the business of the House and of the country.

Mr. Speaker: The Chair has listened carefully to the point of order raised by the Hon. Member for Peace River (Mr. Cooper), to the Hon. Parliamentary Secretary, to the Hon. Member for Shefford (Mr. Lapierre), to the Hon. Member for Windsor West (Mr. Gray), and to the Hon. Member for Kamloops—Shuswap (Mr. Riis).

Perhaps I should deal with the complaint of the Hon. Member for Windsor West during the course of debate in respect of the word used by the Parliamentary Secretary "slanderous". The Chair has not had a chance to review the "blues". It would seem to the Chair that that word was not used against any single member in the Chamber but was used to describe in a generic way some of the questions which have been asked, perhaps some today, perhaps some days ago. I suppose technically it is not a use of the word in an unparliamentary way. However, I note—and I hope the Hon. Member for Windsor West would accept this—that the Hon. Parliamentary Secretary made very clear that he was not referring to any particular Member.

Hon. Members will understand that there are issues being aired in this Chamber which are well noticed by the public, matters of public importance and of importance to every Member of the Chamber. The Chair has tried to ensure that freedom of speech, of which Hon. Members have spoken, especially the Hon. Member for Windsor West who can be quite eloquent on the subject, has in no way been diminished in the Chamber. Perhaps the complaint might be that there has almost been an excess of latitude.

The Chair is part of this Chamber and is bound by the practices to which the Chamber is accustomed. However, the Chair would ask Hon. Members to do the following. As the Chair indicated yesterday, there are appropriate ways to ask searching and vigorous questions. Doing so, those questions may imply criticism and may imply at times grave concern or even outrage. To the degree that skill is used, those questions can be asked in such a way that they do not offend the rules of the House. Nor do they have to invite a reaction which is such that disorder is then in the Chamber and the Chair must intervene. I must thank Hon. Members for having used considerable constraint. Yesterday the Chair had to admonish both sides of the Chamber, yet for the most part those admonishments were accepted.

However, I must come back to one point made by the Hon. Member for Peace River, that is, without in any way infringing upon the right of free speech, this place will only function with a sense of fair play. I do not think I need add anything more to the conversation this afternoon, but I must assure the Hon. Member for Windsor West that under no circumstances is the Chair likely to move in a direction which would in any way, as I think the Hon. Member for Shefford put it, muzzle freedom of speech in the Chamber.

The Chair would ask all Hon. Members on both sides of the Chamber, no matter how important the issue might be, to try to live by something that is not necessarily written in the rule books, that is, fair play, for which we look to guide us in our deliberations.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to the Standing Committee on Transport; and the motion of Mr. Lewis (p. 3220).

Mr. Keith Penner (Cochrane—Superior): Mr. Speaker, it seems evident that the Government is anxious to push Bill C-19 through Parliament with rather unseemly haste. I enter the debate to protest that action on the part of the Government.

Bill C-19, respecting the Motor Vehicle Transport Act, 1986, replaces a very old Act of Parliament, one going back as far as 1953 or 1954. It is quite understandable that an Act of Parliament from the fifties needs to be altered, changed, and updated to meet the demands, requirements, and needs of the eighties, nineties, and into the next century. It probably is, in respect of the needs of the trucking industry, time for a change. However, if it is time for a change, surely Parliament needs time to consider fully all the implications, effects, results, and consequences of this change.

To move that the question be now put is a signal from government Members that they may know enough, or think they do, and that they may have heard enough or think they have. Perhaps they are sufficiently convinced about Bill C-19 to think that no more debate is required. However, Hon. Members of Parliament on this side of the House are saying that that is not so, that we need more time to consider, reflect, examine, and debate the principles of the Bill.

I remind Hon. Members that the Canadian Trucking Association decided it was time to take a new look at the position of the industry regarding motor carrier regulatory

reform sometime ago, and it took them a lot of time to arrive at a new policy. In fact, Bill C-19 reflects the culmination of a full three years of tug of war among different interests—the shippers, the truckers, and the Government. It took three years to achieve the policy goals which are now reflected in part in Bill C-19, yet the House began to consider Bill C-19 only last Thursday. On Monday, the Hon. Parliamentary Secretary to the Government House Leader, speaking for the Government, rose in his place after speaking for four minutes to move that the question be now put. Does it strike you, Sir, as being fair that we should be allowed one hour and 28 minutes to debate a Bill whose policy took three years to develop, three years to consider an important issue that has not been changed since the 1950s?

• (1530)

I must make a plea to you, Sir, and to all Hon. Members: we need more time too. Take the pressure off. This House is not a rubber stamp nor is it a sausage factory that drives out Bills on an assembly line. When arguments like mine are made, some Hon. Members say that we should let the Bill go to committee where it can receive in depth treatment and perhaps even be amended. There will be a time, of course, when this Bill will go to committee, but in my view it should not go to committee until its principles are fully understood, fully comprehended and fully appreciated or rejected by the House.

We call second reading of a Bill a routine proceeding, but it should never be so routine that when a major shift in policy occurs and when a new direction is charted, we should not have the time to debate it. I am not opposed to the charting of new courses, far from it, but surely we as parliamentarians must not deal with the underlying principles of the Bill in some kind of a routine, reflective, hurried or pressured fashion. Is it unreasonable for me to propose that, Sir?

Parliaments go back to the time of the Anglo-Saxon kings. Even though they were not as representative as Parliaments are today, we know that the earliest of Parliaments saw themselves as being supreme legislative, administrative and judicial assemblies, and no ancient British king would attempt to legislate without the advice and approval of that assembly. All I am saying is that we need time to consider this Bill. We must remind ourselves in asking for that time that this honourable House has very ancient foundations.

The Crown today is the executive branch of Government, the Prime Minister (Mr. Mulroney) and his Ministers. However, any Member of Parliament may rise to tell the executive branch that it is not to be allowed to take Parliament for granted or to abuse its rights and privileges. Paramount among those rights is the right to debate fully important pieces of legislation such as Bill C-19. I ask you, Sir, does it not sound rather abusive to you to have the first day of debate last Thursday and then on Monday to have an Hon. Member move that the question now be put? It sounds abusive to me.

By putting this motion forward, the Government is preventing a major decision of Parliament from being at least considered. I would like to explain what that major decision could have been, not that it would have been taken by Parliament but at least it could have been considered. That decision is that this Bill be not now read a second time but that it be read a second time six months hence. It is no longer possible to move such a motion. We have been excluded from putting before Parliament that possibility.

A Bill based on a new policy approach which took a full three years to develop by the industry, its clients and the Government working together to replace a policy that goes back as far as the 1950s may very well require at least six months of study. During the February recess of Parliament and the Easter break, we may very well want to talk to shippers and truckers in our regions to ask them if Bill C-19 as they understand it does what they hope it will do. There is very good evidence to suggest that Bill C-19 does not fit the bill of fare and that the degree of consensus that was reached after three years leaves much to be desired, at least insofar as that consensus has been translated into legislation.

The Canadian Trucking Association recently took another very careful look at its position, the position it reached after three years of active consideration. It went through some very serious soul searching and concluded that Bill C-19 is a disaster in terms of a meaningful transitional approach to regulatory reform. It concluded that Bill C-19 does not meet any of the industry's primary concerns. At first the industry thought it did but now it sees that it does not.

The message is clear. This question should not now be put. It should be debated and debated more, and perhaps it should even be set aside for a short period of time. Surely a Government which is as shaky, inexperienced and insecure as this one would not want to force upon the trucking industry an ill-considered package of reforms which may not achieve what is hoped for. There is no disagreement on this side of the House about what is hoped for. What is hoped for is an easy, helpful passage from the excessive regulation we have had in the past to full deregulation. However, we cannot do that without much careful thought.

Would the Government really want to push through this House a Bill which could very well give U.S. truckers an important competitive advantage over Canadian truckers? The U.S. trucking industry already enjoys certain advantages because of U.S. tax reform which we do not have yet and because of lower fuel taxes. Despite Bill C-19 which is now being pushed at us, the industry has already drawn up a new policy position. Parliament needs time to consider that new policy position, so the question should not now be put. We should consider more carefully what has taken place in very recent weeks and days.

The industry is convinced, for example, that Bill C-19, in bringing in a totally new test, will lead to a deluge of early applications. This will swamp the process even before it has been fully tested. The industry is convinced that there will be numerous court challenges drawn out of Bill C-19, and the industry is concerned about problems associated with safety.

• (1540)

Hon. Members will know that in the U.S. motor carrier regulatory reform concerned itself mainly with the economic aspects. As important as they are, the U.S. failed to consider the safety aspects in a comprehensive manner at the same time. They are now paying the price. If we fully deregulate by January 1, 1988, will a new and comprehensive national safety code also be in effect? I doubt it, but Members of Parliament want an answer to that question. No, I say to you that after only one hour and 20 minutes of debate, after only six speakers from this side of the House, it is not the time to move that the question now be put. Bill C-18 requires full and very extensive debate. Following that, rather than sending it to a committee, we may want to put it aside for six months so that Parliament can keep up with developments in this important public policy area.

The industry believes its concerns could possibly be satisfied if Bill C-19 were amended in certain clauses. Particularly bothersome to them is Clause 7. However, the industry has reported that when it approached the Ministry of Transport it received the answer that it was too late to redraft the Bill, it has to accept it the way it is now. So much for the advice we received from Hon. Members that we can send it to committee where it can be examined in depth and perhaps amended. We know the Government's mind is already made up and there will be no amendments. What you see now in Bill C-19 is what you will get at the end of the process. No, this question should not now be put and the Government, in my view, disgraces itself by making such a proposition after such a short time in debate.

The parliamentary committee which examined the Government's document *Freedom to Move* made certain recommendations. Let me deal with but one area where committee members made recommendations. For example, the committee said that the international aspect of trucking should be treated somewhat differently from the domestic. Nowhere in Bill C-19 will you find that recommendation incorporated. The question should not now be put. We should know why that recommendation was rejected. The Bill calls for deregulation in the trucking industry by January 1, 1988. Many of the provinces, led as they often are by Ontario with two-thirds of the trucking market, want a longer period, up to five years, before the industry is totally deregulated. If they want such a period of grace, I ask all Hon. Members and the Government, why should the question now be put? Surely we want to consider and reflect much more deeply than we have in little more than two hours.

Mr. Deputy Speaker: Questions and comments.

Mr. Parry: Mr. Speaker, I listened with great interest to the Hon. Member's observations on the procedure the Government is using and the turpitude which gives rise to that procedure. The Hon. Member represents a riding which has, with the possible exception of mine, the largest continuous stretch of single trunk highway, and I would like him to comment on the ramifications of this Bill for his riding, in particular the impact on the various communities.

Mr. Penner: Mr. Speaker, I thank the Hon. Member for that question. When I spoke to the House about this Bill I said that what bothered me about deregulation was reflected in Bill C-18. The same principle is in Bill C-19. The outlying regions of the country may find themselves suffering when a position or policy is being pushed which places the emphasis on competitiveness. Sometimes that competitiveness causes those who are in a position to compete to prosper and do rather well. However, if you are out of the mainstream and somewhat apart from the main channels of transportation, you are not in a competitive position and you may suffer.

To support my contention I want to call upon no less a person than the Premier of Manitoba. The words he used could very well be applied to the region of the country I represent. In a speech he gave to an important gathering in his province he said that the federal Government's proposal to deregulate the industry relies too much on competition. Then he made this telling comment. If changes are not made, that is changes in the legislation, the federal Government will reduce the opportunity for economic growth and accelerate the growing opportunity gap between the have and the have-not provinces. I would simply have added between the have and the have-not regions because they exist within a province, and because we have provinces which will be benefactors of a deregulated environment and others that will not.

Mr. Kilgour: Mr. Speaker, the Member knows I have a great deal of respect for his thoughtfulness and integrity. Is he aware that the subject matter of this Bill has been studied for the past seven or eight years? Why does he not have more concern for the men and women who work in the natural resource industries within his constituency and across Canada? Do they not have rights, too? Do they not have the right to have a more competitive and efficient trucking industry to get their products to increasingly competitive international markets?

As the Member knows, there are many jobs involved in our resource industries. Why does he, and members of the NDP, constantly appear to ignore the legitimate interests of the people concerned? Why, for example, have a lot of shippers themselves got into the trucking industry? It seems to me they have done so because they cannot get the efficient trucking service they need right now, which is what we are trying to achieve with this Bill. The present regulatory system is not meeting the needs of shippers. In summary, I am really asking the Member why he says we should continue to abandon the shippers who depend on efficient transportation to get their products to market.

Finally, I said before that there are over 1,000 Canadian carriers competing successfully in the U.S. trucking industry now. Of course, many American companies are competing here. The point is clear that we can compete. Thanks to the Brock-Gotlieb agreement we cannot be banned from the U.S.

and we are able to compete in that market. If he could comment in the available time on some of those matters I would be most grateful.

Mr. Penner: The Hon. Parliamentary Secretary knows that I, too, respect his judgment and integrity as a parliamentarian and spokesman for the Government. I would just say to him that he did not listen very carefully to all I said. He may want to go back later when it is in printed form and read it. At no time did I ever say we did not need to change a policy that goes back to the 1950s. I said we do need to change it. In fact, he contributed to the argument I was making. He asked whether I was not aware that there had been seven to eight years of study which had gone into the policy that lies behind this Bill. I know, and I stated it in my remarks, that the industry itself, the shippers and the Government had taken a full three years with a lot of tug of war to bring out a policy position. I am only asking whether Parliament should not have a decent period of time to debate this. My hon. friend and I could debate what a decent period of time would be, but surely he would not disagree with me that the question should not now be put on a Bill which was introduced only last week. Surely he would want to hear more about the concerns, such as, for example, what the effects will be in underdeveloped regions like northern Ontario. We can only learn such things during the process of debate. That is what Parliament is all about.

• (1550)

If the Hon. Parliamentary Secretary will look at my remarks very carefully, he will see that I was not opposing the Bill in total. I was simply saying that on such a major new policy direction it is the right, prerogative and need of Parliament to give it full, serious and adequate consideration. I do not think my hon. friend will disagree with me on that.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Saint-Maurice (Mr. Grondin) for a question or comment.

Mr. Grondin: Mr. Speaker, my hon. colleague has said that the Government had already made up its mind on what the Bill would contain and on the fact that there would be no changes made. What I want to ask is this: In his opinion, why is the Government refusing to allow a normal debate on this Bill? Has the Government already made a commitment to the American Government or to the American giants? Does the Government have a special interest in shortening the debate?

[*English*]

Mr. Penner: Mr. Speaker, I hate to admit it, but I think the Hon. Member has asked a question which I, as a member of the Opposition, cannot answer. It is a good question. It is the kind of question which should be put to the Minister of Transport (Mr. Crosbie). What lies behind the Government's decision to force a Bill through Parliament as quickly as possible without any likelihood of amendment in committee? What is the Government's motivation?

If I were to speculate on the Government's motivation, you, Mr. Speaker, would probably be on your feet very quickly and say that I was imputing motives and that that is unparliamentary. I would have to agree with you. I honestly do not know why the Government is pushing this Bill through Parliament with such unseemly haste. It makes one suspicious. It worries Members of Parliament and citizens of the country.

We are sent here as representatives to consider fully the implications of legislation which is finally approved by this House. If there are to be negative impacts on certain regions of the country or on certain segments of the industry, particularly the smaller entrepreneurs, surely parliamentarians ought to know all about them before we decide to agree on the principle of the Bill and send it to committee.

I do not think we yet fully understand the principle of this Bill. We do not know what lies behind it. We are quite incapable of learning that in less than two hours of debate. I think the Government is unfair to want the question put so quickly. Much more debate is needed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: The Hon. Member for Kootenay West (Mr. Brisco)—Medical care—treatment of victims of brain damage; the Hon. Member for Thunder Bay—Atikokan (Mr. Angus)—Olympics—tickets for hockey final. b) Request that Minister intervene with Olympic Committee; the Hon. Member for St. Leonard—Anjou (Mr. Gagliano)—Canada Post Corporation—Anticipated increase in postal rates. b) Inquiry why all plans of Corporation not referred to committee.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to the Standing Committee on Transport; and the motion of Mr. Lewis (p. 3220).

Mr. Pat Nowlan (Annapolis Valley—Hants): Mr. Speaker, I am glad to rise to participate in this debate on Bill C-18 with regard to the fundamental reform of transportation in this country. I listened with a great deal of interest to my friend,

the Hon. Member for Cochrane—Superior (Mr. Penner). I was prompted to rise today because the Member for Cochrane—Superior is one of the more respected Members of this House. He has many years of experience and, at one time in his career, was Chairman of the Canadian Parliamentary Association. In that capacity he was able to visit England from time to time and see the mother of parliaments at work.

He is one of the more restrained Members on the opposition side in terms of rhetoric. He very rarely indulges in hyperbole. He is not like the more dramatic Member for Gander—Twillingate (Mr. Baker) who has been resurrected in opposition. He was quiet as a church mouse at a communion Christmas for years in Government, but has really come alive in opposition with his scintillating questions and sometimes interesting contributions to debate. This is almost a second life for the Hon. Member for Gander—Twillingate. The Member for Cochrane—Superior is pretty consistent and thorough and fairly steadfast.

I am Chairman of the Standing Committee on Transport to which Bill C-19 will, depending upon the will of the House, eventually be referred. Bill C-18 is already before the committee. Being an objective and non-partisan chairman, I am not going to get into the fundamental issues with which that committee will deal. I was, however, rather bothered by a couple of the comments of my hon. friend for Cochrane—Superior. I will develop the chronology of the time taken for debate on Bill C-18 and Bill C-19 and comment on the perhaps unintentional insult by the Hon. Member who is a member of the standing committee.

The Member suggested that because this Bill received second reading in the House there will be no change made to it in committee. As all Hon. Members know, as a new Government we may have had some problems and made some mistakes. However, in this new Parliament there has been a consistent desire for fundamental parliamentary reform from the top to the bottom, including in committee work. I am not going to debate all the areas of parliamentary reform, but for the Hon. Member to suggest that passage of second reading in the House means that the Bill will not be changed in committee flies in the face of his conviction and that of all members who support parliamentary reform.

The Government wants this Bill to be moved from the floor of the House into committee where the meaningful work, with respect, will be done through the presentation of briefs, the hearing of evidence and, based on that evidence, the submission of meaningful recommendations for change. After all, in its report *Freedom to Move* the committee produced the report entitled: *Change, Choice and Challenge*.

I agree with members opposite and members on the government side that there are presently aspects of this Bill which must be examined very closely. Members on both sides have pointed out areas in which there should be change when the Bill reaches committee. There will not be one thing changed in the House. There has not been one new argument on this issue since the debate began.

Let us get down to the facts and not stir up a myth that this Bill is being forced through the House. Debates which continue day after day in which everything is repeated *ad nauseam* turn the public off. The public is not educated by that. Meaningful work in committee will educate the public. My friend knows that the longest debate in the British House of Commons in recent history was a two-day debate on the admission of England to the European Common Market.

With respect to debate on these two Bills, admittedly the Minister of Transport (Mr. Crosbie) spoke for part of the day on Friday, December 19. Debate on Bill C-18 was launched on December 19 before the House recessed for Christmas. We resumed the debate when the House reconvened on January 19. The opposition spokesman spoke for a meaningful part of that day. Following the debate on the softwood lumber legislation, we resumed debate on January 27, 28, 29 and 30, as well as on Monday, February 2 and Tuesday, February 3 when there was a motion to extend the hours. The question was finally put early on Wednesday morning.

• (1600)

As the chairman of the committee considering this legislation, let me state candidly that I did not see the necessity to extend hours until four o'clock in the morning in order to put the question. While it was an interesting debate, until that time there had not been a deliberate attempt by the Opposition to prevent the second reading of the legislation. However, the fact is that there had been eight days of debate on Bill C-18. Admittedly, some were not full days of debate.

Mr. Benjamin: Eighteen hours.

Mr. Nowlan: Perhaps some government Members should remember from whence they come because it is obvious that when there is a procedural ambush when the Opposition is not trying to impede the Bill there would be retaliation. We were experts at it when we were opposition and we would have responded similarly and put up obstacles in proper debate. During those extended hours we heard about the great desire to debate and discuss the principles of the Bill.

When we came to Bill C-19 on Wednesday, February 4, the Opposition naturally struck back. After Question Period on Wednesday, there was a motion to concur in a report on the Post Office. On Thursday, February 5, there was a motion to concur in a Public Accounts report in spite of what members said about getting on with debating the principles of the Bill. On Friday, I watched Question Period from my riding in Nova Scotia. At the conclusion of that lively Question Period, lo and behold, the Hon. Member for Vancouver—Kingsway (Mr. Waddell) moved concurrence in a motion on the energy report from some two years ago. This was done by the Opposition which said we must get on to debate the principles of the Bill.

When I was in opposition I believed that the Government House Leader of the day should have invoked time allocation on many more occasions than the Government was inclined to do because of some mythological fear that the public resented

closure on Bills. I suggest that the public resents Bills being debated *ad nauseam* in this Chamber, when the real work is essentially done in committees.

We want this Bill to go to committee, but the Opposition cannot complain about its being forced through Parliament. There have been three days on which to debate Bill C-19, but on each of those days there was a concurrence motion by the Opposition. That uses the time for the debate on the principles of Bill C-19. Obviously, the Government House Leader would feel thwarted because the opposition tactics were more than retaliation to the extended hours on Tuesday, February 3.

Perhaps I am being too frank in admitting that I thought debate on Bill C-18 was proceeding smoothly. I know that there was almost agreement to proceed with Bill C-18 and Bill C-19 if some conditions were met, so that perhaps we would not be debating that Bill today. I am not responsible for House business, but I am chairman of a committee and do not want to have to deal with a Bill about which there is much bad feeling.

The fact is that after the extended hours on February 3, we were faced with concurrence motions on Wednesday, Thursday and Friday, and finally debated Bill C-19 yesterday and today.

There were eight days for debate on Bill C-18 and three days, supposedly, for debate on Bill C-19. However, the majority of that time to debate Bill C-19 was used to debate concurrence motions. Obviously the Opposition showed by its concurrence motions on Wednesday, Thursday and Friday that it was really not interested in debating the principles of the Bill. I understand why the Government House Leader, on this occasion, moved his motion on Monday to get this Bill into the committee.

I have put those chronological facts on the record because this is a very important debate concerning the most fundamental transport legislation since its predecessor in 1966-67. I was a Member of Parliament at that time, and I am glad to see the Hon. Member for Regina West (Mr. Benjamin) in the House because I heard him refer to that previous great national debate on transport.

When I heard Members speak about the time it took to put Bill C-18 through the formal second reading phase, I referred to *Hansard* of 1966 and 1967 and the debate on Bill C-231, which was the then National Transportation Bill introduced by the then Minister of Transport, Mr. Pickersgill. That Bill was introduced for first reading on August 29, 1966. Second reading debate began on September 1; debate resumed on September 6 and September 7, and the question was put on September 8. There were four days of second reading debate on Bill C-231, the predecessor to the transportation legislation we are debating today. That vote referred the Bill to the Transport and Communications Committee. The next sitting was not until October 2, due to a parliamentary recess, and the committee eventually reported the Bill on December 6, 1966. During that period from October 6 to December 6, there were 33 meetings of the committee, hearing 73 witnesses and accepting 36 briefs. The committee did not travel. When the committee reported the Bill, it went into Committee of the Whole where, at that time, the meaningful debate occurred. The Committee of the Whole considered that report for 15 days between December 20, 1966 and January 26, 1967. On January 26, 1967, the Bill passed third reading on division. It went to the Senate on January 31, 1967, and after four days of debate it passed third reading. It was referred to the Senate Standing Committee on Transport and Communications, and was given third reading on February 8, without amendment.

The point is that it took four days to debate the principle of Bill C-231, the National Transportation Act of the day. I have already stated that in our modern technology of the 1980s, we have already taken eight days—

Mr. Benjamin: No. Eighteen hours.

Mr. Nowlan: You can use your figures, I will use mine. So the Hon. Member can play with figures. The fact is we have taken parts of the whole eight days on debate on Bill C-18 and we had three days slotted for Bill C-19. There were motions to concur and we were into debate on Monday, February 9, and today. In total, there have been 13 days devoted to Bill C-18 and Bill C-19 and we still have not finished. Twenty years ago they finished in four days. That certainly is an indication of why the Government House Leader can get a little impatient. Frankly, I do not believe he is being unreasonable in moving certain procedural motions in order to move the Bill along.

• (1610)

All Hon. Members who were involved in transport, especially the Hon. Member for Regina West, is aware that the issues in this matter have been around for years. This Bill was not snuck in under cover of darkness so that it caught the Opposition by surprise.

The then Minister of Transport, the now Deputy Prime Minister (Mr. Mazankowski), in a memorable speech on February 21, 1985, set out the parameters of reform to the transportation sector of which he wanted Canadians to be aware and respond to. That speech was really the manifesto of this Bill. The gestation period was not carried on behind closed doors. It was done in the public domain, in the light of day. The then Minister of Transport threw out the challenge to Canadians on February 21, 1985, and we are now into 1987. There were consultations after his speech and, finally, on July 15, 1985, the Minister released his *Freedom to Move* paper, which was the consolidation of many of the things he had heard from interested parties. That *Freedom to Move* paper was released publicly on July 15, 1985, so that again the public could be involved and they could see how the Minister of the day had distilled the public input and they could see where we were going with the impending legislation. The *Freedom to Move* paper was not sent back to the bureaucracy behind closed doors. It was referred to the Standing Committee on Transport in October or November of 1985 and the standing

committee had hearings across the country. We did not go to every place but we certainly had hearings in Ottawa, Vancouver, Winnipeg and Halifax. We heard from 95 organizations and received 152 submissions in a very active two-month period.

We then perused our report and reported back on our *Freedom to Move* paper in December. We then went to the North in the spring of 1986, and in June 26, 1986, the Bill was tabled. We then went home for the summer, and the Bill percolated in the public domain. Again there were representations, submissions and consultations. In the new Parliament on November 4, 1986, the Bill came back and, as I mentioned earlier, the present Minister of Transport made the initial speech on December 19, just before we adjourned for Christmas.

I just cannot get too excited, as even the most objective chairman, to the charges from the Opposition that this Bill is being rushed through in unholy haste when the previous Bill, in a Parliament 20 years ago, took four days on second reading. We have already taken parts of eight days and then we had the other five days on Bill C-19, which makes a total of 13 days. The Opposition cannot have it both ways. If it wants to debate the principles of the Bill, why did it, for three days in a row, move concurrence motions? Those Hon. Members stand convicted on their own procedural ploys. That is another reason that this Bill will be better off in committee so that meaningful work can be done.

I can tell you, Mr. Speaker, that in terms of the reform of Parliament in general, and especially in terms of the composition of the standing committee, anyone who suggests in this House that things are not going to change in committee, is insulting the members of that committee who are very conscientious and who will be looking at this Bill with a critical eye. They will be aware of the concerns of Hon. Members, and they are legitimate concerns. I am sure we will present an interesting Bill back to the House and Hon. Members will again be able to speak about principles.

Mr. Penner: Mr. Speaker, I have three brief questions to ask the Hon. Member. First, with respect to his chronology on the amount of time given to this debate, is the Hon. Member not aware that Bill C-19, which was first debated last Thursday, is a Bill which contains a very distinct set of issues? These issues have to be considered by Parliament on their own merits. Is the Hon. Member not aware of that?

Second, is the Chairman of the Standing Committee on Transport aware that when the trucking industry approached the Government of Canada concerning certain changes it thought were necessary, it received, according to its own words, three answers about amendments; first, it is too late to redraft Bill C-19 substantially; second, it is not even worth considering unless there is a consensus at the provincial level in favour of same, and that will not happen; and, third, it cannot consider treating international deregulation separately from domestic out of concern for offending U.S. sensibilities? By the way, that latter recommendation flowed from the committee which looked at the *Freedom to Move* paper. What credence does the chairman give to that response from the Government of Canada to the industry?

The Hon. Member is obviously very close to the Minister and to the Parliamentary Secretary. In his defence of the work the committee will do, is he now telling the House that there is a very good chance, in fact a likelihood, that Clause 7 of Bill C-19 will be significantly amended because that is the most troublesome part of it? And is there a good chance that Clause 26 will be amended so that it will be extended to the year 1990? Is the Chairman of the Standing Committee on Transport today making certain announcements which are in fact rather newsworthy in nature?

Mr. Nowlan: Mr. Speaker, I appreciate the question. Because the Hon. Member for Regina West may want to ask me a few questions, I will not be too long in answering. I will take the last question first. Obviously, I am not going to try to anticipate amendments to specific clauses in this Bill. That will depend on the representations we hear. I am saying in a general way, knowing that committee and having participated in the Committee on Transport for many years, that never have I known that committee, especially under the new aegis of reform which has percolated to a point and, frankly, percolated quite a way to this committee, to be immune to very constructive suggestions for change revision. Only time will tell just where all that comes from.

Obviously, I know Bill C-19 is a little more specific than Bill C-18. The fact is that they are both in a deregulatory environment. I heard the Hon. Member say in his own speech that the trucking industry has changed its mind in several ways and has a new proposal. Gosh knows what it may bring in before the committee. It has done a real flip. We could have a debate on principles *ad infinitum* in the Chamber and, who knows, perhaps the trucking industry will flip again. Let us get it before the committee and pin it down.

The Hon. Member asked three questions but I think, frankly, the three questions are all wrapped up in one issue. I am fully aware that Bill C-18 is a little different from Bill C-19, but the fact is it is reform and change. I think the example of the trucking industry is one of the best examples. The trucking industry itself has done a pretty fundamental switch.

I was going to rebut, in an objective way, a couple of comments made by the Hon. Member for Regina West, since I am the chairman of the committee which has to hear this. Certainly the Hon. Member has raised some very good points. For example, the competitive line rates is a very contentious issue. If it appears that the American railroader is going to come in here and adversely affect the Canadian railroader, obviously the committee will respond positively.

• (1620)

Mr. Benjamin: Mr. Speaker, I listened to the chairman of our committee which deals with transportation matters. Is my

hon. friend deliberately ignoring the actions of his colleagues on the Government side? On the one hand he says that he did not like what happened last Tuesday.

Mr. Nowlan: That is right.

Mr. Benjamin: He then proceeded to spend most of his time justifying what happened. What I want to know is what choice the Opposition had after his colleagues, the Parliamentary Secretaries, two of them, on the instructions of the Deputy Prime Minister (Mr. Mazankowski)—the Minister of Transport (Mr. Crosbie) was not even around—moved motions with respect to the House sitting extra hours and that the question now be put which, in effect, cuts off debate. I want to tell my hon. friend that we had 17 hours and 58 minutes of debate at second reading on Bill C-18, which is equivalent to four days.

The Library of Parliament has informed us that in 1966 the debate on second reading was eight days and that the committee travelled to 16 locations. If the Library of Parliament is wrong, then so be it, the matter will rest on their heads. But I want my hon. friend to check the figures again.

Will the Hon. Member quit trying to have it both ways? Can he guarantee us that the committee will travel? Does he have any assurance from the Minister of Transport and the Deputy Prime Minister that the committee will hear witnesses? He has told us that the committee will do so many great things. We will not do much just sitting here in Ottawa listening to the big shippers, the bull shippers and the big transportation companies.

Mr. Nowlan: Mr. Speaker, I do not know how much time I have to respond, but the Hon. Member has posed some interesting questions. The real one is the last one. I was candid enough to volunteer that I did not like what happened on February 3. I do not think it helped the progress of this important piece of legislation through the House. If I had my druthers I would not have done it that way. I am only the chairman of the committee. I do not run the business of the House. I do not know what else I can say in that regard. I quite agree that it has not helped the atmosphere in the House.

I come to the second point my hon. friend made. I have also used the Library of Parliament in this respect. We had better find out which research person in the Library was used by my hon. friend. He cites the figure of 18 hours. With respect to the transportation debate back in 1966, there were only four days in total spent on second reading. My friend admits that an 18-hour debate is equivalent to four days. I say that it is almost eight days. But that is just playing with figures. Let us assume that his figures are correct. We still have had four days on debate at second reading on Bill C-18. We are now on the fifth day of debate on Bill C-19.

Mr. Benjamin: No, no.

Mr. Nowlan: We are only on the fifth day of debate because members of the Opposition moved motions to concur in reports of committees for three days in a row. If members of the Opposition had been more selective, I do not know that the Parliamentary Secretary to the President of the Privy Council (Mr. Lewis) would have moved the motion that he moved. At any rate, that is the state of the nation in terms of the chronology.

I was hoping to have a meeting of the steering committee today—

Mr. Benjamin: And you cancelled it because the Department and the Minister did not want you to meet.

Mr. Nowlan: I cancelled it because one of the spokesmen from the Official Opposition could not attend. My hon. friend had better restrain himself because we want him to be able to participate in the committee.

Mr. Benjamin: Why don't you resign as chairman?

Mr. Nowlan: The Hon. Member sometimes participates very constructively. He often makes a great deal of input into the proceedings of the committee. As far as I am concerned, the sooner we get this matter off the floor of the House of Commons, the better. We cannot have a meeting of the steering committee on such an important piece of legislation without the spokesman for Her Majesty's Loyal Opposition. That is the reason there will be no steering committee meeting today.

I hope that I will be able to have a one-on-one talk with my hon. friend, the Hon. Member for Regina West, from whom the only real opposition to getting this matter into committee comes. My friend has a great deal of talent and he is very credible. But he can only hold up the Parliament of Canada so long. I think he had better realize that if he hopes to have the committee travel. The Hon. Member for Regina West knows what I think about the business of travel. There is no way that a committee will travel if we are procedurally ambushed in the House. Where is the give and take?

Mr. Benjamin: You guys ambushed us.

Mr. Nowlan: Let us get this matter out of the House. Hon. Members might be surprised at what we can produce.

Mr. Deputy Speaker: Resuming debate with the Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I wish the Hon. Member for Annapolis Valley—Hants (Mr. Nowlan) had not taken so long to respond to the questions of my hon. friend. I wanted to ask him the following question in his capacity as Chairman of the Transport Committee. What does he need to make a commitment that the committee will in fact travel? This is a critical piece of information.

I remind the Hon. Member that he reminded us of the length of debate when a similar matter was discussed some time ago. That was after a royal commission had studied the matter for more than one year. No royal commission has

studied the matter which is now before us. As a matter of fact, there has been a document produced entitled *Freedom to Move*. Some people felt that this put down the framework for transportation regulation upgrading for the next few decades and that it would be appropriate to take this document to the people of Canada and hold hearings on it. That is what governments have done over the years on critical matters such as this. In years past governments have actually given matters such as this to royal commissions to travel with around the country and hold dozens and dozens of hearings in every province and every territory and every major metropolitan area. But what did the Government do when it had the opportunity to show how committed it was to receiving public input?

I ask the Chairman of the Transport Committee: Did the committee travel across Canada and hold open public hearings? Well, technically, yes, it did. It held hearings in three centres other than in the capital city. It ignored seven of the 10 provinces of Canada and both of the territories of Canada. In other words, most of Canada was blanked out by the committee. Were the hearings held in two of the largest metropolitan cities in North America and the two largest metropolitan cities in Canada, Montreal and Toronto? No. When a concerned and effective Opposition looks at the track record of the Government to see how committed it is to receiving decent input from those who will be most affected by this legislation, I have to say to the Chairman of the Transport Committee that the track record looks very poor. There has been no indication that the Government is actually serious if we consider the precedents that we have seen thus far.

On many occasions in my position as House Leader for the New Democratic Party I have asked the Government House Leader and his Parliamentary Secretary if the Transport Committee is prepared to travel. After weeks and weeks of asking this same question I have received no answer. Based on what I have seen the Government do in terms of its willingness to travel on critical pieces of legislation, I must say that I do not have any confidence that the Government is serious at this point.

The Chairman of the Transport Committee is a man for whom I have a great deal of respect. He has indicated that we have been dragging out this debate. I want to remind the Hon. Member that I am but the fourth speaker from the New Democratic Party to speak on legislation that will touch every part of Canada, every resource sector and every major manufacturing company in the country.

To give Hon. Members an idea of the scale of the operation we are discussing today, I looked back to see to what extent this industry touches the lives of Canadians. How large an industry is it? If one considers just the for-hire trucking companies, I found out that in 1982, the last time we had a specific figure for the number of trucks and tractors for for-hire trucking, the figure came to 50,600, with an additional 83,000 trailers and other related equipment. That is a massive operation, and that is the for-hire trucking only. The private trucking firms with their own subsidiaries have 481,000 trucks and tractors and another 83,000 trailers. That does not include the hundreds of companies that move household goods across the country or within large metropolitan areas. This massive undertaking includes hundreds of thousands of trucks moving goods in excess of $6 billion in terms of gross operating revenue.

• (1630)

Surely the Chairman of the Standing Committee on Transport does not feel that having four or five speakers from a political Party is excessive. Surely in his position as Chairman of the Transport Committee he does not think it is unreasonable to entertain the idea of travelling and holding hearings in critical parts of the country. Yet no answers have been received. It perplexes and concerns us, and it makes us feel that perhaps the Government is less than serious about giving sufficient opportunity for the people to be heard who will be most affected by this Bill, and its associate Bill C-18, the deregulation of the transportation industry generally.

At the end of my short presentation during the question and answer period, perhaps the Chairman will take that opportunity to indicate to the House, and to the people of Canada who are concerned about this matter, what his intentions are with regard to receiving input on this critical issue through open hearings in different parts of Canada.

My colleague, the Hon. Member for Thunder Bay—Atikokan (Mr. Angus), made an excellent point in the introduction to his speech last Thursday when this debate started. He indicated that often there is an association with what is happening in our trucking industry in terms of reregulation with what has happened in the United States. This recognizes that over the past few years the United States has gone through the process of reregulation. Yet it is folly to compare what happened in the United States with what happens in Canada. When the United States changed and reregulated its trucking industry, it knew that in the northern part of its country there is a country called Canada which had a relatively insignificant transportation industry relative to that of the United States. It is quite a different matter for Canada. The boundary between Canada and the United States is the longest undefended boundary in the world. When we open it up and welcome American carriers *carte blanche*, we are inviting a giant into our household. Their ability to move in and take over from existing Canadian systems is obvious. It is inappropriate to compare what has happened in the United States with what is happening in Canada, and assume that what has transpired since the introduction of reregulation will be the same in both countries.

I wish to focus on a number of critical points. Of course, one of them is safety. A number of representatives of the Government, particularly the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) has mentioned that there will be a made-in-Canada national safety code that will be in place to bring some comfort. We all agree that if the trucking industry

is to be deregulated, many of us have raised concerns that this may mean that the highways will be less safe. Does it mean that trucking companies will be pushed beyond the endurance of their drivers and the reasonable safety of their vehicles? One might ask if we have evidence to suggest that. I say that we have a considerable amount of evidence.

A recent study, which was funded by the American trucking companies, found that about 60 per cent of all the heavy truck accidents involved a fatigued truck driver. The comprehensive study of 231 accidents in six western states involved 39 fatal accidents which claimed the lives of 16 truck occupants and 33 occupants of other vehicles.

The study goes on to state that:

> The surprisingly high percentage of fatigue-related accidents is three times greater than actually reported on the regular accident report forms. A fatigue-related accident was determined when the truck operator drove more than 16 or more consecutive hours per trip.

It is incredible to think that truck drivers would be expected to be responsible for a major rig on the highway for a period in excess of 16 hours. It is not surprising that fatigue would settle in and danger on our highways would be the result.

The report further states:

> One-half of all the truck accidents studied were single vehicle accidents. The second most serious cause of truck accidents was mechanical failure (18 per cent). However, of all mechanical failure accidents, 63 per cent also involved driver fatigue. Thus, fatigue probably prevented the professional drivers from possibly overcoming or safely reacting to a mechanical failure.

The report further states:

> Fatigue accidents are reported to result from deliberate violations of hours of service by truck drivers.

The operative term there is "deliberate violations of hours of service by truck drivers". The report further states:

> One out of every three heavy truck drivers on the highways is estimated to be driving beyond 10 hour per day standard recommended by the Bureau of Motor Carrier Safety. It was also estimated that 6.5 per cent of all heavy truck drivers are driving more than 15 consecutive hours per trip. A small percentage, but if extrapolated to 1.2 million heavy truck drivers on the highway, this is a sizable figure warned the AAA Foundation for Traffic Safety.

It is no secret that one of the spin-offs of the process of deregulation of the trucking industry will be to bring a great deal more competition to our highways. At first glance I suspect that people will say that this is obviously in the best interest of shippers, the Canadian economy, and that it is good news for us all.

The result of this enhanced competition will mean that large, small, and medium-sized trucking companies will be pushing and cutting back on maintenance costs, and perhaps on the concern that they have for their drivers. It is for this reason that we are particularly concerned when the Parliamentary Secretary to the Minister of Transport states that a made-in-Canada national safety code will be put in place.

In looking at the situation that was in effect in November of last year, for example, the safety initiatives that include the procedure for audit of employers' records, I notice that the Canadian Trucking Association's position is still to be developed. The National Council of the Motor Transportation Authority also states that the procedure is still to be developed. The position of the Canadian Trucking Association and the CCMTA is that the policy for record systems for operator profile or driver profile still has to be developed. I also consider such things as the Interprovincial Record Exchange, and find that that also has to be developed in terms of the view of the Canadian Transport Association, and similarly with the CCMTA which says it still has to be developed.

The only conclusion that can be drawn is that these safety codes and the understandings, which would result in enhanced safety as a result of deregulation, will be determined sometime in the future. They will not necessarily be determined this year, because the dates here indicate the year 1989. We are concerned about these situations when they are brought to our attention. Why does it appear that the Government is so intent on getting this Bill into committee and back into the House of Commons and passed into legislation prior to real consideration being given to the safety factor? I have here a letter that was recently written by the Minister of Highways and Transportation in the Province of Manitoba to the Minister of Transport in Ottawa. In the second paragraph it states that, "I remain of the view that the Bill is seriously flawed and constitutes a breach of the terms of the Memorandum of Understanding on the reform of extra-provincial trucking regulation agreed upon by your predecessor and all provincial and territorial transport Ministers on February 27, 1985."

This raises some serious concerns. Does it mean that once again when it comes to provincial-federal government dealings there seems to have been a breakdown? Here is a Minister responsible for the highways in one of Canada's western provinces saying that in his view the Bill is not only seriously flawed, but also constitutes a breach of the terms of the Memorandum of Understanding that the province and the federal Government had entered into. Then he went on to explain it in some detail. Quite frankly they were quite complicated details upon which I am not in a position to expand. Presumably more learned Members of the House will be able to explain them when the Bill is before the Standing Committee on Transport. I simply use them to point out that again there seems to have been a breakdown in co-operation between the federal Government and the appropriate provincial Government.

• (1640)

Over the course of this very short debate some people have asked why New Democrats seem hesitant about rapid passage of Bill C-19 and why we are listing our concerns very carefully at second reading stage.

I asked myself, as a Member of Parliament, the following question: Who opposes the Bill and who supports it? At the top of the list of organizations opposing the legislation in its present form—and I emphasize that because I assume we can make significant improvements—is the Canadian Trucking Association. If this piece of legislation had been thoughtfully

designed and drafted, after appropriate consultation, to improve the lot of transport in Canada, I do not think it would be surprising that the Canadian Trucking Association would support it. However, that Association is opposed to it. I also notice that provincial transport associations are opposed, as is the Province of Manitoba. Other provinces have indicated serious doubts once they had a chance to look at some of the fine points in the legislation. Perhaps that is one of the reasons the Government has decided to proceed with some haste in terms of getting through the legislation. When I find out that all major participants oppose it, I suspect there is a lot more here than what simply meets our eyes as parliamentarians.

I should like to refer to a November article which appeared in *The Globe and Mail* in which it was reported that United States trucking companies were expecting that Canadian trucking deregulation would mean a continental bonanza by giving them unrestricted access to the Canadian market, thus allowing them to offer non-stop Los Angeles to Vancouver or Miami to Toronto service. The article went on to note that one area where United States carriers were expected to make inroads was in the business currently going to private carriers. In 1984, Canadian companies did about $5 billion worth of business with their private fleets, but with rates falling they could be encouraged to shift to the four higher carriers. United States carriers also expect to take business away from Canadians by signing deals with U.S. parent companies to transport the goods of the parent and its Canadian subsidiary.

We are a Party which has always been concerned about the extremely high level of foreign ownership of our economy, particularly our manufacturing economy, as well as the cash flows and dividend flows which move out of the country as a result of subsidiary branch plant economy in Canada. We now find that trucking companies in the United States will take advantage of the parent company being in the United States and a subsidiary being in Canada to lock up, in a sense, the movement of goods back and forth between the parent and the subsidiary by using their own trucking companies, thereby using American trucking companies.

Mr. Cope, Executive Vice-President of the Ontario Trucking Association, indicated that that would settle the fate of a lot of things in Canada without Canadian companies getting a kick at the cat. This individual in charge of a trucking association in Canada's industrial heartland is concerned that American companies will have advantages which will not exist for Canadian companies.

The end result of the process will inevitably be concentration of ownership in the trucking business. That is what happened in the United States. The Executive Director of the U.S. Independent Truck Owners and Operators Association, a strong proponent of deregulation prior to 1980, testified before congressional oversight hearings in 1983 and said that the effects of the Motor Carrier Act, 1980 on the trucking industry and labour force had been disastrous. The process of deregulation in the United States has been disastrous, in his terms. Both the truck load and the LTL sectors were ravaged by deregulation, with medium-sized carriers forced out of business through the destructive practices engaged by large carriers through the use of discounting tactics. He cited studies which predicted that after the initial shake-up of the industry had been completed there would be four or five giant nation-wide LTL carriers, approximately 20 medium-sized regional LTL carriers, and little else.

It is one more step in the process toward more concentration of the economy being in the hands of fewer players. If the Bill is designed to assist small Canadian trucking companies, and knowing that the experience in the U.S. has resulted in large multinational trucking companies becoming dominant in the market-place, it is fair to think that Bill C-19 is not in the best interests of small Canadian carriers.

I encourage the Government and the Parliamentary Secretary to give the matter a great deal of thought when it reaches committee stage, at which point we will have a chance to bring forward appropriate witnesses to indicate, from their point of view, the effects of the legislation on them.

Mr. Kilgour: Mr. Speaker, I should like to deal with some of the matters raised by the Hon. Member for Kamloops—Shuswap (Mr. Riis).

Dealing with the question of consultation, I should like to indicate that over 500 groups or individuals were consulted during the development of the legislation, many on more than one occasion. For example, there were meetings with the Canadian Trucking Association, to which the Hon. Member just referred, on six occasions and correspondence was exchanged on eight occasions.

Just before Bill C-19 was tabled, my understanding is that the Canadian Trucking Association in effect asked us to go back to square one. As the Hon. Member said, it is opposed to the legislation. The point is that it was consulted over a long period of time, along with many other organizations.

The following highway carriers were consulted: Alberta Gravel Truckers Association, Atlantic Provinces Trucking Association, B.C. Motor Transportation Association, B&M Carriers Ltd., Canadian Association of Movers, Canadian Freightways Ltd., Canadian Council of Motor Transport Authorities, CP Trucks, Canadian Trucking Association, Cavalier Transportation Services Inc., Cement Cartage, Day and Ross, Drury's Transfer, DunSmith International, Edward Lang, Esquire Livery, G.M. Armor and Son, Gardner Expressway, Garfield Systems Incorporated, Greater Ottawa Trucking Association, Interamerican, John Gunn Motor Express Inc., Kingsway Freightliner, Lindsay's Cartage & Storage, MacKinnon Transport, MacNeil Transport, Maritime Forwarding, Motorways Direct, Ontario Trucking Association, Reimer Express, Thompsons Transfer, Transtario Bus Lines, Trimac Transportation, and United Parcel Service Canada Ltd.

We must not lose sight of the fact that the 10 provincial Governments and the two territorial Governments signed an agreement supporting the principles of Bill C-19.

It is true that there has been a change of heart on the part of the Government of Manitoba. Motivation is not a matter in which we get involved here, but it is true that the Government of Manitoba has changed its position. However, I understand that the Bill incorporates the agreement of February, 1985 which was signed by all 10 provincial Governments and the two territorial Governments. Consultation is something on which we cannot be criticized in terms of Bill C-19.

Referring to the question of safety, the Hon. Member referred to a sheet. The sheet from which he was quoting—and I also have it—was provided by the Hon. Member for Regina West (Mr. Benjamin). It is dated November. I understand that significant progress was made last week on some of the matters, not all of them. The important point is that the safety code will come into force in January, 1990, a full year before the fitness-only test comes into effect. Many other things in terms of safety, which is all important, will be done beforehand. There is no comparison between what we are doing in terms of safety and what the United States has done or has not done, I should say.

The Hon. Member comes from a part of the country, as do I, which is resource-based. Many men and women in his constituency earn their livelihoods from shipping timber, mining or other natural products. Who will speak for those men and women? With respect, no one in the NDP spoke for the shippers or for men and women working in the resource industry. Certainly the Hon. Member is not doing it today. I would appreciate hearing his comments.

Mr. Riis: Mr. Speaker, the Hon. Member's last comment was not accurate, but I will not get into debating the inaccuracies or nuances in the comment. However, I should like to provide for the Parliamentary Secretary a letter which was written on February 10, 1987. The letter is from the Canadian Trucking Association and says the following:

> The point that doesn't seem to be getting across in the debate so far is that the reverse onus test is useless so we will have defacto deregulation by January 1, 1988 and there is in fact no National Safety Code. We had people at a meeting of CCMTA last week in Victoria on this along with all other interest groups. Even the shippers agree with us. The fact is that there is a huge lack of consensus as to what should go into a National Safety Code.
>
> Various provinces want to have different vehicle inspection standards and it is not clear they are prepared to recognize the vehicle inspection standards of adjoining provinces or states. Also, there is no consensus on a national approach to regulating hours of work for extraprovincial truckers. Under the current Canada Labour Code there is minimal enforcement and certainly none for smaller truckers, which is the group that will proliferate after deregulation. Any attempt to suggest that there is presently agreement on a National Safety Code and its contents is extremely misleading.

• (1650)

I think that letter speaks for itself. The whole matter of safety is of grave concern not only to the shippers but to the companies that will be involved in the movement of goods.

I understand that this legislation requires that Canadian buses driving in the United States have American drivers once they cross the border. I understand as well that American buses coming to Canada do not require the same thing. Is there such a difference? Second, could the Parliamentary Secretary, who has been stick-handling this Bill through the House of Commons, indicate if any decision has been made on whether or not the Government plans to allow or encourage the committee responsible for this to travel across Canada to hold hearings in appropriate places?

Mr. Kilgour: Mr. Speaker, I wonder who is asking the questions. I am happy to note the reversal of positions.

My understanding is that there are 1,000 Canadian trucking companies doing business in the United States and for the most part they employ Americans. The American companies doing business in Canada employ Canadians. The Hon. Member has said that when Canadian buses enter the United States, American drivers get on. My understanding is—and please correct me if I am wrong—that it works both ways.

The question of travel for the committee is one that is open to negotiation. Given all of the consultation that has occurred and knowing that the New Democratic Party will oppose this Bill today, tomorrow and six months from now, the committee will not travel and we have yet to be persuaded that it needs to travel given the fact that, as I understand it, something like 60 or 70 people have indicated that they want to give evidence before the committee. As of now, the likelihood of travel is not great. I do not want to encourage the Hon. Member for Kamloops—Shuswap into thinking otherwise.

I hope the Canadian Trucking Association did not mean to tell us that the reverse onus test will go into effect immediately. In fact, the reverse onus test will go into effect a year after the safety code comes into effect, and that will occur in 1990.

I have just been handed a note indicating to me that the bus regulation is not being changed by this Bill. The same provisions that are in the present legislation are merely repeated in Bill C-19.

Mr. Riis: Mr. Speaker, that is the point that I was attempting to make. Canadian bus drivers who want to go to Florida, Ohio or wherever have to stop and bring on American drivers once they cross the border. An American citizen must drive a Canadian bus in the United States. However, when buses from the United States with American drivers come to Canada, they continue on their merry way into Alberta, Quebec, Ontario or the Northwest Territories. Something is wrong there.

This is simply one example of the point we have tried to make on many occasions. Why is it that Americans can have access to our highway systems but we cannot have the same access to theirs? Again, the Americans come out the winners for whatever reason.

The fact is that large American trucking companies will have full access into Canada in order to compete with our trucking companies, which are by definition significantly smaller. The operations in the U.S. can use parent companies to make deals with subsidiaries in Canada to use only American carriers. We will be blown out of the water, and that is the point we are trying to make.

When we compete head-to-head with a giant and when we have legislation that is biased in favour of that giant at the expense of Canadian carriers, competition will be such that it will simply be impossible for Canadian carriers to compete in this very critical industry. That is why at this stage of the Bill, we are seriously concerned that it is flawed and the Government has not thought it through carefully enough. We want to make the point that when closure is eventually forced upon us and the Bill goes into committee, we will need to hold hearings across Canada so that those affected adversely by this legislation can and will be heard.

Mr. Angus: Mr. Speaker, I rise on a point of order. I have a procedural question. It seems that this question and answer period turned into a debate between the Hon. Member and the Parliamentary Secretary. It would seem to me that that is a departure from past practice. I wonder if you would consider that and perhaps at an appropriate time make a ruling as to the appropriateness of such activity.

Mr. Deputy Speaker: The Hon. Member is in fact correct. The Chair was trying to accommodate the House Leader of the New Democratic Party who had made comments and the Chair allowed the House Leader to make another comment, but the Chair recognizes that that was at the expense of the Hon. Member for Thunder Bay—Atikokan (Mr. Angus).

Is it the wish of the Hon. Member to call it five o'clock?

Mrs. Finestone: I was just going to suggest that we call it five o'clock, Mr. Speaker.

Mr. Deputy Speaker: Shall we call it five o'clock?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It being five o'clock p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*Translation*]

RIGHT HONOURABLE LESTER B. PEARSON

STATUE TO HONOUR HIS MEMORY

The House resumed from January 19 the debate on the motion of Mr. Boudria:

That, in the opinion of this House, the government should consider the advisability of honouring the memory of the Right Honourable Lester B. Pearson by commissioning a statue of him to be placed on Parliament Hill.

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I wish to take part in the debate on this motion which I would like to read once more to the House:

That, in the opinion of this House, the Government should consider the advisability of honouring the memory of the Right Honourable Lester B. Pearson by commissioning a statue of him to be placed on Parliament Hill.

The Minister of Public Works (Mr. McInnes), my colleagues of the majority party and myself support wholeheartedly the notion of commissioning a statue to honour the memory of this illustrious Canadian. On January 19, the last time this motion was debated in the House, there was a slight misunderstanding as concerns the position of the members of the majority. I believe that this has now been cleared up and that my hon. friends opposite have had an opportunity to examine the report on statues honouring prime ministers of Canada and other commemorative works, which the Hon. Member for Simcoe North (Mr. Lewis) tabled on behalf of the Minister today.

Mr. Speaker, as the Minister of Public Works (Mr. McInnes) has himself pointed out, he requested this report last fall because, in his opinion, an analysis of the policy and the tradition for such works could assist Parliamentarians in the examination of future commemorative projects, especially statues on Parliament Hill. As no new statue had been erected on Parliament Hill for many years, the experience acquired recently in the successful project to erect a statue honouring the memory of Prime Minister Diefenbaker was also an excellent opportunity to initiate a new process for such projects and make an objective examination of the existing situation.

One of the complaints most commonly heard is that often necessary information is not available to Parliament to make enlightened decisions concerning issues it is sometimes called upon to deal unexpectedly. The report tabled by the Minister of Public Works provides information, observations, useful data which, in my opinion at least, deserve our full attention.

Mr. Speaker, we must deal with the motion moved by the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). I have every intention to support his motion as moved, if such is the desire of Hon. Members opposite. Partisanship should not enter into the consideration of a motion of this kind. The government Members have never intended to stoop to such low tactics.

In view of the information now available, I believe, however, that Mr. Pearson would be bestowed an honour still more worthy of his name if, during the next few weeks, we took the time to ponder upon all the aspects of this project of a commemorative statue. This is not an attempt at delaying or filibustering this project; quite the contrary, as you will see today. However, it is intented rather to consider the matter with all necessary information available for the best possible results.

One of the first points to consider is that Prime Minister St. Laurent's statue was erected, at Prime Minister Trudeau's, own suggestion in front of the Supreme Court building rather than on Parliament Hill. The selection of that particular location is obvious in view of Mr. St. Laurent's fame as a jurist, lawyer, law professor, president of the Quebec Bar and Minister of Justice. Prime Minister Trudeau did not feel at the time, I am sure, that the Supreme Court location was any less prestigious than any other spot on Parliament Hill. He had no

intention either, I am sure, of showing disrespect for the late Mr. St. Laurent who was universally cherished.

Mr. Speaker, Mr. Pearson had enjoyed a long and prestigious career as a diplomat, first as Under Secretary, and then as Secretary of State for External Affairs. He was also awarded the Nobel Peace Prize because of his immense contribution to world peace and prosperity after World War II. In view of Mr. Pearson's career and the consequent tribute paid to Mr. St. Laurent, I urge Hon. Members opposite to reconsider the idea of dealing rapidly with the motion to put the statue right on Parliament Hill, exclusively. All Members will agree that we should not reject offhand the possibility of having a statue at some other location that would be just as suitable if not more, in front of the Lester B. Pearson Building for instance, the headquarters of the Department of External Affairs which is so capably headed by the Right Hon. Joe Clark.

Mr. Speaker, this is only one example of the aspects we should be looking at. It would seem normal to me that Hon. Members would want to look at all the facts before taking such an important decision. However, were the decision to be made immediately, it would be wise if it did not prevent further consideration of this issue as the Hon. Lester B. Pearson's statue project.

It would be useful, without entailing endless delays, to refer all those questions to a committee of the House. Although it has no direct mandate, the Committee on Internal Economy for instance could in my view be required to look into this or again a special committee might be better suited.

Mr. Speaker, that motion would be greatly improved and much more relevant if the words:

"or in some other suitable location"

—were added to the motion for the obvious reasons I just mentioned. The decision remains with the sponsor, who is here in this House. If the only solution is to pass the motion as it now stands, I will support it and accept this uncompromising situation as I believe will all my colleagues on this side. I would leave the decision to the good judgment of the Hon. Member and his colleagues, who, no doubt, will want to support the motion which is quite sensible, relevant and in keeping with the high ideals of this Government's policy which are now expressed by unreservably approving the motion to commission a statue of the Right Hon. Lester B. Pearson.

• (1700)

[*English*]

Mrs. Pauline Browes (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, I am pleased to join in this debate on the motion of the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). I am pleased to have this opportunity because this motion follows on the motion I introduced just two years ago to erect a statue in honour of John Diefenbaker on Parliament Hill. John Diefenbaker and Lester Pearson were great political rivals. Their debates here on the floor of the House of Commons and across Canada on the campaign trail form a lively and colourful part of our nation's history. Their rivalry touched almost every aspect of our politics, Parliament and society. I am told that it even extended to who caught the largest fish in Lake Harrington. As all members know, of course, Lester Pearson was never able to match the four and a half pound trout which Mr. Diefenbaker caught. However, I must say there is a silly but persistent rumour that Mr. Diefenbaker never actually pulled the fish into the boat.

Lester Pearson's outlook on life was profoundly shaped by his upbringing in a religious family, in a manse, his service during the war and his experience as a diplomat. He held a firm belief that Canada could become a great nation, and his efforts as Prime Minister are a great testament to that conviction. His outstanding international experience is widely known. He is perhaps one of the very few Canadians to ever participate in both the League of Nations and the United Nations. He was Canada's Ambassador to the U.S., President of the UN General Assembly, winner of the Nobel Peace Prize, and Canadian Minister of External Affairs. He received over 24 honorary degrees and was known world-wide as a conciliator, and a passionate defender of the peace.

Although he never won a majority Government in the House of Commons, Lester Pearson's record as Prime Minister is remarkable. He established the Canada Pension Plan, the Canada Assistance Program, medicare, a new labour code, a new Bank Act, the Order of Canada, and of course a new flag. His years in office were a time of great change and progress for all Canadians.

Two years ago this month I introduced a private motion to have a statue of the Right Hon. John George Diefenbaker commissioned and placed on Parliament Hill. Subsequently the site for that statue was chosen and the world-renowned artist, Leo Mol, was selected to do the work. Last September 18, some 18 months after the motion was first introduced, the statue was unveiled on a brilliant day here on Parliament Hill. Thousands of Canadians from all parts of the country attended that ceremony.

• (1710)

The committee which established the Diefenbaker statue demonstrated that a coherent and consistent process for the provision of such statues can work and is needed. With the outstanding contributions of the Hon. Member for Saskatoon East (Mr. Ravis), Senator David Walker from Toronto, who was the Minister of Public Works in the Diefenbaker Government, and representatives from the Ministry of Public Works, the Department of the Secretary of State, the NCC, and the Speaker's office, we initiated a process which could end the ad hoc approach which has been used for these memorials.

That was precisely the purpose of my motion. It was not my intention to encourage further Private Members' Motions which would simply tread on ground we have already covered. Rather, I introduced the motion to alert Parliament to the

problem of how we honour great Canadians like John Diefenbaker and Lester Pearson.

Since John A. Macdonald first recommended a statue in honour of George-Etienne Cartier in 1873, we have never followed a coherent process for statue commemoration. In fact, a motion such as mine had not been considered by Parliament for nearly 20 years because of the disastrous handling of the last two statues which were erected on Parliament Hill. In 1966, the then Secretary of State proposed that statues of four Prime Ministers be commissioned and placed on Parliament Hill. After a year of controversy and conflict, only two of the four statues were completed. The statue of the Hon. Arthur Meighen was placed in storage and is still there. The maquette for the statue of the Hon. R. B. Bennett was lost. All we have are some pictures of the maquette which are not acceptable.

For the next 20 years no action was taken to erect a statue for any other former Prime Minister. That is a sad commentary on the state of how we recognize our national leaders and celebrate our nation's history. When I first proposed my motion I wanted to address this inaction and encourage the Minister of Public Works (Mr. McInnes) to initiate a consistent statue policy. The days of a motion by motion approach to honouring former Prime Ministers must end or it will take us another 20 years just to erect statues for the eight Prime Ministers who have yet to be recognized.

I was pleased that the Minister of Public Works tabled in the House today the report on commemorative statues to Canadian Prime Ministers and commemoratives to other eminent Canadians. Included in the report is a section on how other countries pay tribute to their founders. Perhaps it is time we considered a national statuary hall similar to the one in the United States capital where each province would be allowed to honour its historic figures.

We have the report filed by the Minister and it is now time we started working together to consider these guidelines, instead of further *ad hoc* measures, in order that John Diefenbaker, Lester Pearson and all our former Prime Ministers can live in lasting memory here on Parliament Hill and in the National Capital Region as well as in our history books.

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I thought there would be general agreement by all Parties to pass this motion immediately. The Hon. Member for Lasalle (Mr. Lanthier) indicated that if the mover of the motion were in agreement, he would like the motion to be amended to include "other suitable sites" for the placement of a statue commemorating the Hon. Lester B. Pearson, but that if Parliament were in agreement, he would be prepared to accept the motion as it now stands. The Hon. Member for Scarborough Centre (Mrs. Browes) is indicating that she as well would agree to accept the motion as it is. I am very glad that Hon. Members opposite are prepared to accept this motion.

I want to say only a few words on this matter. I believe there should be a committee responsible for the placement of statues and other memorabilia on the Hill. I hope that such a committee would consider other distinguished parliamentarians who ought to be honoured. Two such parliamentarians come readily to mind, the first being the first Leader of the Co-operative Commonwealth Federation, which subsequently became the New Democratic Party, J.F. Woodsworth. I think members would also agree that the first woman M.P., Agnes Macphail, should be honoured at some time. I agree that after this Bill is passed, parliamentarians should have a good discussion on the matters which have been raised by my hon. friend.

As my colleagues, the Member for Prince Albert (Mr. Hovdebo) and the Member for Winnipeg North Centre (Mr. Keeper), submitted, I think it is entirely appropriate to pass the motion of the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) to ensure that a statue of Mike Pearson is placed on Parliament Hill. I was alive and well, and for part of the time even in this House, when the two great gladiators on the Canadian scene were John Diefenbaker and Mike Pearson. They were dominant figures for over a decade and had many battles. In recent Canadian history it is unusual for two such figures to be face to face for that length of time. For that reason alone, one may like to see them face to face on Parliament Hill.

It was agreed last year, through the passage of the motion of the Hon. Member for Scarborough Centre, that we would commemorate a statue to the memory of the Right Hon. John George Diefenbaker. All Parties agreed to that. I cannot say strongly enough how important it is to have a statue of the Right Hon. Mike Pearson on Parliament Hill as well. It may be necessary to relocate some statues, but there is still room on the Hill. Even the statue of Mr. Diefenbaker could be relocated, but it should remain on Parliament Hill. His great opponent should be located nearby, so they may face each other on the Hill.

I think we all agree on Mr. Pearson's great contributions, although a few have not been mentioned. One of his very great contributions was the development of a spirit of co-operative federalism. Quite frankly, in my opinion he understood Quebec even better than his successor. He established the Bilingualism and Biculturalism Royal Commission. I believe he was the first Prime Minister to be really concerned about election expenses. The Right Hon. Lester B. Pearson did make the proposal to establish the commission on which M. J. Coldwell, among others, served, to examine electoral expenses and contributions to Parties. That is a landmark which we sometimes forget to acknowledge.

• (1720)

In conclusion, I support the motion and I am encouraged by the remarks of our friends opposite today that while they may favour a somewhat different motion, they will support the

erection of a statue on Parliament Hill in honour of the Right Hon. Lester B. Pearson.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I want to make a brief contribution to this debate. First, I sense that the House will give unanimous agreement to this motion by the Member for Glengarry—Prescott—Russell (Mr. Boudria), which should be welcomed very much. I hope the appropriate action will be taken with the passage of this motion because I agree with the sentiments expressed by the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) that nothing could be more appropriate than to have these two gladiators, as she called them, honoured with statues of both of them on Parliament Hill.

With all due respect to the Hon. Member for New Westminster—Coquitlam, perhaps I could speak for a younger generation. I was 12 when the Diefenbaker Government fell in 1963. I was actively interested in politics even then and not only remember the night that that Government fell, but I recall that entire period. I believe it is instructive to remind the House of that period in the context of this Parliament. I believe the Prime Minister referred to it today, if I heard him correctly, and it was a time when the two gladiators in their respective Parties were at odds with each other over who would form the Government of Canada.

I suspect that Parliament was viewed then as it is now by many Canadians. Perhaps our agreeing to honour the other of those two Leaders is a reflection of the general view that, with the passage of time, there is a point at which we can put matters into historical perspective. In saying this, I do not in any way diminish the concern which Canadians may have about how the political process has operated recently.

When I first joined the Committee on Parliamentary Reform in the last Parliament, I read, among other research documents, an essay written about Parliament in 1935. This essay was from a book entitled *Social Planning For Canada*, which is a collection of founding documents for the CCF. That article about Parliament explained that Parliament, which was supposed to be a place for intelligent debate and the real expression of opinion, had fallen into disrepute. It contained a series of criticisms about Parliament which, if the dates and the few references to personalities were removed, could have applied to Parliaments in 1935, 1975, 1985 or, more relevant to the debate today, 1965. Perhaps it is worth reflecting on the fact that Parliament has never been what people have expected. Perhaps it puts into perspective our agreement to erect a statue of Mr. Pearson as well as explaining what is happening in Parliament today.

I also believe that the passage of this motion will represent one small victory for parliamentary reform because it will be another of the few occasions so far when the House has acted within the parliamentary reform Private Members' Business.

In closing, let me support the view that not only those who have been fortunate to become Prime Ministers should be honoured with a statue on Parliament Hill. There are many others, some of whom were mentioned by the Hon. Member for New Westminster—Coquitlam, who should also be considered as candidates to be honoured. Being the Prime Minister in a Government is not the measure of political achievement. There are many people who have come to this Chamber over the years, either as leaders or Members of Parliament, who have made very significant contributions to the political process and the country, precisely because they did not have the personal ambition to become the Prime Minister of Canada. I believe we have such a person sitting at the Table here every day. We should keep this in mind when we talk about honouring our leaders.

I am pleased to support the motion to honour Lester B. Pearson, who I understand was responsible for introducing into federal politics the Hon. Member for Saint-Denis (Mr. Prud'homme), who celebrates the anniversary of his election to this Chamber today. I look forward to his speech.

[*Translation*]

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, it is truly an honour and a privilege to take part in this debate today, because in about two hours from now, it will be 23 years ago that I became a Member of Parliament for the first time, when Lester B. Pearson was Prime Minister of Canada. I was going to read through all these notes I have in front of me, but with the Chair's permission, I would rather speak from the heart as well as from the mind, something Parliamentarians are often reluctant to do. I see some young Canadians working in the House who will probably be delighted to hear all this and will probably be hearing it for the first time. I have some memories which I would like to share with you today.

[*English*]

In a couple of hours, it will be 23 years ago that I was elected for the first time to serve in the Canadian Parliament. I want to speak about the man who helped me—some say ensured—that I would be chosen as a delegate in Montreal Saint-Denis to replace the Hon. Postmaster General of the day, Azellus Denis, who is in the Senate. I am told that when I came out of university he helped in my being chosen in a very open and contested nomination. I was chosen and elected.

• (1730)

It is no secret that I have always admired Mr. Pearson. I had known Mr. Pearson since I was a young student. In fact, on January 31, 1958, and I am going by memory now, I was a young delegate for my Party from Quebec, and one of the very few Quebecers for my Party, a Francophone, who supported Mr. Pearson. I was a student escort to Madam Pearson, who is still alive today. Due to her health, she may not be able to listen to our debate, but she is still alive today, I know. I am sure his family, his son, daughter and grandson, who works on the Hill, will be watching. I want to say I had great admiration for that man. I learned a lot from Mr. Pearson. I learned patience and compromise, but the right kind of compromise.

In this country we have people who speak French. I say to my very good friend opposite, we have four million people who speak only French in my province in Canada, nothing else but French, and they claim to be as good a Canadian as anyone in British Columbia, Alberta, the Yukon, Newfoundland and the Atlantic Provinces who speaks nothing but English and who equally believes he or she is a good Canadian.

The spirit of compromise was something Mr. Pearson taught me as a student by the way he lived his life, his reading, his actions in the United Nations. My very esteemed colleague, the Hon. Member for New Westminster—Coquitlam (Ms. Jewett), sat in the House with me then. We knew who Mr. Pearson was. People may like to read the debates which have taken place recently and compare them with what took place on January 19, 1987 in the House of Commons when my colleague, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), introduced an identical motion to the motion of our hon. friend, the Hon. Member for Scarborough Centre (Mrs. Browes).

I cannot do otherwise but recall the immense courage of Mr. Pearson. Our young Canadians, our new Canadians, should look back to the debate on the Canadian flag we have today, something which everyone takes for granted. It was a passionate debate. True to our principle of British democracy, the British parliamentary system, we debated that issue for months in the House of Commons. People objected passionately to changing the flag. Others, with as much passion, wanted something truly Canadian. They did not want the Fleur de Lis nor the Union Jack. I remember a debate I had with Mr. Diefenbaker. He was ready to compromise by having on the Red Ensign the Fleur de Lis. I remember having said, to his surprise, that I would never accept on my Canadian flag a Fleur de Lis. That was quite a surprise because I was expected to say something else.

We got our Canadian flag. I remember as a fairly new Member of Parliament attending a meeting in Winnipeg when Mr. Pearson spoke for the first time. I remember his wife was there and the beloved Mary MacDonald, principal secretary to Mr. Pearson, along with a couple of other assistants. At the annual meeting of the Royal Canadian Legion he spoke for the first time about a truly Canadian flag. It was not the best of our days. However, the idea took hold and we won. We got our flag. We did not win and we did not lose. Canada won a beautiful flag. It could have been different. Mr. Pearson proposed two blue bars to represent the two oceans. After compromise we ended up with the flag we have today.

I remember also, and this is never mentioned, that Mr. Pearson appointed a Special Committee of the House of Commons on the National Anthem. I had the honour to sit on that committee. The only two members of that committee left are the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) and myself. We sat on the Special Committee on the National Anthem for months. Can you imagine Canadians who are listening—

[*Translation*]

—who were listening for weeks on end, Mr. Speaker. We were in a room, behind closed doors, with a musician who played us every possible precursor to what would finally be our national anthem. We had people come in and sing us the anthems they wanted to have, safely ensconced behind the doors of certain offices. We even had a bilingual anthem: *Ô Canada*, My Land *ton front est ceint*—

[*English*]

—there was something mixed up in French and English. For months we listened to various versions of the national anthem, I say that to those who sometimes despair of the importance of patience when passions are involved. We recommended the French version, which we had been singing since 1880 in various parts of Quebec. In fact, a granddaughter of Senator Tremblay is a descendant of the person who wrote the words of *Oh Canada*. We proclaimed *Oh Canada* as the national anthem on July 1, 1980.

I went past what my dear colleague, the Hon. Member for New Westminster—Coquitlam, said about the Canada Pension Plan and election expenses. To address myself to the subject directly in the two minutes I have left, I will say I hope that we will pass the motion and erect on the Hill a statue of Mr. Pearson to depoliticize this debate. We should, as was suggested, stop thinking of what we should do in the future. I know for a fact that when they put up the statue of Mr. St. Laurent in front of the Supreme Court of Canada—and this has never been said or written—it was understood that when Mr. Diefenbaker would die, his statue would face the statue of Mr. St. Laurent. The reason the statue of Mr. St. Laurent is positioned in such a way is that there was supposed to be a second statue, that of Mr. Diefenbaker, there.

I believe that if we are to build a country and if we are to teach those who visit the Hill, a statue of every Prime Minister should be here. It does not matter to me if it looks like a series of statues one after another, because as a Member of Parliament, when I walk with students and friends, I want to be able to point to Sir Wilfred Laurier, Queen Victoria, and our different Prime Ministers and explain what Canada is all about. It is as if we were afraid to talk about our country and teach others what Canada is all about. I am not. It is the best country. One of the ways to show that is to teach young Canadians and new Canadians what Canada is all about.

If one were to walk to the back of the Parliament, one would see a statue of Baldwin, but no one would know the meaning of it. When Baldwin was defeated by the Anglophones, he was elected by the French. When Lafontaine was defeated by the French, he was elected by the Anglophones. That is part of our history but no one talks about it. If we could go back to the spirit of what Canada is all about, we would have much less difficulty to explain even what this new Government is trying to do.

It is with great honour on this special day that I say that I hope we pass this motion, that we do not hesitate a moment to

erect a statue of the Right Hon. Mr. Pearson, for all the reasons so well expressed by my colleagues. I want to render homage to the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie). It is as a result of his hard work that we are debating this issue. I say that because he is one of the Members who sits on the committee which chooses the motions which will be debated by us. I also wish to commend the Hon. Member for LaSalle (Mr. Lanthier) who participated, and all the other Hon. Members who took part in the debate.

• (1740)

I hope that in this very difficult time that we seem to be going through we can show Canadians that at times we can unite when there is a good motion put before us. This is a good motion. I would like to see it accepted. I would like to see a statue of Lester B. Pearson erected on the Hill.

After its erection—and this is a suggestion for the Chair—I hope that decisions of this nature will not be left up to the Department of Public Works but, rather, to the Speaker's office. Mr. Speaker is Mr. Canada on Parliament Hill. Such decisions should fall under the auspices of the Speaker's office. It should be that office which decides what will be erected on the Hill. It is our hill, the hill of the parliamentarians. It is parliamentarians who come and go from here. It should be a committee of parliamentarians under Mr. Speaker who decides how to honour Canada's Prime Ministers on the Hill. In this way we can better teach Canadians, young Canadians and new Canadians who come to this country by the hundreds of thousands, about the history of our country. To enrich us and make us better I would like to see us start anew after the erection of this statue. I hope that we will strike a committee under the direction of Mr. Speaker which will consider what we want to do in the future for other Prime Ministers.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of Mr. Boudria.

Is it the pleasure of the House to adopt the said motion?

Some Hon. Members: Agreed.

Motion of Mr. Boudria agreed to.

[*English*]

SITTING SUSPENDED

Mr. Deputy Speaker: Is there unanimous consent to suspend the sitting of the House until six o'clock, at which time we will proceed to the Adjournment Debate?

Some Hon. Members: Agreed.

At 5.43 p.m. the sitting of the House was suspended.

Adjournment Debate

SITTING RESUMED

The House resumed at 6 p.m.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

MEDICAL CARE—TREATMENT OF VICTIMS OF BRAIN DAMAGE

Mr. Bob Brisco (Kootenay West): Mr. Speaker, at the outset I should like to thank the Minister of National Health and Welfare (Mr. Epp) for his effort to put this matter on the agenda of the Conference of Provincial Ministers of Health. I accept the fact that he only had two short weeks of notice in order to do so.

I am aware of the fact that as a result of that short time frame, the Minister was only able to have the matter put on the agenda in the context of other issues. I am also aware that the other issues were not addressed because there was not time to address them. As a result, I urge the Minister to give the House and Canadians his firm commitment that the matter identified as brain damaged victims will be firmly placed on the agenda of the next health ministers conference.

By that time there will have been adequate opportunity for the Minister's Department to collect or collate data and statistics and to provide an understanding to officials of the urgent need for rehabilitation care facilities in Canada—and we have none—for brain damaged victims. Also it will provide the Minister with an opportunity to urge other provincial Ministers of Health to collect the same kind of data.

I should like to put a few facts on the record in the short period of time available to me in the Adjournment Debate. Dr. John Proud, medical adjudicator for OHIP's Professional Services Branch, admits that there is nothing in Canada to help victims of brain damage whether from accident, which is the majority of cases, or from the sudden onset of a viral attack producing encephalitis, or from a host of other reasons.

Annually between 7,000 and 9,000 Canadians, mostly young men who are victims of automobile accidents, suffer brain damage. Today's advances in diagnosis, treatment, surgical intervention, and drugs have saved from death many people who otherwise, say 10 years ago, would have died. However, they have been saved from death, only to be delivered to acute care hospitals with a developing chronic condition. While we recognize that the acute care phase is essential in order to sustain life and to restore life, we are providing for a life which may in fact be worse than death.

These young people, for the most part, are then warehoused with people who are mentally ill in institutions for the elderly, the dying, and the chronically ill. Many of them are silent and are unable to communicate or to demonstrate their frustrations except through mood swings, sometimes to a degree of

violence, all because we do not have rehabilitation facilities in Canada to care for them. However, across the 49th parallel, just a few hours drive, there are scattered throughout the United States 400 institutions of varying degrees of expertise. Many of them are top-flight and can provide such care.

Canada should develop the capacity to have people on staff who have the expertise to manage these cases and to have facilities in place. Surely it is our responsibility for every humanitarian reason to encourage provincial Ministers of Health to let the provincial medical plans, whether in B.C. or Ontario, cover the costs of care in the United States. It is grossly unfair to these families and the victims and it is an insult to our society. I urge that we not confine these people in those kinds of circumstances. They cannot be managed in acute care facilities, so they are shipped out to places in Canada where no benefit is given for treatment.

• (1805)

This is a new area of concern to me. I wish to assure my colleagues that I will follow through with it. While I do not have statistics for my own constituency as yet, I will obtain them. I do not have statistics for British Columbia, my home province, as yet either, but I will obtain them. I want the Minister of National Health and Welfare to know that I will continue unabated to see that this wrong is addressed. I cannot believe that Canada has not taken this forward step in medical care.

I would hope that my concern and the outcry of the families of 9,000 victims each and every year will be answered by provincial Ministers and by the federal Minister of National Health and Welfare. I thank you, Mr. Speaker, for this opportunity to participate in this very brief debate.

[*Translation*]

Mrs. Monique Tardif (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, on January 23 of this year, the Hon. Member for Kootenay West (Mr. Brisco) raised in the House the question of treatment in Canada for people suffering from brain damage as a result of trauma or infection. He referred to the case of Sergeant Dan Duggan of the Ottawa Police Department who has suffered serious brain damage as a result of viral encephalitis.

The effect of this illness on Mr. Duggan has been debilitating in the extreme. The Minister sympathizes with his family and realizes that it wishes to obtain for him the kind of medical care that will improve his condition.

Mr. Speaker, it is said that Canada's health system has an international reputation. However, Mr. Duggan's situation makes us realize how far we still are from being able to offer victims of brain damage the specialized medical services their condition requires.

The Minister will therefore ask his Deputy Minister to discuss with his provincial counterparts the question of medical care for victims of brain damage. At the present time, the authority and responsibility for operating and administrating health services comes under the jurisdiction of the individual provincial governments. Reimbursement rates and terms for payment of essential medical services obtained abroad, like the ultra- specialized rehabilitation services being sought by the Duggan family, are subject to interpretation and approval by the provincial plan, which in this particular case is the Ontario Health Insurance Plan.

Mr. Speaker, I think it is clear that the question of treatment and treatment centres for victims of brain damage deserves our attention. It is to be hoped that consideration of this matter by deputy ministers from the Health Department will be a first step towards acquiring a better understanding of the medical needs of these people.

[*English*]

OLYMPICS—TICKETS FOR HOCKEY FINAL. (B) REQUEST THAT MINISTER INTERVENE WITH OLYMPIC COMMITTEE

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I want to speak briefly about the question of the 1988 Olympics, the availability of tickets and other matters surrounding that. I raise this matter because I and many Canadians are becoming increasingly worried by the state of affairs surrounding the organization of the 1988 Winter Olympic Games.

We Canadians have a long memory and we remember very well our past experience with the Olympics in Montreal. That fiasco caused Canadians a great deal of embarrassment, not to mention a great deal of money, and we do not want to see it repeated. The Minister's comments and vague reassurances, in this House and in the press, do nothing to satisfy me or the people of Calgary. We remember throughout the Montreal fiasco that both Government and Olympic officials were full of similar assurances.

• (1810)

You can imagine the consternation Canadians feel when we see one high-ranking official after another resigning from the organizing committee, when we read press reports about the secretiveness of the committee, when we see that a full-scale review of the management policies and procedures, and the relationship between management and staff, has to be ordered. We see costs rising, we get confusing and conflicting statements from officials, we see charges of fraud laid against a high-ranking officer of the committee, and then finally we find out that a select group of insiders known as the Olympic family gets the first crack at the best seats. Who are these insiders? It turns out this select group is made up of Olympic officials and other dignitaries from around the globe, of Canadian federal, provincial and municipal officials, and of corporate sponsors.

I do not think any Canadian would object to a certain number of tickets being put aside for official representatives. We recognize that is not only a reasonable thing to do, it is also required as part of the Olympic Charter. However, we have some reservations about the number of ticket requests

from various levels of Government. I also have some reservations about the appropriateness of putting aside a substantial number of prime seats for corporate sponsors. It seems to me that corporate sponsorships are undertaken for the commercial advantage of the corporations in question. There is ample financial reward for the sponsors without having to pay them off with an inside track to the best seating. It also begs the question as to the role of corporate sponsors in amateur sporting activities and whether or not the price we have to pay is too high for the benefits received.

I recognize that since this matter was raised in October there have been steps taken to lessen the impact somewhat. Reductions in the amount of tickets requested by insiders and the recent agreement to extend the seating capacity of the Saddledome will certainly help. However, we still have no firm commitment either from OCO or the Minister that the most popular events, the opening and closing ceremonies, figure skating and speed skating events, as well as the hockey finals, will be available to the general public in the same proportion as all other events.

The Minister took great pains to say that 75 per cent of all tickets were available to ordinary Canadians. We know full well that a much smaller percentage, if any, are available for the gold medal finals of those major events. We want to know when the people of Calgary in particular, and Canadians in general, will get these commitments. What about the federal Government's request for tickets? Has it been reduced, following the lead of other levels of Government, to ensure that as many seats as possible will be available to the general public for prime events?

These concerns surrounding ticketing are only the tip of the iceberg. We also have many concerns about other aspects of the organization of the Olympics. We are concerned, for example, about the housing for athletes and officials and the way in which that housing is being provided. We are also concerned about the availability of hotel space and whether or not those same insiders who snapped up the best seats have also snapped up the best available hotel space. We are concerned about financing and just how much public money is actually being spent, both directly and indirectly, for the Olympics. We have environmental concerns about the Mount Allan ski facility. We are concerned about the treatment of the Lubicon Lake Indian Band. The list goes on.

In summary, we in the NDP want to ensure that the 1988 Winter Olympics are a success and accessible to all Canadians, and that it does not follow the example set in Montreal. Vague assurances by the Minister are not enough. We need commitments and we need them now.

[*Translation*]

Mrs. Monique Tardif (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the Minister of State (Fitness and Amateur Sport) (Mr. Jelinek) was quite clear when he replied to the question he had been asked on this subject last October 28. Mr. Speaker, I quote the words of the Minister:

> I will stay on top of the issue and make certain that the Canadian public, and indeed the public at large, are treated fairly and equitably.

After this exchange in the House the Minister did get in touch and raised the matter with Frank King, the president of the organizing committee in Calgary.

The Minister stressed the fact that he and the federal Government wanted to make sure that as many events as possible will be open to the public, to the extent of 75 per cent. For your information, Mr. Speaker, the comparable figure at the Los Angeles Olympics was 74 per cent.

Mr. Speaker, I should like to add that, in answer to the same question, the Minister had suggested that it might be possible to increase the number of seats in the Saddledome.

It is my pleasure to inform you that this suggestion was accepted as recently as a few weeks ago and that the magnificent stadium will be equiped with 2,600 additional seats.

• (1815)

Thanks to this increased capacity, 91,000 additional tickets will be available for ice skating and hockey competitions.

Mr. Speaker, I should like to emphasize the fact that, as a result of the Minister's suggestion and the co-operation of the city of Calgary and the 1988 Olympic Games Organizaing Committee, this problem was solved.

Finally, I wish to say that these Olympic Games will be the best the world has ever known. We should all fell proud and start promoting our Olympic Games and athletes instead of taking a negative attitude such as Members of the New Democratic Party and the Liberal Party want to do.

In my own riding, I can tell you that young Canadians are anxious to take part in these games and will make the necessary sacrifices to achieve this.

CANADA POST CORPORATION—ANTICIPATED INCREASE IN POSTAL RATES. (B) INQUIRY WHY ALL PLANS OF CORPORATION NOT REFERRED TO COMMITTEE

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, on November 6, 1986, I asked a question to the Minister responsible for the Canada Post Corporation about the 2 cent increase in first class postage rates from 34 cents to 36 cents. For the moment, this increase is due to come into effect on April 1.

During my brief intervention this evening, I would like to point out the major impact that this increase will have on small businesses. According to the information received from the Canada Post Corporation itself, the small business sector is the major user of the postal service and the burden of this increase will be borne by this sector.

The costs of small businesses are always going up. Once more, they will have to pay more to mail their letters, collect their accounts and make their payments. Mr. Speaker, we all

realize that we have a major problem. The Canada Post Corporation is having serious difficulties. However, can these problems be solved by systematic increases? Not too long ago, rates went from 32 cents to 34 cents, and one year later, they are going up from 34 cents to 36 cents.

I remember in June 1985, when the Minister in charge of the Canada Post Corporation—which already has had three Ministers in two years—said he would never have approved another increase unless Canada Post Corporation had improved on production. There, Mr. Speaker, lies the problem. To date Canada Post Corporation has shown no sign of improvement. One only has to recall the problem of the superboxes, the way their installation was managed and the waste of money in this whole affair.

Therefore, Mr. Speaker, how can we today ask our small businesses to keep paying more for less service? It might be letters that do not arrive on time or with unacceptable delays. This is very easy. All Canada Post has to do is put in an application in the *Canada Gazette* and 60 days later it has the authority to increase postage rates from 34 to 36 cents. Would private businesses for instance be authorized to increase their rates so easily, Mr. Speaker?

So I feel we have a very serious problem there. The Government, and the Minister in his answer keeps hiding behind the Marchment Report. In the Marchment Report indeed there was a very important recommendation which was ignored. The key to the whole report, the key to any post office reform was to give five more years to Canada Post in order to balance its books. Instead, the Minister of Finance (Mr. Wilson) responded very clearly: You will balance your books by 1988. Because of this very specific order of the Minister of Finance, the Canada Post Corporation has increased the price of stamps by 2 cents and the price of all its other services, registration, for instance, by 10 percent. In addition, services have been reduced, superboxes are being installed throughout the country, rural post offices are being closed, and so on.

We now have a new Minister. Late yesterday evening or this morning, he said that what is important is the service and not to reduce the deficit. I hope that we shall learn his true intentions soon and find out whether he will specifically order the Canada Post Corporation to provide home delivery to all Canadians and to maintain the existing level of service in rural areas.

For us, the post is an essential service and it must remain so.

Mrs. Monique Tardif (Parliamentary Secretary to Minister of National Health and Welfare): A moment ago, Mr. Speaker, my colleague mentioned the Marchment Commission which toured the country.

When the recommendations were made to the Government, there were 29, and the Government has adopted 28 of those 29 recommendations. I should think this would go a long way towards meeting the needs of Canadians.

In addition, Mr. Speaker, my colleague referred to a notice published in the *Canada Gazette* concerning the increase in first class mail from 34 to 36 cents, a notice which must be posted for 60 days.

Ordinarily, what are the responsibilities of Canada Post management during this period? Ordinarily, they should be listening to what Canadians have to say about this, meet with their clients, and give serious consideration to the views expressed to them. Once this period is over they will be in a position to make a final recommendation to Cabinet.

• (1820)

[*English*]

Canada Post's objective of reaching the operating break even point by the end of the next fiscal year is not an impossible task. The Post Office Department had surpluses in most of the first half of this century, and post offices in other countries record profits. The Government will increase its equity through a capital contribution this year and next. After that, however, the corporation will be responsible for raising its own capital. Operating to make a profit is the most effective way to ensure that Canada Post is efficient and effective.

Canada Post will not reach the break-even point on the backs of its customers, the Canadian public. The corporation is moving to reduce its costs through greater efficiency. This means machine sorting more mail by using modernized and new mail sorting equipment, working with envelope manufacturers to have better standardization in their products, and better mail preparation by large volume mailers who generate the majority of the mail handled. It also means reducing overheads, including reducing the size of the senior executive group and cutting back on costs not related to moving the mail. The corporation is also working to increase its revenues through increased mail volume. In the past four years, volumes have grown by 16 per cent.

[*Translation*]

Canada Post wants to work with its clients to improve the service and reduce the its deficit.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.24 p.m.

HOUSE OF COMMONS

Wednesday, February 11, 1987

The House met at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

UNEMPLOYMENT INSURANCE

QUESTIONNAIRE FOR EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, while the scandals of Quebec Conservative Members are front-page news throughout the country, while these people get together only to try to define a strategy to improve their image instead of putting an end to these scandals, other Members in the Opposition deal with the day-to-day affairs which are of concern to all Canadians, and I am referring specifically to the 35,000 early retirees in this country. This is just another scandal which has prompted the Minister of Employment and Immigration (Mr. Bouchard) to raise the possibility of a repayment.

Mr. Speaker, the very questionnaire which the Minister is about to send to the 35,000 early retirees is a scandal. Four of the questions indicate quite clearly that the Minister has serious doubts about the word of older workers. I hope the Conservatives Members will stop listening to morale booster Jean-Marc Chaput and defend the interests of their constituents as we Liberals are doing, just so they might stand a better chance in the next election.

* * *

• (1405)

[*English*]

HOUSE OF COMMONS

ANNUAL MEMBERS-PAGES HOCKEY GAME—"GOOD TIME HAD BY ALL"

Mr. Gordon Taylor (Bow River): Mr. Speaker, last night the MPs won the annual MP-Page hockey game by a score of 3-0. The MPs had kept the Pages running errands all afternoon and they were tired out. However, the score did not really matter. From the harmonious singing of "O Canada" by the Pages to the finale when 10 Pages overwhelmed our goalie, the one and only "Moe" from Nipissing, sportsmanship and *esprit de corps* predominated throughout the evening.

The classic game was an excellent example of co-operative federalism at its best. Ministers, ex-Ministers, back-benchers from the three Parties, and Pages from all parts of Canada, skated, stick-handled and body-checked with expertise, but with no malice or ill will. The culmination was a chili con carne feast provided by Ms. Leger. The oratory of Pages Stephanie Windsor and Marc Gervais filled the Press Club with laughter and wit. Every MP went home feeling a new appreciation for the youth of Canada. With young people like our 1987 Pages, Canada is bound to have a great future.

* * *

NATIONAL PARKS

PROPOSED SOUTH MORESBY NATIONAL PARK

Mr. Jim Fulton (Skeena): Mr. Speaker, the federal Government and the Province of B.C. are locked in a struggle over the boundaries for a national land and marine park in the South Moresby area of the Queen Charlotte Islands. The original owners and occupants of the area, the Haida people, last week adopted a constitution and sovereignty on the Queen Charlottes known to them as Haida Gwaii. They have tried in every way to accommodate the setting aside of South Moresby as a national park. At issue is continued logging on Lyell Island, in particular in the Windy Bay watershed.

In three consecutive federal elections all three federal Parties have endorsed the designation of South Moresby as a national park. The spokespersons on environment for all three federal Parties in this House endorse the inclusion of Lyell Island in the park proposal. Now is the time for Canada's Prime Minister (Mr. Mulroney) to speak out and put forward the few dollars necessary to secure this area for all future generations to share. The will of the Haida people, the will of this House, and the aspirations of the future must be met.

I know you, Mr. Speaker, endorse South Moresby with the inclusion of Lyell Island. I hope the Prime Minister is listening and supports his own Minister of the Environment (Mr. McMillan) in this sacred undertaking.

* * *

HEALTH

AIDS DISEASE—PUBLIC SERVICE MESSAGES—SUPPORT FOR CBC APPROACH

Mr. Jim Jepson (London East): Mr. Speaker, an article appeared in *The Ottawa Citizen* last week stating that the

CBC intended to questio seriously any public service messages on AIDS which mention condoms if they condone or encourage sexual promiscuity and casual sex. I commend the CBC for taking such a responsible approach to this matter.

As I have stated previously in this House, education has an integral role to play in helping public awareness of this growing epidemic. This is contrary to what the Member for Hamilton East (Ms. Copps) stated that I said to this House. For the record, last week I did state that Bill C-7, passed by the Ontario Liberal Government of Premier Peterson, compounds this very serious problem facing Canadian society.

Again, I must reinforce to the House that we must now realize that 82 per cent of all AIDS cases in Canada originate from the homosexual community. Furthermore, we must do everything we can to help these groups, but at the same time try to convince them that homosexual relationships are unnatural and immoral. Their communities are suffering the consequences, as is all society. I say to my fellow parliamentarians, can we not learn from history that which is most obvious?

* * *

[*Translation*]

ROAD SAFETY

WEARING OF SEATBELTS

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, I want to raise the issue of lack of safety for back-seat car passengers as a result of the design of seat belts.

[*English*]

I have a letter from Mrs. Marilyn Glazer from Vancouver. She says:

I am writing this informally before my anger recedes—I've just watched tonight's CBC production of *The Fifth Estate* regarding seat-belt injuries. My daughter sustained a broken neck in November as a result of being rear-ended by a drunk. She was wearing a lap belt in the back seat. Her sister and myself were wearing three-point belts in front and walked away from the accident. Chances are she too would have walked away had she had a three-point belt on. The doctor told us that just 50 lbs. more impact and she would have been paralyzed for life.

It disturbs me that the government feels such apathy towards upgrading seat-belt regulations in the back—If government regulations have already required sturdier car backs to accommodate shoulder straps—DO IT. Please help save our children and adults from leading less than a full life—

I have tried to have new seat-belts installed in my new car, but was told that it was against government regulations. Change the law and make it possible to make driving safer.

[*Translation*]

CHALLENGE '87

PROGRAM'S OBJECTIVE

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, I urge my constituents, business leaders, farmers and, of course, students to pick up the challenge of this employment program established by our Government.

I am referring to the Challenge '87 Program which is expected to create more than 90,000 summer jobs for students.

I hope my riding will benefit directly from the funds made available under this $180 million budgetary envelope, as well as from the various programs announced by our Government.

Under this program, Mr. Speaker, the business community is being urged to find suitable jobs for students and train them for gainful employment before they join the labour force. I remind Quebec employers that they have until early March 1987 to obtain application forms at the nearest Canada Employment Centre or Canada Student Employment Centre.

Challenge '87 was designed to help employers achieve this objective and is based on experience acquired over the past two years.

* * *

• (1410)

[*English*]

SPORTS

CANADA—U.S.S.R. HOCKEY GAMES—LACK OF GENERAL ADMISSION SEATS

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, there is nothing which stirs the emotions of Canadians so much as when our hockey superstars are pitted against those of the Soviet Union, and there is no doubt that millions of us will be glued to our TV sets tonight and Friday to watch this spectacle.

However, not everyone will be happy. There are thousands of those Canadians who would rather be at the games, but they cannot go because only 5 per cent of the seats are being made available to the general public.

What about the rest of the seats? They have once again been gobbled up by those with invitations. They are the elite, the wealthy, those with influence, those with corporate connections, and more than likely there will be a few cronies of the Prime Minister (Mr. Mulroney) in attendance.

We have become accustomed to such a network of insiders infiltrating the operations of government, and we have seen them snap up the best tickets for the Olympics, but it is getting ridiculous when they try to take over our hockey games. Once again they are partially using public money for their own enjoyment, to the tune of $3.5 million. It is time that the

Minister of State for Fitness and Amateur Sport (Mr. Jelinek) stopped this kind of spending and turned hockey back to the people of Canada.

* * *

HONEY

COUNCIL EXECUTIVES' MEETINGS WITH MINISTERS

Mr. Jack Scowen (Mackenzie): Mr. Speaker, this is "a taste of honey" day for Members of Parliament who should have received a sample of honey from the Canadian Honey Council of Canada.

The executive of the Canadian Honey Council are in Ottawa today for their annual meetings with various Ministers to ensure that their product is the best in the world. The consumers of Canadian honey are the beneficiaries of these meetings.

I might add that about 30 per cent of honey produced in Canada comes from the constituency of Mackenzie.

* * *

REFUGEES

CONDITIONS IN LEBANESE REFUGEE CAMP

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, suffering in the world caused by man's inhumanity to man is often so widespread that at times we run the risk of becoming insensitive to individual cases and fail to take action which might go some way toward alleviating the suffering.

I want to draw to the attention of Hon. Members a situation reported in *The Ottawa Citizen* last Saturday. According to observers at the United Nations, refugees living in the Bourj el Barajneh camp under siege in South Beirut are starving and have been forced to consider cannibalism as a means of survival. If this report is an accurate reflection of the conditions in the Lebanese refugee camp, it cries out for action on an urgent basis.

I call upon the Government today to request that Stephen Lewis, our Ambassador to the United Nations, request an immediate investigation of this situation and ensure that the appropriate international agencies be provided access to determine whether civilians are starving, and to provide food if that is the case.

S. O. 21

REFUGEES

TAMILS IN WEST GERMANY—REPORTED INTENTION TO SEEK REFUGEE STATUS IN CANADA

Mr. John Oostrom (Willowdale): Mr. Speaker, there are reports that Tamils who reside in West Germany will be attempting another journey to Canada to claim refugee status. It should be made clear that these individuals are not legitimate refugees, for they already reside in a country which gave them first asylum. Consequently, the Tamils do not have the same status as individuals who flee to Canada directly from a country torn by strife.

There is strong evidence that the Tamils entered West Germany via the safety of Tamil Nadu Province in South India. Canada cannot have our immigration system open to such abuse that it is creating a state of anarchy in the system. Our ability to help genuine refugees is being threatened, since costly social support services are being used to help individuals who make bogus claims. I urge the Government to alter regulations to admit only those who are legitimate convention refugees. Those who lie and cheat do not deserve the humanitarian and compassionate consideration which distinguishes Canada from other nations.

* * *

INDUSTRY

FUTURE OF CANADA PACKERS PLANT IN WINNIPEG

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the meat packing industry has played an important role in the economic well-being of the city of Winnipeg. Recently, as a result of the establishment of a hog processing plant in Neepawa, funded to a large extent by a federal government grant, Canada Packers has announced the lay-off of 450 workers at the Winnipeg plant. It is now considering closing the entire plant unless it can build a new one. That will require financial assistance from the province and the federal Government. I call upon the Minister of Regional Industrial Expansion (Mr. Côté) to give early and favourable consideration to federal support for the rebuilding of that plant.

* * *

[*Translation*]

HOUSE OF COMMONS

ORAL QUESTION PERIOD—QUESTIONS ASKED BY OPPOSITION MEMBERS

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, for weeks if not months, we have had the same scenario during Oral Question Period. Around the wee hours of the morning, one of the Liberal Party's night owls pounces on the first copy of *The*

Globe and Mail so the Leader of the Liberal Party will know what kind of questions to put to the Government.

After two or three questions by the Leader of the Liberal Party, most of which are repetitive, his Liberal colleagues go on in the same vein.

Then come their kissing cousins. The Leader of the Socialist Party repeats more or less what the Liberal Party said, down to the same supplementaries, and so it goes down to the NDP.

Nitpicking questions, questions about personalities, questions about alleged scandals. Meanwhile, across Canada the deficit is going down, the unemployment rate is down, interest rates are dropping and inflation is under control.

If the Opposition wolves are after spicy revelations, they will have to seek them elsewere. We intend to continue governing this country.

* * *

• (1415)

[*English*]

RIGHT HON. LESTER B. PEARSON

COMMISSIONING OF STATUE ON PARLIAMENT HILL

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, yesterday in the House of Commons we had the opportunity to witness a very rare and unanimous vote. Indeed, all Hon. Members joined in supporting my motion to erect a statue in honour of the late Right Hon. Lester B. Pearson, a former Prime Minister of Canada.

I want to take this occasion to congratulate all Hon. Members who participated in the debate yesterday, including the Hon. Member for Saint-Denis (Mr. Prud'homme)—we were celebrating the anniversary of his first election to the House of Commons at the same time—the Minister of Public Works (Mr. McInnes), and all other Hon. Members on all sides of the House who contributed to making this debate one which was unanimous.

I hope the day will come very shortly when we can all join together outside on the lawn of Parliament Hill in order to unveil the statue in honour of the greatest Prime Minister this country has ever had, the Right Hon. Lester B. Pearson.

* * *

INCOME TAX ACT

ATTEMPTED USE TO FINANCE BRITISH COLUMBIA SKYTRAIN PROJECT

Mrs. Mary Collins (Capilano): Mr. Speaker, it is inappropriate when companies or individuals try to manipulate the tax system and take advantage of tax provisions that are clearly intended for a different purpose. It is particularly reprehensible when other levels of government attempt to use the tax system so inappropriately. Thus it was with a great sense of disappointment that we learned last weekend that the Province of British Columbia had undertaken a public financing of their SkyTrain project, making unintended use of a special provision in the tax system and thereby striking at the very integrity of the tax system.

I was also amazed to learn that the Province of British Columbia had not followed normal procedures of consultation with the federal Finance Minister (Mr. Wilson) before proceeding. Certainly this leaves the impression of a provincial Government trying to pull a fast, one and demeans government in the eyes of the public. I applaud the Minister of Finance for his quick, decisive action in closing down this blatant misuse of the tax system.

Any similar schemes in the public or private sector must be dealt with severely if the public is to have confidence that our tax system is fair and is fairly applied. Provincial Governments, in particular, are partners with the federal Government in maintaining the integrity of the tax system and should govern themselves accordingly.

* * *

PHARMACEUTICAL INDUSTRY

COMMITTEE HEARINGS ON LEGISLATION AMENDING PATENT ACT

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to bring to the attention of the House and all Canadians the important testimony of witnesses before the legislative committee on Bill C-22. While the Government may argue that this Bill is in the interests of all Canadians many of the witnesses stated the exact opposite. For instance, the Ontario Coalition of Senior Citizens Organizations clearly stated in its brief:

> Proposed changes to the Patent Act contained in Bill C-22 will reduce the availability of low-cost alternative generic drugs and that, without competition, brand-name costs are certain to rise;
>
> Commitments made by multi-national firms for investment and job creation in Canada are unenforceable;
>
> Canada will never achieve world-class research status in pharmaceuticals without a strong domestic industry, which this bill prevents;
>
> The legislation can't effectively penalize brand-name manufacturers who fail to follow pricing guidelines;
>
> Direct payment costs for drugs will rise—

I urge the Minister of Consumer and Corporate Affairs (Mr Andre) to withdraw this Bill forthwith.

• (1420)

NORTHERN CANADA POWER COMMISSION

TRANSFER OF YUKON PORTION TO TERRITORIAL CONTROL

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, with the signing a few days ago of the agreement transferring the Yukon part of the Northern Canada Power Commission from federal to territorial control and ownership an important milestone was reached in the assumption of provincial powers and authority by the Government of Yukon. This, of course, was in fulfilment of a longstanding policy of the Conservative Party of Canada.

Yukoners handled the negotiations expeditiously and well. They have wisely chosen to contract out the management of the assets to the private sector.

The federal Government is to be thanked for the generous way in which it wrote off much of Yukon NCPC's accumulated debt so as to leave a viable business operation.

It is important that the same issue as it affects the Northwest Territories be finalized with no more delay.

* * *

NUCLEAR ARMAMENTS

PROPOSED PRODUCTION OF TRITIUM BY ONTARIO HYDRO

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, with the active encouragement and financial assistance of the federal Government, Ontario Hydro is currently developing facilities to recover tritium from Canadian nuclear reactors. It is planning to market tritium internationally.

Most tritium that is produced in the world today is used for the manufacture of hydrogen and neutron bombs. The Government may claim that it intends to sell tritium only for civilian use, but, apart from the fact that it is nearly impossible to verify what is eventually done with a nuclear product, Canadian exports would certainly free up huge supplies of tritium for use in weapons production. If the Government allows Ontario Hydro to proceed and to export tritium to countries which have the capability of producing nuclear weapons, then Canada will be responsible for increasing the world's ability to produce nuclear weapons twentyfold.

The Government's policy on tritium makes its commitments to arms reduction seem hollow. It is a policy that can only fuel the arms race. The Government should listen to the majority of Canadians who oppose all nuclear exports, and bring a halt to planning for the production and export of tritium.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

FISHERIES

STAND TAKEN BY ST. PIERRE AND MIQUELON COLONY AGAINST MOTHER COUNTRY'S FISHING FLEET

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. Today we learned that the Economic Committee of the French colony of St. Pierre and Miquelon has issued an order that no factory trawler from France be off-loaded beyond 100 tonnes of cod fillet in order to prevent overfishing of the Gulf waters by the metropolitan French fleet, and that larger vessels will be refused refuelling. In view of the action taken by the people of St. Pierre and Miquelon will the Canadian Government be prepared to allow those French vessels to refuel in Canadian ports after being refused by the colony of St. Pierre and Miquelon? Will he protect our fishermen in the same way that this tiny colony is protecting its fishermen?

Some Hon. Members: Hear, hear!

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I appreciate the appropriate context in which the Right Hon. Leader of the Opposition has posed his question. Of course Canada would not insert itself into the position taken by the French colony of St. Pierre and Miquelon with respect to the fishing practices of French national vessels. However, we will examine very carefully this precedent in the context of my discussions with my colleagues, the Atlantic Council of Provincial Fisheries Ministers, when I meet them next week, as one of the various forms of initiative that our Government might take to continue to maximize the advantage to Canadian fishermen, and those of Newfoundland and Labrador in particular, resulting from those resources which we believe to be ours.

GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, we see a situation in which a small isolated colony of France has shown more guts than a sovereign nation called Canada.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): I want to know what action the Government will take to protect our own fishermen who are being overfished by the metropolitan French fleet through the acquiescence of the Government?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I can assure the Right Hon. Leader of the Opposition that we need take no lessons from the Government of which he was a part, or led, when it comes to showing guts. For the first time in decades the Government has raised fines, has agreed and undertaken to arm our vessels, increased our

surveillance capacity, and even engaged in high seas pursuit of foreign fishing vessels in order to stand up for the rights of Atlantic fishermen. I can assure the hon. gentleman that in this case we will do likewise if such is required.

REQUEST FOR REOPENING OF NEGOTIATIONS WITH FRANCE

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in view of the gumption of the people of St. Pierre and Miquelon will the Minister immediately reopoen the negotiations with metropolitan France and seek a renewal of terms from France on the fishing rights in the Gulf, and rehabilitate the Canadian fishermen from all four Atlantic Provinces who have been grievously harmed by the inappropriate negligence of the Minister and his colleagues?

• (1425)

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Right Hon. Leader of the Opposition had partaken of the detailed briefings, which all Premiers did on Monday night in Toronto, and which other members of his Party have done, then perhaps he would see the question that he has just asked in a different light. The consequence of the Monday evening meeting was not a request from Atlantic Premiers that the agreement signed with France on January 24 be torn up. I believe that they know more than the Hon. Leader of the Opposition of the potentially more serious consequences for Canada if that were done.

OVERFISHING BY FRENCH VESSELS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the quotas for Canadian fishermen on the East Coast have been substantially reduced in certain sectors this year for the first time in our history, and there is restricted entry for Canadian fishermen to the south coast of Newfoundland. Today in the newspaper the Minister of Fisheries is quoted as saying, "6,400 tonnes (quota) is the historical share to which the (French) fleet is entitled". Is the Minister aware that, according to the official fillet figures of St. Pierre and Miquelon, that entire quota has been substantially overfished by the French fleet? What is the Minister going to do today to stop this overfishing by the French?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): What we are doing today, and the process in which we are engaged as a result of the January 24 agreement, is to find a solution once and for all to the disputed boundary problem which was initially created as a consequence of a treaty that his Government signed in 1972.

I might point out that the historical entitlement of vessels based in St. Pierre and Miquelon is not to be confused with the fishing practices of large trawlers that come from metropolitan France which can only be arrested by way of an international agreement, or force.

NON-ARREST OF FRENCH VESSELS

Mr. George Baker (Gander—Twillingate): The Government is not interested in the prevention of overfishing by the French. It is more interested in the prevention of pouting in Paris. If a Newfoundland boat exceeds its quota, it is arrested. A Nova Scotia boat, a New Brunswick boat, a Prince Edward Island boat, and a Quebec boat will also be arrested. The same applies to the Americans, the Spanish, and the Portuguese. Why are the French boats not arrested for overfishing? Does the Government have Falklands phobia?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): I am sure that the Hon. Member for Gander—Twillingate must spend his entire mornings practising these neat little couplets that he loves to present, while totally obfuscating the issue in each and every case.

The Hon. Member knows, or he should know, and perhaps he should have another briefing to bring him up to date, that in the disputed zone, under international protocols which his Government entered into in 1984, we are not able to confront France in waters which they claim to be theirs. Until the boundary dispute is resolved by a civilized procedure, which has been set in motion, that practice will continue—unless the Hon. Member is suggesting that we send in the Canadian navy. I hope he is not suggesting that.

FRANCE'S POSITION ON COD ALLOCATION

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is directed to the Deputy Prime Minister. The French Government has again shown complete contempt for a Canadian Government that is unwilling to stand up for the rights of Canada. France has said that it will take four times the allocation of cod that has been granted to it by the Canadian Government. I wish to ask the Deputy Prime Minister what action his Government is prepared to take to stand up for the rights of Canadians, or is it simply prepared to let the French Government continue to kick sand in our face?

• (1430)

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the action we are prepared to take is not unlike the action we were prepared to take on another issue, that dealing with the offshore energy problems of Newfoundland and Labrador, where we promised, as the Right Hon. Leader of the Opposition indicated yesterday, a fair deal, a new deal, and a better deal for the people of Newfoundland and Labrador. I can undertake to the House that if we do not, by the end of the process set in place, arrive at a fair deal, a new deal, and a better deal for the fishermen of Newfoundland and Labrador, there will be no deal.

Mr. Manly: It had better be a better deal than what has appeared so far.

REASON FOR SIGNING AGREEMENT WITH FRANCE

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. When the Minister of Transport, Newfoundland's voice in Cabinet, was asked about the reasons this agreement was rushed through and signed, he said: "I want to find the answer to that myself; I intend to find the answer". Could the Deputy Prime Minister tell the House of Commons and the people of Canada why this agreement with France, which has so many unfortunate complications attached to it, was rushed through without proper consultation?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I might ask why it is that opposition questioners always focus on the negative and do not recognize—

Some Hon. Members: Oh, oh!

Mr. Siddon: —a chance, once and for all, to solve a problem of historical dimension by taking a courageous path supported and totally encouraged and promoted in Newfoundland by the Minister of Transport and his colleagues who will ensure that this will be a better deal for the fishermen of Newfoundland and Labrador than anything achieved in the past.

Mr. Manly: Mr. Speaker, I think the Minister of Fisheries should know that there is a large negative sign in front of the entire Government and that it is bracketed by negatives.

REQUEST THAT GOVERNMENT CANCEL AGREEMENT

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the Government has apologized to the Government of Newfoundland for the process involved in this agreement. Does the Deputy Prime Minister not recognize that a bad process cannot lead to a good conclusion? Recognizing all the wrong processes and conclusions in the agreement, will the Government now agree to cancel it and start over again?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, this "ostrich head in the sand" approach of the Opposition, particularly of my colleague who speaks for the NDP, is at the heart of our problems as a nation. It is high time they stood in the House and offered some positive suggestions, because it is only through making difficult choices, even with their imperfections, that we achieve progress on behalf of the people we represent.

REFUELING OF FRENCH FLEET

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. The Minister should know that a modern day "Boston Tea Party" is happening on the tiny islands of St. Pierre and Miquelon. Every last one of the 560,000 people of Newfoundland stand in solidarity with the people of St. Pierre. We are standing up to France and standing up for their inshore fishermen. Will the Minister assure the House of Commons that large factory freezer trawlers which are turned away from St. Pierre will not be allowed to refuel in Canadian ports? Will he give us that assurance?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as I have already indicated in the House, I will be meeting with my colleagues, the Ministers of Fisheries for the Atlantic provinces, early next week. There is a lot of talk about the failure of the process. I am talking about following the process in an appropriate manner to achieve the kind of result for which the Hon. Member is hoping. However, in the process we are not about to do anything stupid just because the Hon. Member suggests it.

Some Hon. Members: Oh, oh!

Mr. Tobin: The expert on stupidity speaks. I am tempted to say: "*Vive St. Pierre et Miquelon libre*", but I will not say it because Charles de Gaulle would not like it.

CANADIAN POSITION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, is the Minister telling the House of Commons that, when the people on the islands of St. Pierre and Miquelon stand up to France and are counted and turn away factory freezer trawlers from those tiny islands, those vessels will be allowed to come into Canadian ports, refuel, and continue to overfish Canadian fish? Is that what he is telling us?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Absolutely not, Mr. Speaker. When the people of St. Pierre and Miquelon stand up to be counted, we will see and we will probably be very, very appreciative of their action.

Some Hon. Members: Oh, oh!

Mr. Siddon: When the time comes we will see just how firm the Government of Canada can be on behalf—

Some Hon. Members: Oh, oh!

Mr. Siddon: I think, Mr. Speaker—

Mr. Dingwall: We want Mr. T.

Mr. Speaker: The Hon. Member for Nickel Belt.

Mr. Rodriguez: Thank you very much, Mr. Speaker. Sit down.

Some Hon. Members: Oh, oh!

An Hon. Member: Stand up, John.

Mr. Speaker: I thank the Hon. Member for Nickel Belt for his help.

Mr. Rodriguez: I am sorry, I was not attempting to take your place, Mr. Speaker.

MINISTER'S POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. The French have clearly indicated that they will continue to overfish the stock. They will not abide by the quota we have given them. St. Pierre and Miquelon are small islands. They have clearly indicated the tough position they are prepared to take with the French. Could the Minister tell the House and the people of eastern Canada—the whole country—what specific action he will take, or will he substitute a wishbone for a backbone?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, when the time comes, the Hon. Member and all other Members of the House will witness appropriate and necessary actions on behalf of the fishermen of Atlantic Canada. I cannot help but speculate that opposition Members are somewhat fearful that we might indeed find a solution to this problem; then they would have no more basis for their irrelevant questions.

REQUEST THAT MINISTER TAKE ACTION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is for the same Minister. We have already given him a proposal, a positive suggestion, to start over with the agreement. I want the Minister to be more specific with the House. Will he wait until there are absolutely no fish left to be fished by Canadian fishermen, or will he start delineating the action the Government intends to take and to send a strong message to France that they cannot overfish stocks belonging to Canadians?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I would hope that the Hon. Member would permit us to wait a day or two, because these French trawlers about which he is concerned certainly would not even contemplate coming to Canadian ports in the foreseeable future. The Hon. Member has indicated that they have offered options. Yes, indeed, Rambo, the Leader of the NDP, offered a solution the other night. Is the Hon. Member suggesting that we move into this disputed zone with a show of force by Canada? Is that what he is recommending? If so, I wish they would declare themselves now.

* * *

[*Translation*]

THE ADMINISTRATION

BRODILAF-HAMA AFFAIR—NEED FOR INQUIRY

Hon. Jean Lapierre (Shefford): Mr. Speaker, in the absence of the Prime Minister, my question is directed to the Minister of Public Works. Yesterday, the Prime Minister asked me for facts. I would like to say that because of political pressure, one bidder, Mr. Michel Côté, withdrew his bid; that according to the Chief of Staff of the Minister of Public Works, the first tender was cancelled because Brodilaf, a Conservative company, did not legally qualify; that one Conservative was convicted of influence peddling and finally, that officials with the Department of Public Works recommended Hama Inc., whose offer was $65,000 lower than the offer made by the Conservative group.

Mr. Speaker, I want to ask the Minister of Public Works: What more does the Government need to realize this was not normal procedure and that a public inquiry is urgently needed?

• (1440)

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, a recommendation was made by the public servants to me as Minister concerning this contract. The proposal was put to Treasury Board for approval and such approval was given. The result was the awarding of a contract to Brodilaf because it represented the best deal in the circumstances.

[*Translation*]

ALLEGED PRIVILEGED KNOWLEDGE OF CERTAIN FACTS

Hon. Jean Lapierre (Shefford): Mr. Speaker, I have a supplementary with some more facts for the Minister and the Prime Minister. I have here a document which originates from the office of the Hon. Member for Drummond, dated May 7, 1986, in which he refers to a meeting with Public Works and his scrutiny of studies prepared by their officials. How can the Minister justify a Conservative Member having access to such documents four months before the final decision and the signing of the contract? How can the Government claim everything was above board when there was this kind of political interference?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, I have absolutely no knowledge of what documents any Member of this House had relative to this contract. I can say that the contract was awarded on the basis of the principles governing awards of contracts. It was for best value and it received Treasury Board approval. I have reviewed the file and am thoroughly persuaded that the appropriate course of action was followed.

* * *

THE ADMINISTRATION

GOVERNMENT INTEGRITY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is for the Deputy Prime Minister. It was nice to spend at least a few moments at the beginning of Question Period without talking about scandals. However, the Deputy Prime Minister will know that the people of Canada have

made it perfectly clear that they are getting sick and tired of the revelations every day of new scandals and corruption in the Government. I am tired of it—

Some Hon. Members: Order.

Mr. Riis: —and my colleagues are tired of it.

What concrete steps does the Government plan to take to begin the very difficult process of building credibility and public confidence in the integrity of the Government?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would think that the public are getting a little sick and tired of repeated questions. That question was put by the Hon. Member yesterday and his Leader asked precisely the same question the day before. I would invite him to read *Hansard* in case he has not done so.

REQUEST THAT PRIME MINISTER MAKE STATEMENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I wonder why the Deputy Prime Minister does not one day say enough is enough, let us put history behind us and say we are going to turn over with a new leaf by setting an example of a positive approach in this House.

Would the Deputy Prime Minister not agree that it would be appropriate for the Prime Minister of Canada, when he returns to the House, to stand in his place, and make a comprehensive statement outlining the precise steps that he and the Government plan to take to begin the slow process of building confidence in the Government?

An Hon. Member: Eliminate the Opposition.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am rather surprised at the Hon. Member who has distinguished himself in this House for a number of years as a fair-minded individual. I think if the Member really thought about his question he would simply ask himself whether it is fair, day in and day out, to hurl across the floor of the House unsubstantiated allegations, to take part in character assassination and innuendo such as we have witnessed—

Mr. Lapierre: Documented.

Mr. Mazankowski: —and contribute to a very poisonous environment. Where there has been clear evidence of any apparent appearance of conflict or wrongdoing, action has been taken by the Government. So far all we have had are a number of unsubstantiated allegations, with a different version emanating from the Opposition day by day. Every day a new story, a new revelation, and a new version.

THE ADMINISTRATION

DRUMMONDVILLE CONTRACT—AMOUNT OF TENDERS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is for the Minister of Public Works and it concerns the Drummondville Public Works contract.

Yesterday in the House of Commons the Minister said, as reported in *Hansard*:

I should make it clear for all Members of the House that the Brodilaf group made the lowest tender—

How can the Minister reconcile his statement of yesterday with that of his Chief of Staff, Ron Lefebvre, who is reported in today's press as having said that the other bid, the Hama bid, was $65,000 cheaper? Whose version is correct, and why is there such a contradiction?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, yesterday I indicated that the Brodilaf group made the lowest tender and the amount of its tender was $2,500 lower than the Hama group. But the Department said, as is the course and custom governing contracts of this kind, that it had to factor in the costs of moving from the Hama building to the new premises. Those additional costs had to be considered. Then we had to look at what was the real value for the Government—

An Hon. Member: Tory value.

Mr. McInnes: —what value the Government was going to get, and after all those matters were taken into consideration we made a decision.

[*Translation*]

REQUEST THAT GOVERNMENT INSTITUTE PUBLIC INQUIRY

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, that is exactly the kind of answer that makes Opposition Members ask some very serious questions about this matter. Considering the veil of mystery that shrouds this affair, considering the contradictory statements made by the Minister and his assistants, by other Ministers, by a Member involved in this matter and by everybody else, is the Minister, once and for all, prepared to table in the House all the documents related to this matter, including the Public Works documentation? Finally, is he or is the Deputy Prime Minister prepared to order a public inquiry into this whole affair so that Canadians will know who is telling the truth?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, three days ago the Hon. Member asked me that question. Three days ago I indicated that if he wanted any information relative to this file that I would gladly make it available to him. The invitation still stands and I am prepared to defend any decision relative to the awarding of this contract.

Mr. Rossi: Table the documents.

Oral Questions

CANADA POST CORPORATION

PROVISION OF SERVICE

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my question is for the Minister responsible for the Post Office. Canadians want to know whether we have received from the Prime Minister not only a new Minister for the Post Office but also a new policy. Is the Minister now prepared to set aside the deadline of 1988 for financial self-sufficiency at the Post Office in the interests of good service, and is he ready now to put a stop to the plans of the Post Office to close hundreds of rural post offices?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, let me—

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Mr. Andre: I would find those congratulations more sincere, Mr. Speaker, if Members would not giggle.

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): It is the kiss of death.

Mr. Andre: The Prime Minister has, indeed, given me a mandate to ensure that the progress made in the Post Office over the last few years is carried on, that we address the concerns of Canadians about the service they are receiving and that we do it in a responsible way. We cannot keep asking taxpayers, especially future taxpayers when we are in this deficit situation, to subsidize the cost of delivering the mail today. As I have indicated publicly, service is the first priority of the Government.

Mr. Blackburn (Brant): A new beginning.

Mr. Keeper: Mr. Speaker, I want to congratulate the Minister on acknowledging that service must be the first priority at the Post Office.

Some Hon. Members: Hear, hear!

CORPORATION'S PLANS

Mr. Cyril Keeper (Winnipeg North Centre): Does the Minister recognize, as was said yesterday, to clear up problems at the Post Office left by Michel Côté that we require—

Some Hon. Members: Order.

Mr. Speaker: Hon. Members will know that in this place we refer to Ministers as the Hon. Minister. Would the Hon. Member please put his question?

• (1450)

Mr. Keeper: Mr. Speaker, I was just quoting what the Minister said yesterday.

I just want to know whether he is prepared to acknowledge that in order to clear up the mess we require a change in the plans of the Post Office, and not just another pretty face in charge?

Some Hon. Members: Oh, oh!

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, it has been a lot of years since I have been called pretty.

I must take exception to the comments made by the Hon. Member about my predecessor who did outstanding work.

Some Hon. Members: Hear, hear!

Mr. Andre: I think it is necessary that all Members recognize that we have a responsibility to ensure that the public gets reasonable service at an appropriate cost, and that the Post Office is run as efficiently and effectively as possible. Great progress has been made in the last two or three years through increased efficiency and lowering the relative cost of delivering letters. I hope we will all be able to co-operate and see that this progress continues and that people get the best service possible as cheaply as possible. I repeat, we cannot keep asking future generations to pay for the cost of delivering our mail today.

SUPERMAILBOXES—REQUEST FOR ABANDONMENT

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the same Minister. I want to extend my congratulations on his appointment and wish him good luck.

He said yesterday in an interview that postal services are more important than the reduction of deficits. In view of that statement would the Minister immediately abandon the new plan, deliver the mail door-to-door, and scrap the supermailboxes?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): I thank the Hon. Member for his expression of good luck. I will need a lot of that, looking back on the political success of past Ministers responsible for the Post Office.

Some Hon. Members: Oh, oh!

Mr. Andre: I was looking at the other side of the House.

Over the years the Post Office had reached a deplorable state. I think considerable progress has been made in the last few years and we want it to continue. There is more to be done. It requires the co-operation of all of us here who are, in the end, answerable to both the clients and the owners of the Post Office, the Canadian public. We cannot, for short-term political gains or headlines, make demands without taking into account the costs and consequences. I repeat: can we keep asking future generations to pick up the cost of delivering the mail today?

[*Translation*]

RETENTION OF RURAL POST OFFICES—GOVERNMENT POSITION

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, one might say the more things change, the more they remain the same.

In the same interview the Minister also said that rural postal services would not be reduced.

Can the new Minister unequivocally guarantee that rural post offices as they now exist will not be closed down?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as my predecessor indicated, changes will be made from time to time because of changing demographics, changing patterns and so on. Those changes will be made taking account of the interests of, and in consultation with, the people involved. I think it is very reactionary and wrong to make a demand that absolutely nothing ever change in the way things are done. To bring about improvements requires change. We will do it in a sensitive way which reasonable people can understand, appreciate, and support. That is particularly true in rural Canada.

* * *

TARIFFS

TARIFF ON CHRISTMAS TREES IMPORTED FROM UNITED STATES

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, my question is directed to the Minister of Finance. Has he given any further thought to the severe economic repercussions which will accrue to the substantial Christmas tree industry of regionally depressed Atlantic Canada if the Americans retaliate against his ill-conceived decision to impose a tariff on the puny number of trees moving from that country to this? What is he doing to ensure that will not happen?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I want to thank the Hon. Member for his question. As he is very much aware, we have had a number of meetings with people from the Christmas tree industry, some of them from his province. We have explained what we are trying to do in the action we have taken. I think we are meeting with a good deal of success in achieving our objectives.

* * *

TRADE

POTASH—UNITED STATES INDUSTRY'S ANTI-DUMPING POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I have a serious question for the Deputy Prime Minister. Yesterday the U.S. potash industry filed an anti-dumping petition against the Canadian potash exporters. The case is based on figures from the U.S. Bureau of Mines on the cost of production in Canada. In light of what happened with shakes and shingles and softwood, and since we have known about the potash threat for some weeks, can the Minister specifically tell the House what action the Government has taken to date in this case which is very important to Canada, and what action will it now be taking to protect jobs in the potash industry, an industry which is important to Canada and vital to Saskatchewan?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, in the absence of the Minister responsible for international trade I might comment on that. We were informed last night about the petition. It is no surprise. Senator Domenici of New Mexico has been threatening this for a long time. We expect to receive a copy of the petition very shortly and we will work as closely as we can to try to help the industry fight that anti-dumping petition.

GOVERNMENT POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I want to know from the Deputy Prime Minister specifically what action we will take to fight that petition. In light of the controversy over the export tax on softwood lumber can he assure the House there will be no export tax imposed on Canadian potash producers? Will the Government get off its knees and stand up for Canada and this very important industry?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, what has happened is just another indication of rampant protectionism in the United States. We indicated to the industry that we would be helping in any way we can. Consultations have already begun and we will take the necessary action to protect our industry.

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PUBLIC SERVICE

DISMISSAL OF IMMIGRATION OFFICER—REASONS GIVEN BY DEPUTY MINISTER

Mr. Sergio Marchi (York West): Mr. Speaker, in the absence of the two Ministers responsible for immigration I will address my question to the Deputy Prime Minister. It relates to the firing of John Quigley, an immigration officer in Toronto, after he conferred with a number of Members of Parliament. In his letter of dismissal the Deputy Minister of Immigration writes that one of the reasons for the firing was that "these actions contributed directly to the media attention and political controversy which ensued and which brought into public question the integrity of the Minister."

How can the Government condone the termination of this individual's livelihood in an effort to hide embarrassing

information from the public? Why was this person fired when his information convinced the Government to revise its refugee procedures? How can he be fired for being right?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, on behalf of the Minister of Employment and Immigration I can tell the Hon. Member that, under the Public Service Staff Relations Act, Mr. Quigley has the right to present a grievance against the Deputy Minister's decision. My understanding is that he is exercising that right. I am advised that a grievance will be heard later this week or early next week. I think in the circumstances it would be inappropriate for me to comment in detail.

EXERCISE OF MINISTERIAL AUTHORITY—REQUEST FOR OFFICER'S REINSTATEMENT

Mr. Sergio Marchi (York West): Mr. Speaker, the truth of the matter is that Mr. Quigley is but the first victim of an investigative witch-hunt in that Department aimed at intimidating officials and certain members of the media. Will the Deputy Prime Minister not admit that the firing of this individual, who was cited by the Department as being one of the most effective officers in the Toronto branch, was a flagrant abuse of ministerial authority? Will he not do the honourable and moral thing and reinstate Mr. Quigley immediately?

• (1500)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, without accepting in any way the very serious allegations which the Hon. Member is implying in his question, I will simply repeat that there is a procedure in place. That procedure is very clear. He has exercised his rights under that and it would be inappropriate for me to comment while that procedure is ongoing.

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REVENUE CANADA

WORD PROCESSING WORK

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is for the Minister of National Revenue. He will be aware of concern expressed, particularly in Winnipeg in the last week or so, about plans which his Department had to contract out confidential word processing work from the tax data centres. Will the Minister confirm subsequent reports that this plan has now been abandoned by the Government? Will he confirm for the House that the Government no longer intends to carry out such a foolish notion?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I can in fact confirm what the Hon. Member has just suggested. In fairness I would point out that this was a study which was contemplated to improve cost efficiency and service. It did not have implications for either security or job security as many people feared it had.

Mr. Speaker: I will recognize the Hon. member for Winnipeg—Birds Hill for a short supplementary question.

DEPARTMENT'S SECURITY MEASURES

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, will the Minister and the Department show the same sensitivity for employee concerns with regard to the Department's plans for new security measures wherein they are contemplating widespread fingerprinting, credit checks, et cetera, of employees? Will the Minister undertake not to do anything unless mutual agreement can be reached between the Department and the union involved in this matter?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I think my colleague realizes that our Department and other government Departments are sensitive to the concerns of their employees. At the same time we must achieve a balance. The Member will remember that there were some concerns expressed recently about the adequacy of security procedures. We will try to strike a fair balance and keep in mind the sensitivities of the employees.

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TRADE

CANADA-UNITED STATES NEGOTIATIONS—CULTURAL INDUSTRIES

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, in the absence of the Minister for International Trade I would like to direct my question to the Deputy Prime Minister. As the Minister probably knows, Mr. Clayton Yeutter, the Chief U.S. trade representative, availed himself of a Canadian cultural institution this morning to say once again that he believes that Canadian cultural industries should be on the negotiating table if they have an economic impact.

Is the Government prepared to spend some of the money in its $12 million slush fund for trade information to buy some stamps and send a letter to Mr. Yeutter explaining that our broadcasters, publishers, and distributors are an essential part of our cultural industries and are not open to negotiation?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think the Prime Minister made our position on that matter eminently clear in his reply to the House the other day when he said it was very inappropriate for Mr. Yeutter to have made those remarks. We have made our position very clear. I am sorry that the Hon. Member still does not understand it.

Mr. Speaker: I will recognize the Hon. Member for a short supplementary question.

CANADIAN POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, it is not my understanding that is at issue, it is the fact that Mr. Yeutter has stated clearly that he wants the Canadian Government to define what it means by culture and clarify its position at the negotiating table. Is it not essential when negotiating a free trade deal that your counterpart at the table understands your purposes and position? When is the Government going to clarify its position so that Mr. Yeutter can clarify his ignorance?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Minister of Communications assures me that when she completes her information paper on communications and culture she will send the Member the first copy.

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CORRECTIONAL SERVICES CANADA

CONTRACT TO SUPERVISE PAROLEES IN TORONTO

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, my question is directed to the Solicitor General. On September 12, 1986, Correctional Services Canada signed a contract with Exodus Link Corporation to supervise 50 to 80 parolees in a privatized parole supervision facility in Parkdale, without prior consultation with the community or its elected representatives.

In view of the over-saturation of social assistance and rehabilitation facilities in the area, will the Minister respond to the representations of the community and terminate Exodus Link funding until a more suitable location is found outside the boundaries of Parkdale—High Park?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as the Hon. Member well knows, as I have explained it to him on a number of occasions, the contract with Correctional Services Canada was for services only. The site selection was the responsibility of Exodus Link as determined by the City of Toronto zoning by-laws. However, notwithstanding that, as a result of the concerns expressed by the citizens in his riding, I took the initiative and reduced by 40 per cent the number of parolees who would be attending at that particular location in his riding.

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[*Translation*]

LABOUR RELATIONS

MAINTENANCE WORKERS' LOSS OF JOBS AT "LA CITÉ DE MONTREAL APARTMENTS"—REQUEST THAT MINISTER INTERVENE

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the Minister of Labour. Surely the Minister is aware of the fact that the maintenance workers of "La Cité de Montreal Apartments" have lost their jobs after these buildings were sold to private interests. Will the Minister rectify the injustice done to these workers?

Hon. Pierre Cadieux (Minister of Labour): Yes, Mr. Speaker, I am aware of this case, for I received Mr. Laberge's telex yesterday. We are now examining the situation because legal matters are involved in this case, but I can assure my colleague that I expect to propose solutions in the near future.

Mr. Speaker: The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart). One question, please.

* * *

UNEMPLOYMENT INSURANCE

INQUIRY WHETHER GOVERNMENT WILL MEET REPRESENTATIVES OF EARLY RETIREES AND WHETHER LEGISLATION WILL SOON BE INTRODUCED

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): In the absence of the Minister of Employment and Immigration, my question is directed to the Deputy Prime Minister. I have already asked a similar question and I hope to have an answer today. It has to do with the regulations and the Bill concerning repayments to the 35,000 Canadian early retirees. Can the Minister tell us whether legislation will be introduced very soon, before the 35,000 early retirees get this odious questionnaire? Secondly, can the Deputy Prime Minister tell us whether the Minister of Employment and Immigration or a Government official would accept to meet the representatives of Canada's early retirees who will be here tomorrow to explain their position?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I will take notice of the Hon. Member's question on behalf of the Minister of Employment and Immigration. I will convey the information to him.

Mr. Speaker: I will recognize the Hon. Member for Drummond for the last question.

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[*Translation*]

INCOME TAX

INQUIRY WHETHER GOVERNMENT INTENDS TO END PRIVILEGED SITUATIONS AND AMEND STATUTE

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, my question is directed to the Minister of Finance. According to statistics released recently by Revenue Canada, 1,830 Canadians with annual incomes exceeding $100,000 did not pay

income tax. Does the Minister intend to put an end to situations that create tax privileges and amend the Income Tax Act accordingly, so that all Canadians will be on an equal footing and contribute their fair share?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, that is the real reason for the tax reform I intend to announce shortly. It is also why I introduced the minimum tax a year ago. And it is also the reason why this Government has made so many changes in our tax legislation during the past two years.

ROUTINE PROCEEDINGS

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF 1987 REPORT OF ALBERTA ELECTORAL BOUNDARIES COMMISSION

Mr. Speaker: I draw to the attention of Hon. Members that it is my duty pursuant to Section 9 of the Representation Act, 1985, Chapter 8, Statutes of Canada, 1986, to lay upon the table a certified copy of the 1987 report of the Electoral Boundaries Commission for the Province of Alberta.

Pursuant to the Act, this report is deemed to have been referred to the Standing Committee on Elections, Privileges and Procedure.

* * *

PRIVILEGE

ALLEGED LAY-OFF OF JOHN QUIGLEY

Mr. Fernand Jourdenais (La Prairie): Mr. Speaker, regarding the Quigley affair, I think this is a violation of the integrity of Members in their role as parliamentarians. If it is true that on Friday, February 6, Mr. Lussier, Deputy Minister at Employment and Immigration, fired Mr. Quigley because he had informed members of the Standing Committee on Labour, Employment and Immigration with respect to existing procedures, it is an act that casts doubts on the integrity of the members of this committee.

Mr. Speaker: Order, please. The Hon. Member has the floor on a question of privilege, and I would ask Hon. Members to remain silent.

Mr. Jourdenais: Consequently, I want to ask the Chair to determine whether Mr. Lussier, the Deputy Minister, has infringed Members' privileges, and I strongly suggest that the matter be referred to a special committee of the House so that we can obtain further clarification.

• (1510)

[*English*]

Mr. Sergio Marchi (York West): Mr. Speaker, I want to support the remarks made by my hon. friend. One of our responsibilities in this chamber is to the public that elects us, whether it is our constituents or Canadians generally. The ultimate master of this chamber and the bureaucracy is the Canadian public. If Members of Parliament cannot discharge their responsibilities for fear of some negative repercussions, as resulted in the case of Mr. Quigley who is losing his job and being forced onto the unemployment rolls, I humbly submit that that is definitely an infringement on the rights of Members of Parliament. The withholding of information that is valuable and necessary for the Canadian public contradicts the very reason why we are here.

I echo the sentiments expressed by my hon. friend and I hope Your Honour will deliberate on this matter very seriously and render a decision so that we can perhaps have a clear indication of how the Speaker and the House feel about this issue which goes to the very heart of representation in a democratic institution.

Mr. Dan Heap (Spadina): Mr. Speaker, I want to add a circumstance that I hope you will take into consideration. It is that the two Members of Parliament who allegedly conversed with Mr. Quigley were at the time members of the Standing Committee on Labour, Employment and Immigration. Therefore, we should take into account that Mr. Quigley was considering that he was giving relevant information to members of that committee who were concerned with the Department which he served. He was not spreading information far and wide, but speaking to those Members of Parliament who were specifically concerned with his activities. I hope that will be considered by Your Honour because it certainly affects the availability of relevant information to members of the committee.

Mr. John Nunziata (York South—Weston): Mr. Speaker, it would appear that Mr. Quigley was dismissed as a result of allegedly divulging information to the Opposition. The grievance procedure has commenced. It is my submission that the privileges of Members of Parliament are affected because, as you know, there are a number of steps in the grievance procedure. In order for the Government to make its case, or in order for Mr. Quigley to provide a full and complete defence, the evidence of Members of Parliament may be necessary before the grievance committee. I believe it is a breach of our privileges and would affect the workings of Members of Parliament if we are required, either by the Government or by the person with a grievance, to give evidence before a particular grievance committee.

I think it is clear, based on the evidence we have, that the decision to fire Mr. Quigley was not an administrative decision by the Deputy Minister or the Assitant Deputy Minister, but a decision that came from the Minister himself and from the Government. The reason for that dismissal was that Mr.

Quigley embarrassed the Government in a political way. As my colleague, the Hon. Member for York West (Mr. Marchi) pointed out, as a result of the public service that Mr. Quigley provided to the people of Canada, the system was reformed and made better.

We call into question the reason why Mr. Quigley was fired and ask you to consider the ramifications of this particular case on individual Members of Parliament being required to appear before a grievance committee.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it states at page 67 of *Erskine May Parliamentary Practice,* Nineteenth Edition:

> The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers"(c). They are enjoyed by individual Members, because the House cannot perform its functions without unimpeded use of the services of its Members; and by each House for the protection of its Members and the vindication of its own authority and dignity.

I respectfully submit that if Members of Parliament are impeded in any way from raising issues in the House for fear that those who have, for good reason, given that information to Members of the House would be threatened with dismissal for reporting matters which are wrong, to those who are elected to govern in this country, then parliamentary privileges of this House could have been breached by the action taken by the Deputy Minister, and perhaps the Minister in this particular case.

I hope you will take the time to examine the situation and report to the House whether there is a prima facie case of breach of privileges of the House, as I believe there is, as a result of the action of Mr. Lussier against this employee of the civil service.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I enter into this debate with some hesitation because I think it is very important that Mr. Quigley be able to exercise all of his rights as a former employee of the Government. It is my understanding that he has exercised his right to present a grievance against the Deputy Minister's decision. I suggest, therefore, that it would be very inappropriate for the Government to comment at length at this time.

I suggest that you examine whether or not the rights and privileges of a Member of the House have been breached which, after all, is the purpose of the privilege grievance. As far as we are concerned, we do not believe there has been any breach of the Member's privilege.

Considering that a grievance has been lodged by the said employee, we do not wish to comment any further at this time.

Mr. Speaker: I think a matter of some importance has been brought to the attention of the Chair by the Hon. Member for LaPrairie (Mr. Jourdenais), the Hon. Member for York West (Mr. Marchi), the Hon. Member for Spadina (Mr. Heap), the Hon. Member for York South—Weston (Mr. Nunziata) and the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). Under the circumstances, I think it would be appropriate if the Chair looked carefully at the representations that have been made.

Of course, the Chair is cognizant of the caveat put forward by the Hon. Parliamentary Secretary which was also expressed by the Hon. Deputy Prime Minister (Mr. Mazankowski) during Question Period, that the employee who forms the basis of this question of privilege is presently going through a grievance process. However, it should be noted by the House that the representations made in this particular matter cross party lines most definitely and there is obviously a strong sense of unanimity among Members from different Parties that this is a matter of some considerable concern to the chamber. The Chair will treat it as such and will report back in due course.

* * *

Mr. Lewis: Mr. Speaker, I admit once again to being involved in other things, but did my hon. colleague's question of privilege not come up immediately after the tabling of the electoral report for the Province of Alberta? If it did, have we passed by Tabling of Documents?

• (1520)

Mr. Speaker: It may not have been clear to all Hon. Members. The Chair called Tabling of Documents and then recognized the Hon. Member for La Prairie (Mr. Jourdenais), but I am sure it would be the disposition of the House to allow the Parliamentary Secretary to go back to Tabling of Documents if he has documents. I do not see any objection to that.

Mr. Lewis: Mr. Speaker, I have none. I just wanted to determine exactly where we were in the Routine Proceedings. Thank you.

Mr. Speaker: We have been through Statements by Ministers, Presenting Reports from Interparliamentary Delegations and Presenting Reports from Committees.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Neil Young (Beaches): Mr. Speaker, I have a number of petitions which all deal with the same subject matter. They have been approved pursuant to Standing Order 106. These petitions are from residents of such places as Regina, Saskatchewan, Toronto, Ontario, Manitoba,Alberta and British Columbia. There are several hundred names in all. The petitioners state that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely

restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

[*Translation*]

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, again I have the duty and privilege of presenting petitions signed by about 1,000 constituents of the Ottawa region and elsewhere, visitors to the national capital, who want to utilize their right to present their grievance to this House, namely that the decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the RCMP and the office of the Governor General without prior notice. The closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who want to have access to Rideau Hall, a unique institution, as a symbol of the trust, openness and democracy of which Canadians are so justly proud, and residents from the entire national capital region who have used and enjoyed the grounds of Rideau Hall and who, while recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120-acre park to public access.

Wherefore the undersigned petitioners humbly call upon Parliament to reconsider this decision by consulting a group of citizens representing the large and growing opposition in order that a *modus vivendi* be created that would satisfy both the Government and the public.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure to present, under Standing Order 106, a petition signed by a number of western Canadians who are very concerned that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy the necessary prescription drugs. They believe the proposed measure will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. The petitioners feel the proposals of the federal Government will result in higher costs to various provincial government drug plans as well. Therefore, the petitioners simply call upon the Government to reject the proposals which will increase prescription drug prices for Canadians.

[*Translation*]

OPPOSITION TO CANADA POST OPERATIONAL PLAN

Mr. Alain Tardif (Richmond—Wolfe): Mr. Speaker, I also have the duty to present to the House a petition signed by many of my constituents and others from a number of other ridings. The petition relates to the Canada Post operational plan which, of course, has been strongly denounced.

The petitioners maintain that the new Post Canada operational plan creates two classes of citizens as a result of the installation of permanent superboxes in both urban and rural areas, that the closure of rural post offices deprive citizens from a unique federal presence, and reduces postal services in rural areas. Finally, the increase in postal rates creates a prejudice.

All petitioners humbly call upon this House to urge Canada Post management to withdraw their operational plan so as to guarantee rural postal services, which are essential.

I have another petition concerning the same issue and it has been signed by at least fifty Canadian taxpayers who again strongly denounce the Canada Post operational plan because it is prejucial to many people, particularly those who live in small rural communities.

Finally, Mr. Speaker, another petition signed by Canadian taxpayers from Laval-des-Rapides who also strongly denounce the Government's initiative aimed at closing down a number of post offices and reducing services.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I have two sets of petitions I would like to table today, both of which have been certified correct under Standing Order 106. The first petition is actually in two parts. It is from the residents of the community of Thunder Bay as well as Kakabeka Falls and Toronto and Willowdale. The petitioners call upon Parliament to reject the proposals regarding the prescription drug Act and to ask the Government to change its mind with regard to that legislation.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, the second petition was forwarded to my colleague, the Hon. Member for Regina West (Mr. Benjamin). The petition is in respect to the whole question of deregulation of the transport industry in Canada. I am particularly referring to Bill C-18. The petitioners are asking that it be withdrawn and that public convenience and necessity remain as a fundamental factor in the development of transportation policy in this country.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Is it agreed?

Some Hon. Members: Agreed.

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Shall all notices of motions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

MOTOR VEHICLE TRANSPORT ACT, 1986

MEASURE TO ENACT

The House resumed from Tuesday, February 10, consideration of the motion of Mr. Crosbie that Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings, be read the second time and referred to the Standing Committee on Transport; and the motion of Mr. Lewis (p. 3220).

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I am quite delighted to rise and speak in this debate. The Bill that we are studying is Bill C-19, an Act respecting motor vehicle transport by extra-provincial undertakings. Significantly enough Bill C-19 will replace the Motor Vehicle Transport Act of 1953-54.

• (1530)

I spoke on Bill C-18 just one week ago. I thought that the Government would have learned from that debate that there are many things wrong with deregulation. During that debate many concerns were raised with respect to safety. Concerns were also raised with respect to corporate concentration and foreign investment. Instead of having learned its lesson the Government has decided to go right ahead and do the same thing in the trucking industry. I think that is highly regrettable.

This Bill will impact on all the people of Canada, not just the Conservative government ideology which is frozen in the mentality that private is best. I strongly urge the Government to rethink this particular piece of legislation. It has taken similar steps with respect to Teleglobe. It should look at issues that are good for Canada, issues which are not necessarily confined to the private sector.

This is a vital and key industry to Canada. I would like to give Hon. Members an example of just how vital the trucking industry is to our country and to our Gross National Product. It is a constantly growing industry. It generates over 70 per cent of total service revenue. The for-hire segment of the industry contributes over $6 billion annually to our Gross National Product. The industry pays salaries to over 90,000 men and women who work in the trucking industry. As the Parliamentary Secretary pointed out in his speech, which was so well prepared by the Ministry, there are between 200,000 and 250,000 people who are involved in spinoffs of this industry. As can be well seen, it is a big industry which touches the lives of many people.

I suggest that every Member of the House has constituents in his or her riding who are touched by every aspect of this Bill. Therefore it is essential that they stand up and speak about what concerns their constituents. Truckers in my riding have spoken to me with respect to this measure, just as people from the railways and airlines came to me to discuss their concerns. Their concerns need to be addressed. If we are to be fair and open spokesmen on their behalf, then we should bring their concerns to the attention of the House.

The meaningfulness of the industry is ignored as a result of the Government's motion which is now before us with respect to the question now being put. That would curtail the debate, something which I think is regressive and repressive. It is an unfortunate circumstance when we are faced with a motion which would muzzle the Members of this House who are supposed to have the right to intervene and speak up and be heard under the provisions of the new rules.

I suggest to Hon. Members that if they stay quiet with respect to this matter they will be counted on the negative side of the ledger. I remind Hon. Members that debating Bills in committee is not enough. In committees we deal with the nitty-gritty. But members of the Government have blocked ears with respect to proposals for amendments which members of the Opposition bring forward. They are nothing but a bunch of sheep who wag their tails and say yes to whatever the Minister wants. That is very sad, but that has been my experience when sitting in at committee hearings. I suggest that this House is the place where people who have concerns about the trucking industry should be expressing them.

Since 1984 regulations concerning the trucking industry have come under the jurisdiction of provincial Governments. There are different regulations in different provinces. There are different requirements with respect to entry for routes, for commodities and for safety precautions.

By way of example let us consider the problems with respect to safety. It is an area in which none of us wishes to compromise. It could be our children, our parents or ourselves who get hurt as a result of a lack of national safety standards. It is unfortunate that there is no clarity and no comprehensive legislation to cover the national safety code which we need. There is a definite and distinct connection between motor carrier deregulation and highway safety. I believe most Members of the House feel as I do, that there can be no compromise with respect to the issue of highway safety and that verbal commitments are just that, verbal commitments. They are not committed to law and they do not have the force of law.

I would now like to refer to the remarks of the Parliamentary Secretary as reported at page 3153 of *Hansard*. He stated:

> The Bill also provides for further federal-provincial agreements, including the definition of the fitness test and a uniform national safety code.

He went on to state:

> —I believe we have learned a great deal from the U.S. experience with the deregulation of the trucking industry. We have looked at what has worked well, what has not, and considered the profound differences between the two countries. We now have a truly made-in-Canada policy for our trucking industry.

He goes on in his remarks to illustrate how we have become sensitive to the need for the economic deregulation of trucking, to be followed by a reform of safety regulations, which was the American way. He stated:

> —we intend to do quite the opposite because we believe that safety of the transportation system is the number one priority of truckers and all Canadians. The Minister has stated this on many occasions. Consequently, a uniform national safety code has been developed and approved in consultation with the provinces and the trucking industry. This code will be the cornerstone of the new fitness test. The other elements of that test will be insurance and bonding requirements.

I find the Hon. Member's remarks extremely interesting.

[*Translation*]

I received a letter from Executive Vice President Jacques Alary of the Trucking Association of Quebec Inc. in which he tells me:

> Mrs. Finestone:
>
> Federal Minister of Transport John Crosbie met with his provincial colleagues in Toronto last October 2. The purpose of their meeting was to decide the future of transport regulations. Our provincial Minister of Transport, Mr. Marc-Yvan Côté, understood and defended the approach recommended by the Trucking Association of Quebec in this case. It is to shun deregulation unless a coherent policy has been implemented and includes:
>
> 1. An enforced and enforceable standard highway safety code—

[*English*]

The letter is dated October 9, 1986, and there is still not a national security system or code in operation.

I would now ask Hon. Members to consider a meeting which took place during the week of February 6, 1987, in Victoria. This was a meeting of the Safety Committee of the provinces. It is interesting to note that the provinces seem to be all over the lot with respect to what the costs will be in terms of implementing a national safety code. Most of them do not wish to become involved with the regulations concerning hours of work which are intimately related to safety. If one drives 22 hours a day and sleeps only two hours, one cannot be a safe driver the next day. There is no uniform national vehicle inspection code. Hon. Members will know from the use of their own cars how important it is to maintain a vehicle.

What is not understood by the Government is that there has been a verbal commitment to a national safety code but no action has been taken. Ottawa has little juridical clout which it can use because this matter falls into an area of joint jurisdiction. Until a national safety code is in place it is reprehensible to even consider moving into this area.

• (1540)

I have a copy of an interesting study conducted by Dr. Glaskowsky on the effects of deregulation of motor carriers in the United States. This gentleman is a Professor of Management and Logistics at the School of Business Administration, University of Miami. He has much to say about safety, and I wish to mention a couple of his concerns.

On page 29 of his book he describes what the trucking industry is all about. For the listeners out there, many of us do not appreciate the type of life that truckers face, and the type of stress under which they live. It is not only the small individual trucks that are seen in your ridings in major cities or in small towns, we are also talking about national transportation, and major truckers. My grandchildren used to say, "Gee, grandmother, how many wheels has that one got?" The life of that trucker is very difficult. He is on the road away from home most of the time. There are women who are driving trucks these days. Drivers have to handle a 40 ton tractor-trailer rig in all types of traffic, weather, and roads. Meals are catch-as-catch-can; sleeping accommodations are either "up in the box" in the sleeper cab of the truck, or in a less than plush motel bed on the highway. Over-the-road driving is a very tough life. Those who have not experienced it should be very careful in their assessment of whether the wages are just, and what type of lifestyle it is. In contrasting the life of the trucker with that of the airline pilot or the train operator, the truckers' lives are very difficult.

It may be interesting to take a further look at the situation of safety deterioration as a result of the potential deregulation and increased competition in this field. There is trouble with regard to safety.

Over-the-road tractors in heavy use are driven about 2,000 miles a week, or 100,000 miles a year. In the history of this industry they have a life expectancy of about five years, with a major engine overhaul at the end of three years, giving them an additional life of two years or 200,000 miles operating life. At that point they are generally junked. The "junk it or use it" choice for aging large diesel tractors is today a Hobson's choice with respect to many carriers. Depending on the model, a new over-the-road tractor today costs over $80,000 U.S. That is a large investment. If some spare tires are thrown in, and you have a few trucks, this comes close to a million dollars. A motor carrier strapped for cash in an intensely competitive deregulated milieu or environment, looks for alternatives and ways to cut corners. That is not in our interest. If there are no national safety standards in place, we will have a great deal of trouble.

Pressures are growing for tighter and tighter administration, inspection, and enforcement of safety regulations in the United States. The Parliamentary Secretary who read from notes from the Department of Transport said that they had learned from the American experience. I would suggest that he goe back and look more closely at what is the American experience. Inspection and enforcement is costly. It will certainly cost millions of dollars to have the type of skilled inspectors we

will need for the increased numbers of small truckers to make sure that we have safe trucks on the highways under conditions that would be found acceptable. Where transportation operations are concerned, safety does cost money. Corners are being cut by financially strapped carriers, and accident rates are rising. In the United States that was a clearly foreseeable consequence, and one that we should take careful note of before we move into this field, helter-skelter, without giving careful reconsideration to the whole content of this Bill and its thrust. I am not saying that deregulation is bad. I am saying that we must have in place the proper standards of safety before we move. As yet, those are not in place.

According to the study that was done in Miami, highway safety is deteriorating. The motor carrier accident rate per million miles is rising. Equipment is getting older, as many carrier fleets age, and equipment replacement has become financially difficult for many of these carriers. Maintenance is necessarily deferred or skimped by financially strapped carriers. Over-all, many mature more experienced and more highly paid union drivers have been replaced by younger less experienced and lower paid non-union drivers. One symptom of this is the current clamour for a comprehensive national truck driver licensing and record maintenance system in the United States. What has been done here?

Another aspect of safety is the combined overloading and "speeding syndrome" that is clearly associated with this competitive milieu. Deferred maintenance, overloading, and speeding are not new phenomena in the motor carrier industry. It is an offence against common sense to claim that the extremely competitive pressures that will be brought about by deregulation will not result in some operators cutting corners where there is clear though improper, and in some cases illegal opportunity to reduce costs accompanied by a felt need to do so in order to survive. The wish to survive is the strongest of all human instincts. Whether it is personal survival or business survival it has to be taken into account.

The pressure for safe motor carrier operations on the road is less than perhaps it is in respect of air, ocean, or rail transport. But there is no denying that a bad truck accident is serious to the family of the individuals who are impacted upon. It does not matter if it is one person, 100 persons, or 1,200 persons who have been hurt because of poor standards that we are prepared to adopt in a badly perceived procedure toward the Bill.

With respect to the whole safety standard, I have an ongoing and abiding concern that I have tried to express in the House. I strongly recommend that this Bill not be brought to committee until the whole area of national safety standards has been determined, until there is resolution to provincial and federal jurisdiction, and until we know what the content of the national safety standards will be.

I wish to bring to your attention that California is presently re-regulating the deregulated trucking industry. I have an article here with the heading, "California re-regulation: Start of a trend?". Is it the start of a trend? The main reason cited for re-regulating the golden state's trucking industry is that it is a source of concern, and the source of the concern is safety. In spite of continued, strenuous efforts by deregulation advocates, who argue that there is no real connection between economic deregulation and highway safety, California's actions which began in 1986 could be an early indication that it is just not working, and people are concerned. I can only say that I am concerned about the National Safety Code.

• (1550)

I would like to have address the whole area of foreign ownership and corporate concentration and the issues behind it. I think the American experience has something to tell us in that regard as well. Certainly I would like to have a look at the reverse onus of responsibility, which is a divesting of our responsibility. I strongly urge the Government to stop the Bill now and to do its homework. Then it could bring in some normal and proper procedures for the health and safety of the country.

The Acting Speaker (Mr. Taylor): On questions and comments, the Hon. Member for Thunder Bay—Atikokan (Mr. Angus).

Mr. Angus: Mr. Speaker, you look good there, by the way.

Some Hon. Members: Hear, hear!

Mr. Angus: Could the Hon. Member take a few moments in this question and answer period to give us an indication of how she feels the Bill relates to foreign control of our trucking industries by other countries, particularly the United States? Does she feel that there will be any impact upon our cultural sovereignty because of this move?

Mrs. Finestone: Mr. Speaker, I am pleased the Hon. Member raised that issue because the Bill has absolutely no provisions for the setting of any limitation on foreign takeovers of Canadian transportation companies.

Mr. Boudria: It is unbelievable.

Mrs. Finestone: It is unbelievable. The only guidelines are these. All mergers and takeovers over $20 million and over 10 per cent of the voting shares of a Canadian transportation firm will be reviewed by the Governor in Council. All those below those set ceilings will be reviewed in the normal procedure by Investment Canada. The guiding principle in this section is that all investments which have been found or deemed to have been found likely to be of net benefit to Canada will be approved. The major difficulty is that it leaves the acquisitions of over $20 million of foreign investors at the discretion of the Governor in Council.

Unfortunately we have been subjected to a large series of unpleasant events which perhaps allow for meddling and muddling in the affairs of Government. If we can close any loophole and not allow any Minister of the Crown any kind of opportunity to misuse his power, it would be in the best

interests of everyone in the House, regardless of which Party is in power. I do not like the idea of leaving that loophole, that there should be this kind of discretion, because there is a potential for patronage and ideology to become very important players in this vital sector of the Canadian economy. My Party and I find it totally unacceptable.

We have supposedly learned a lesson from the United States. Twenty-five per cent is its limitation on foreign ownership of American transportation companies. That is firmly in place. Could we not at least do that within our own Canadian perspective? Do we have no pride of self and no place to allow us to grow as Canadians in our own industry and on our own sovereign ground? It is becoming a little disgraceful.

There is potential for access saturation by American trucks into our country and very little legislation to stop that access. I thank the Hon. Member for asking his question because it is very serious and one of great concern.

Mr. Riis: Mr. Speaker, I appreciate the dignity which you bring to the chair. I can only describe the Hon. Member's presentation as excellent. She outlined the critical concerns about the legislation before the House. The Hon. Member will be aware that the legislation does not change a very peculiar situation which exists. When American bus lines come from the United States into Canada and their bus drivers are American citizens, they can drive to Chicoutimi, Banff, Calgary, or wherever. That is fine and probably as it should be. However, the Hon. Member will know that when Canadian bus companies with Canadian drivers go to the United States, they must stop at the border and take on American bus drivers to drive in the United States. Is it not rather one-sided; the Americans gain all and we gain nothing? Does that seem to reflect the general nature of the legislation about which she articulated this afternoon?

Mrs. Finestone: Mr. Speaker, I thank the Hon. Member for that question. It seemed to me that the Parliamentary Secretary suggested that there was no change in the new Bill in respect of bus transportation. However, that was no answer. Essentially, if they have been allowed total access and freedom in the territory of our sovereign country, that is fine, but we should have equal access and equal rights.

The problem with the Government is that it has forgotten that we do not kneel down or play dead. We must stand and be counted when it comes to that kind of access.

While I am on my feet I should like to add, if I may, a serious concern, when we talk about foreign takeovers and corporate concentration, about which the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) asked earlier. My concern is best reflected in a study of industry concentration which should be a warning to us. I should like to refer to it, for the information of the House.

In 1978 in the United States, four of the largest interstate carriers had one-fifth of the market for freight. The 10 largest had 39 per cent of the market, and the top 20 had 43 per cent. At that time the percentages already revealed a significant degree of economic concentration, considering that there were nearly 17,000 interstate motor common carriers of general freight in 1978.

Then came deregulation. What was its impact? By early 1985 the amount of interstate traffic carried by the four largest carriers had risen to 35 per cent. That was a 75 per cent increase over their previous 20 per cent share of the market. The 10 largest carriers had 60 per cent, which was a 70 per cent increase since 1978. The 20 largest had 67 per cent of the market, which was a 56 per cent increase since 1978.

The reason for these startling increases in concentration was that many carriers had to go out of business. They could not face the unfair competition and the cut-price rates which were being offered. There was just no ability for the others to survive. In addition, that is one of my concerns.

Mr. Deputy Speaker: Before recognizing the Hon. Parliamentary Secretary to the Minister of Transport (Mr. Kilgour), I should like to indicate that there is one minute remaining.

Mr. Kilgour: Mr. Speaker, I may have erred yesterday. The reverse onus test will come into effect on January 1, 1988.

Mrs. Finestone: That is no good.

Mr. Kilgour: The fitness test will come into effect on January 1, 1991, a year after the safety code is in place.

Referring to the question raised by the Hon. Member for Kamloops—Shuswap (Mr. Riis) about bus drivers, I have been informed that it is an immigration matter. It varies with the company. For example, Voyageur has an arrangement where some of its drivers drive right into the United States. The drivers of other bus companies which have not made arrangements with Immigration Canada have to get off at the border. I understand that it varies with the company and according to what arrangements they have with Immigration Canada.

Mrs. Finestone: Mr. Speaker, the Parliamentary Secretary is new in his job, and I am fairly new to this dossier. He talked about reverse onus. I cannot help but respond with the following observation and a sense of caution, because I know he is a cautious man.

He said "I believe" and "as I understand it". He never once said that it was his opinion. It was always as he believed or as he understood. When he talks about reverse onus, whichremoves public convenience and necessity and replaces it with fit, willing and able, there is a great difference. First, one must prove the need to move into a territory and be competitive. The other is everybody for himself and dog eat dog, which leads to conflict with individual truckers, and we are in for real trouble. I think we must be very cautious before we move along that route.

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, I want to take this opportunity to wrap up this part of the

proceedings, that is, the 20-minute maximum for speeches, by saying that I assume later today we will have a vote on the particular Bill.

• (1600)

What I want to do in the time available to me, because I have already had the opportunity to make the lead-off speeches, is to deal in a partial way with some of the reaction, comments and questions that have been raised during what has been a short debate on a very important piece of legislation. First, there is the suggestion that there will be unequal treatment between Canada and the U.S. We are opening up our border to the Americans but they are not doing the same for us. Let me quote from a piece of U.S. legislation:

> (1) Whenever the Secretary of Transportation determines that the government of any country contiguous to the United States, or any political subdivision or instrumentality of any such contiguous country, has engaged in unfair, discriminatory, or restrictive practices with a substantial adverse competitive impact upon United States motor carriers of property with respect to motor carrier transportation within such foreign country or political subdivision or between such foreign country and the United States, the Secretary shall seek elimination of such practices through consultations or other appropriate methods of representation.
>
> (2) Notwithstanding any other provision of law, when consultations or other methods of representation fail to result in the elimination of the unfair, discriminatory, or restrictive practices specified in paragraph (1), the Secretary may, in consultation with the Secretary of State and the United States Trade Representative,—

We all know who that is:

> —suspend, modify, amend, condition, or limit operations by motor carriers from such foreign country or political subdivision in interstate or foreign commerce within the United States, if the Secretary determines such action is in the national interest.

Clearly, Mr. Speaker, that indicates that if the U.S. Government wished, and if it felt our truckers were taking undue advantage by getting more than what the Americans consider our fair share of the haulage, particularly the back-haul, they could move very quickly to prevent us from having that access. That is one thing I wanted to point out to Hon. Members who have suggested that we have an even playing field. Quite clearly it is not. It is another reason that we should not move forward with this legislation and why it is important that the Bill be sent to the Transport Committee, not just to deal with it in terms of the Bill itself but to re-examine the whole issue.

During the opening remarks of the Parliamentary Secretary to the Minister of Transport (Mr. Kilgour) there was reference to a study, Cubukgil I believe is the name of it. That study confirms what the Canadian Trucking Association and what we have been saying all along. The Canadian trucking industry is highly competitive. The existing regulatory system has evolved to an open system, and rates and profit margins in trucking are as low as they can go without getting into destructive competition. In the meantime, Mr. Keith Thompson, who is the bureaucrat behind this, has been running around telling shipper groups how inefficient for-hire trucking is. It was certainly implied throughout *Freedom to Move* and ministerial statements that they had to deregulate to save Canadian commerce because of the inefficiency of the transportation system. Having sold *Freedom to Move* on the basis that the regulated transport sector is inefficient, they now rely on the Cubukgil study to say that the trucking industry is so efficient and so competitive that it will not even notice deregulation and an open border. That is convenient, to say the least, but that does not stop the Parliamentary Secretary from jumping up periodically during the debate shouting "what about the shipper?" In terms of our ability to export et cetera he is trying to have it both ways.

On the question of the reverse onus test, we have said in this House that it is useless and goes well beyond the MOU with the provinces that we will have total deregulation as of January 1, 1988 and the so-called National Safety Code will not be in place for at least another two and probably three years, never mind whether it will be uniform or amount to a code. The assurances of the Parliamentary Secretary that we have learned from the American experience and will avoid the same pitfalls in safety is, in our opinion, quite meaningless.

The Motor Carrier Act of 1980 did not totally deregulate. It also contemplated a reverse onus test. However, that is not what happened because the ICC, Interstate Commerce Commission, lacked the will to use it and was swamped with applications by truckers desperately trying to protect their flanks by getting broad-based authority first, never mind new entrants. There is no reason to expect that the same thing will not happen here.

Another disconcerting note is that just a few weeks ago we were advised by a leading spokesman for the CITL that it had received assurances, from the same Mr. Thompson I spoke about earlier, that the reverse onus test language would not work and was only there because of the pressure from CTA and the MOU requirement.

As for the intervention of the chairman of the Committee on Transport claiming the committee was independent and under the new rules would bring in an objective report, let me add the following comments. The drafters of Bill C-127 and now Bill C-19 did not pay much attention to the standing committee's report on *Freedom to Move* with respect to the trucking aspect, let alone other areas. For example, the committee recommended strongly that there be something done with respect to international, and went so far as to suggest some sort of bilateral approach. Bill C-19 is silent on that, never mind that the former Minister of Transport had promised the CTA board the same thing. If the committee is independent, how can the Government dictate that it will not travel on such important legislation?

I could go on and on, Mr. Speaker, about specific reactions to comments from Hon. Members in this debate, and perhaps I will for a few moments.

Last spring while the Committee on Transport was still reviewing the general question of deregulation, a letter was sent to the chairman of the committee from an individual in Middleton, Nova Scotia. In the letter he refers to a study done

in the State of California, basically warning the chairman as follows, "I can tell you the general consensus you get here is a mirror image of what is already happening in many parts of this country with or without any more deregulation."

Let me read the excerpt from the California study:

A three year study by the California Public Utilities Commission on the condition of the state's general freight and motor carrier industry since the Motor Carrier Act, shows an increasingly over-aged infrastructure. As a consequence of rate-cutting, carriers are no longer able to maintain their equipment or replace it with new, more efficient equipment. Investment funds are no longer attracted to the industry making adequate financing scarce. Drivers are working longer hours and overloading their vehicles. Safety standards have declined and trucking related accidents are on the rise. As a result, the Commission concluded that regulation of carriers engaged in the transportation of general commodities remains in the public interest and is required to reduce or eliminate the destructive impact of rate-cutting.

That was contained in the supplement to the Ontario Trucking Update. We have been saying that all along, Mr. Speaker. We have been warning the Government and the people of Canada that deregulation is not the panacea that people would like to believe. It will not bring about a safer operating environment. Clearly the American experience shows the opposite is true. As we have many more companies in the field and we have that kind of cutthroat competition, looking for that extra nickel, we will see trucking companies stretching their resources to the limit, stretching their drivers to the limit and stretching the equipment to the limit. At some point something will break. Sometimes it will be the rig itself, sometimes the driver, but a lot of times it will be the people in the cars.

The foundation for traffic safety in a memo to the AAA Club executives/safety directors dated October 30, 1985 indicates the results of a study which it conducted. The report is on the foundation study of truck driver fatigue and highway accidents. This is post-deregulation. It says:

The long-awaited report on the shockingly high role of fatigue in big truck accidents is now complete and ready for national distribution. Copy of the report entitled, A Report on the Determination and Evaluation of the Role of Fatigue in Heavy Truck Accidents, is attached for your information.

Several highly significant findings appear in this report:

1. 60 per cent of 231 accidents studied involved fatigue

2. Fatigue factor was shown to be 3 times greater than accident reports indicated

3. 39 of the 231 accidents studied involved fatalities—16 truck occupants and 33 occupants of other vehicles

• (1610)

More than twice as many, Mr. Speaker—the innocent. It continues:

4. 63 per cent of truck occupant fatalities occurred in fatigue-related accidents

5. 6.5 per cent of heavy truck drivers are estimated to be driving more than 16 consecutive hours (that's two eight-hour work shifts)

6. 1 out of every 3 truck drivers is driving beyond Federal Bureau of Motor Carrier Safety 10 hour per day recommendation.

One of every three is being pushed to his or her limit. That is the kind of environment the Government wants to inflict on the highways of Canada. It is being done in the name of free enterprise and less Government, but quite frankly it results in less safety.

It is also being done in a way which will separate the big from the small and the strong from the weak. It will be the small shippers who will not get the big deals. It will be the smaller communities in the regions and hinterlands of this country who will not get the service. The Torontos, Montreals, and perhaps in some cases the Winnipegs and Vancouvers, will benefit, but only in a very narrow sense.

In the air industry we have gone from a multiplicity of carriers to little more than two, and the same thing will occur in the trucking industry. Ultimately the Vancouvers, Winnipegs, Torontos and Montreals will lose because there will be less competition with less rules. There will be nothing to protect the ordinary citizen, the smaller shipper and transporter, from the results of this Bill.

I call into question as well the manner in which the administration, I assume with the sanction of the Government, has handled this. I have a memo dated "1986 07 08" addressed to The Coalition of Concerned Shippers from R. T. Beckwith. He says:

Yesterday, at Keith Thompson's suggestion, I met with him to discuss strategies related to the next move of the Coalition and, at the same time, the CITL.

This is the individual who has the responsibility first to produce *Freedom to Move* and second to produce the legislation. It now seems he is out there instructing people how to lobby the Minister, the Leader of the Opposition (Mr. Turner) and the Leader of the NDP (Mr. Broadbent). These are the suggestions he made:

1. Mr. Thompson suggested that letters should be sent to the Honourable John Crosbie from (a) The Coalition, (b) from each Association and (c) from as many individual companies as we can persuade to do so; similar, but not exactly the same as the one attached hereto, outlining our support in general for the three bills and reiterating our support of the Government in the passage of the bills through parliament.

2. A meeting should be set up at a relatively early date for Coalition members to meet Mr. Crosbie. Realistically, he felt that this can not be done prior to August, as Mr. Crosbie will not be back in Ottawa until July 21 and will want to establish himself in his new portfolio. This in no way should discourage individual associations from arranging meetings with him as well.

3. The Coalition should arrange for a further meeting with the Honourable Don Mazankowski in early fall, possibly in September or October.

4. Meetings should be set up with the Honourable John Turner, Prime Minister Brian Mulroney and the Honourable Ed Broadbent, emphasizing the sales dollars which we represent, as well as job statistics and the fact that we represent both large and small businesses throughout Canada. It will be further necessary to diffuse some of labour's arguments in such a meeting.

Who is running the show? Is the Government so confident about this Bill that it is leaving it open to full and comprehensive review by all and sundry? No, not at all. The Government has the whip out drumming up support from one sector of the country. Is it doing the same thing with the trucking industry? I do not think so. The Government is pitting shipper against trucker and creating a conflict in our economic system. I do not think that is right. If anyone is out there flogging the Bill it should be the Minister or his Parliamentary Secretary. If they

have that much confidence in its value let them get out there and talk to truckers, shippers, the small communities, and the provincial Governments who are becoming more and more aware of the Bill's concept and its problems.

Let the committee travel. Let us hear from people in the places affected. Let us go to Moose Jaw, Winnipeg, Thunder Bay and Montreal. When we dealt with *Freedom to Move* we only went to three communities, Halifax, Winnipeg and Vancouver. We never went to Quebec. We did not go to a total of seven provinces. That is not the way to consult.

The last time a Bill of this magnitude, dealing with transportation, was brought in was 20 years ago. That was after a Royal Commission spent two years studying the concept. Apparently a year of that was on the road hearing from specific interest groups and people who cared about the issue. As a result of that full public consultation the legislation was drafted and brought to the House. There was of course no need for an ongoing debate. We have argued time and time again that there is no need to re-invent the wheel. However, we are not giving the same priority to this legislation and Bill C-18. We are not giving the people of Canada the same opportunity to understand how this Bill will affect them. We may find they might agree with the Government. They may think it is the best thing since sliced bread. However, we will not know until we try. It is regrettable that we are not going to have the opportunity, from what I understand, to get out there, but I encourage the Government to reconsider that element, give us a chance to move across the land with the Bill so that more than just the national organizations have a chance to participate.

Mr. Deputy Speaker: Questions and comments.

Mr. Taylor: Mr. Speaker, I would like to ask my friend a question. Before doing so I would like to make a comment. During 20 years as Minister of Highways in Alberta, which also included the motor vehicle branch and transport and highways, I had a lot of experience with trucking hearings and the concept of convenience and necessity. The thing I did not like about convenience and necessity was that if a trucker got a licence to operate on a particular route and the business increased, he would add another truck. If the business increased again, he would add yet another truck. He soon had a monopoly of the business on that route. If an applicant tried to gain entry on that route, the first operator could show that he was already providing the service. I did not like that aspect of convenience and necessity because it kept the new, young drivers out of the business.

• (1620)

Another point about extra-provincial traffic was that if a trucker who received a licence in Alberta to operate extra-provincially wanted to go into Saskatchewan, he had to have another hearing in Saskatchewan. This was costly and time consuming. If he wanted to move into Manitoba he had to have another hearing there. Each of these hearings are expensive because one must bring witnesses and take the time to attend them. Hearings were costing up to $5,000 or $10,000. In order to operate in Ontario or Quebec they had to have additional hearings.

This became so expensive that our truckers could not operate on that basis. We asked the other provinces whether they would permit our trucks to pass through their provinces if we allowed their trucks to pass through Alberta. They said no. We could not get an agreement. Therefore, we went to the American states along the border and secured an arrangement with them which allowed their trucks to pass through Alberta without picking up loads, because many of them wanted to go to Alaska, and our trucks to pass through their states without buying a licence.

Consequently, we were able to build a tremendous business hauling meat, as an example, to Montreal. We could not have operated such a business economically without that agreement. There were no more accidents or safety problems. The truckers did not operate longer hours. They had more work, but it did not operate in the way which is now being suggested.

In summary, the operations were costly. The trucker had to add that to his costs and the shipper had to pay. The shipper had to add that to his costs and the consumer had to pay. It increased costs all across the board. Is it sensible to have all that duplication which will put increased costs on the shoulders of the consumers of Canada?

Mr. Angus: Mr. Speaker, I appreciate the intervention and the question of the Hon. Member for Bow River (Mr. Taylor). I, too, have some history in regulation of the trucking industry. As the Member knows, I was a member of the select committee in Ontario which spent at least six months studying the issue in the mid-1970s. Therefore, I speak from personal knowledge as well.

No one says that every regulation makes sense. We have admitted that. We admitted it in discussions on *Freedom to Move* as well as in discussions in this House. Quite frankly, there are some dumb regulations.

If a trucker is going from point A to point C, passing through province B, I would say that there is no need to have a licence to travel through, at least in terms of permission to haul. That kind of change makes sense and we would support it. However, my caucus and I are concerned about the impact on the stability.

The Member referred to small companies which get bigger and bigger and have a monopoly. As long as there are rules in place to protect the interests of the consumers, it is a good thing. However, we are worried about something which we have seen happen in the United States. That is, as a result of this Bill and others like it at the provincial level we will end up with such monopolies anyway. In a situation where there are two small operations feeding one town, which can only realistically support one operator, the weaker of the two will go out of business. The stronger operator will still have the monopoly, but this time there will be no rules to protect the

consumer from exorbitant rate increases, reductions in service, etcetera. That is why we are taking the position which we are on this legislation.

Mr. Hovdebo: Mr. Speaker, during his intervention the Member quoted a letter from concerned shippers. Could he give us an indication of who are those concerned shippers? Is that the group responsible for the few letters of support for this Bill?

Mr. Angus: Mr. Speaker, I can advise my colleague and other Members of the House that the Coalition of Concerned Shippers lists as its members the Atlantic Provinces Transportation Commission, the Canadian Chemical Producers' Association, the Canadian Export Association, the Canadian Fertilizer Institute, the Canadian Industrial Transportation League, the Canadian Manufacturers' Association, the Canadian National Millers Association, the Canadian Pulp and Paper Association, the Coal Association of Canada, the Council of Forest Industries, the Grocery Products Manufacturers of Canada, the Mining Association of Canada, the Propane Gas Association of Canada and the Retail Council of Canada.

In my mind those groups represent the larger sectors of our economic society. They are not the mom and pop corner stores which we are all concerned about protecting. They are the big folks and they are the ones who support this Bill. They have the volume business. They already have a chance of getting breaks beause of the vast amount of goods which they ship, unlike the smaller concerns which operate less than truckload all the time. We know who this organization represents. We are receiving letters from both small and large truckers and from individual Canadians who are concerned about this legislation.

Mr. Taylor: Mr. Speaker, I would like to pursue one further matter with the Hon. Member. He mentioned that monopolies are possible. It is not only possible, it happens. I can cite the example of the bus service between Calgary and Edmonton. Greyhound operates a bus every hour for 10 hours each day, both ways. No other bus line can possibly get in. Greyhound simply adds more buses and has acquired a complete monopoly. There is no longer even a railway to compete. I have nothing against Greyhound, but I know of two or three other firms which would like to operate as well. They could give equally good service, but they cannot get in because, for one thing, they cannot afford the hearings.

The Member says that it is okay as long as we protect the shippers. I believe that truckers are very responsible people. When they are starting up a business to operate, intra or inter, they must spend a lot of money. A truck is not bought with peanuts today. They must make a big investment. They will not go where there is no business. They will go where there is ample business for two. They will carry out their own feasibility studies before entering that market to determine whether their business will survive. Obviously, no one wants to go bankrupt, but there seems to be a suggestion that truckers will be irresponsible. I believe they are very responsible and will conduct their business accordingly.

• (1630)

Mr. Angus: Mr. Speaker, let me give the Hon. Member an example. The National Energy Board just approved the construction of a parallel pipeline to a plant in southern Ontario. If the Hon. Member compares that to allowing two buses to run in a community that is already served well, I think he will understand the point I am trying to make. We need efficiency of service and quality of service; we do not necessarily need competition to obtain that. We simply need the service and the controls to make sure that people are protected.

Mr. Deputy Speaker: The floor will be given on debate to the Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins). It will be the last speech with a 20-minute maximum.

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, Bill C-19, unlike many Bills that pass through this House, is much more complex than can be seen on the surface.

I believe that monopolies can also exist under deregulation. The well-heeled businesses will survive. It will be very difficult for the smaller firms to combat the larger trucking firms from the United States in a deregulated system under Bill C-19.

Bill C-19 should not be passed into law until Canadian tax reforms have been established. Tax reform and deregulation in the United States took place at the same time and it is believed that the U.S. tax reforms have given the U.S. for-hire trucking industry a competitive advantage over the Canadian industry. The U.S. trucking industry has cost advantages due to less government intervention in labour-management relations, higher tax write-offs related to depreciation, lower taxes on fuel, and lower taxes on the trucking industry as a whole. This already puts the Canadian trucking industry on the defensive.

The Government should not implement this policy unilaterally without giving the Canadian trucking industry some support through lower taxes and lower fuel costs.

Bill C-19 should not be passed until a national safety code is completed, as has been pointed out by almost every Member who has spoken in this debate. Those who say that deregulation is the ultimate achievement of private enterprise are not being straightforward. If we are to operate under a regime which allows anyone to operate a trucking business, we need a safety code and it will be necessary to have an army of officers to enforce the safety rules once they are put in place.

A national safety code would prevent the situation which presently exists in the United States. Since 1980, when the U.S. Motor Carrier Act was passed deregulating the trucking industry, seven out of ten trucks have been taken off the road because of unsafe equipment. Accidents involving trucks have increased by 18 per cent in the United States since 1980. I suggest that it is not simply a trend, or that drivers are more careless, but that it is rather a reflection of the condition of the

motor vehicles themselves. This Parliament should look at these statistics very seriously when considering the passage of this legislation.

The competition in the trucking industry will be very severe. Provisions relating to predatory or discriminatory pricing have a limited application to transportation. Bill C-19 is silent on the question of predation. The Canadian for-hire trucking industry is simply being thrust into the continental marketplace that is increasingly being dominated by a handful of billion-dollar U.S. general freight carriers, with absolutely no safeguards and certainly no assurances that those dominant continental truckers will provide a significant number of jobs in Canada while tapping key industrial markets at the same time.

Let me make a comparison between some of the major companies. In 1984, Brazeau Transport in Canada had an income of $165 million. Kingsway Transport Ltd. of Rexdale had $250 million in business in 1985. Roadway Express in the United States had a business turnover of $4 billion in 1985. The deregulation of the trucking industry will allow Roadway to come to Canada to compete against Canadian trucking firms like Brazeau Transport which had an income of $165 million in 1985. What chance will it have to compete?

There is nothing in the legislation to prevent major American trucking firms such as Roadway Express and others from coming into Canada with lower freight rates to drive smaller, less competitive Canadian firms out of business. We have not heard whether the Government will have safety regulations in place to control the major American firms that will come here. We heard what a tremendous thing it was going to be for the Canadian shoe industry when protection was taken off Canadian shoes and the shoe industry was left to compete with everyone on the open market. But what has happened? Over half those businesses have gone down, others are in serious trouble and over half the jobs in the Canadian shoe industry have been lost since that took place.

• (1640)

I have a letter here from a small van line company. It is a family business. It has another major concern. Its concern is what compensation the Government is going to give to existing Canadian businesses when it takes away some of the things the industry now has, some of the assets of the company such as a major name which has been on its doors for years. That name was worth something. The owner paid for that name when he bought the company. Is he going to be compensated for that? We do not know. The letter states:

> As you are also aware, such legislation will severely affect trucking companies across Canada.

This is a family-owned business and the owner is concerned. The letter goes on:

> A critical problem raised by the National Transportation Act is the destruction of value of operating licences and good will which will be caused by the introduction of deregulation.

> The money invested in operating licences over the last 60 or so years since the industry has been regulated represents a sizeable investment in a trucking business. This investment is critical especially in the case of small and medium-size (and largely family-run) companies which represent the majority of the industry in Canada. In these the investment often represents the pension capital of the owners in terms of selling the business. Another problem is that financial planning by the industry will be suddenly and significantly disrupted.
>
> It is unfair to change the game's rules without compensation when so much capital has been invested by businesses in good faith. In the United States, where deregulation was initiated, tax relief was established along with deregulation.
>
> Similarly, if the Government is proceeding with similar legislation, we should also receive similar relief.
>
> The existing tax structure was not formulated during a time when deregulation was a consideration and does not provide for the severe impact which deregulation will have on the value of operating authorities.
>
> Under the current system, the majority of the industry would have little which could be depreciated despite the great losses it would be expected to take.
>
> Such an oversight would both strike deeply into the heart of the entrepreneurial community the government is trying to foster, and erode its competitiveness with the U.S. carriers especially in a freer-trade economy.

What we are really talking about in this transportation Bill is free trade in the transportation industry. I quote again from the letter:

> The Canadian Trucking Association has presented a number of solutions to the Finance Department. Despite this constructive approach, the industry is having difficulty resolving this matter with Finance.

The industry is having trouble with the Minister of Finance (Mr. Wilson). It is obviously not getting a very good hearing. These are the Canadian businesses which are going to be expected to compete with major American companies which already have been given their favours by their own Finance Department in Washington.

I mentioned the fact that trucking accidents in the United States have increased by 18 per cent since 1980. We have to chalk that up to deregulation and the lack of safety enforcement, severe competition among companies operating on small profits, running tires a little longer, letting brakes go a little longer, and who is there to pick up this inefficiency in the industry in the way the company runs its vehicles? This is extremely important, particularly in a country like Canada which has rail lines which have been serving Canadian communities and regions for years. With trucking firms going in and taking away rail traffic, the next thing we know the railway will be gone. We are throwing all that extra traffic onto the highways of Canada. The trucking industry would not be allowed to enter into confidential contracts and would, therefore, be made subject to unfair competition. Industry representatives fear that pressures to reduce rates would greatly weaken several Canadian trucking firms, rendering them vunerable to foreign takeovers.

There is another very important item which must be considered. Since 1981 the costs to a Canadian trucking company have increased by 28 per cent. At the same time, its shipping rates have gone up something like 5 per cent. Today on average, across the Canadian scene, trucking firms are running about a 3 per cent profit spread in Canada. At the

same time in the United States, and largely because, as I said, the tax system was changed to accommodate deregulation of the trucking industry, there is a 10 per cent profit spread with trucking firms. That base alone, that is, a 10 per cent spread of profit in the United States, as opposed to a 3 per cent profit spread in the Canadian industry, automatically indicates that the U.S. has greater financial resources to move into Canada and put on the kind of competition against Canadian firms about which I have been speaking.

What about the road system in Canada? We are going to get more trucking firms competing, more trucks on the road. They will be competing against CN and CP. Competition is good as long as it does not destroy the goose which laid the egg in the first place. Here in Canada we have a situation where CN and CP are now about the only facilities which serve some of those communities out there in the regions. If the regions lose the rail service, they lose transportation. Are we going to throw away the capacity of 4,500 railway cars per year which go into one pulp and paper plant in the Ottawa Valley on the Quebec side of the river? Can you imagine, Mr. Speaker, those 4,500 carloads of paper going out of there by truck? There are 1,800 carloads of chemicals which go into that same plant. Are we going to put that 1,800 carloads of railway traffic into trucks instead and take it over the roads of Ontario and Quebec?

I think the two provincial Governments will be in a position where they really have to take a very close look at improving the roads at the same time as they are considering deregulation of the transportation industry. I can imagine what would happen in eastern Ontario and western Quebec if that kind of traffic—and I am only talking about one plant here—were thrown onto the roads which are now in existence.

The Consolidated Bathurst Paper Mill receives approximately 4,500 railway cars per year. The company ships out paper in those cars. Out of the number I have mentioned nearly 1,800 of these cars carry chemicals which include chlorine, caustic soda, and bunker oil, to name just a few.

• (1650)

My concern is that if the railroads are allowed to abandon the rail line servicing this mill because of a lack of traffic then we face seeing these chemicals being transported over our provincial highways. Our local fire and police departments would have to be equipped to handle major spills. As traffic would increase, the fire departments would have to take on a different role. No longer would their role be just that of fire-fighting, it would be to handle major chemical spills on highways.

Our roads are already congested with heavy transports. I mention that in regard to the roads in eastern Ontario and western Quebec, which are a perfect example of this. We would be looking at another approximately 14,000 transports a year carrying these goods if the rail line is closed. The CN is talking about closing this rail line.

The Minister of Transport (Mr. Crosbie) is in the House today. I am glad he is here. In answer to a question one day he said to me that no Government would close the main line of the CN, say, from Montreal to North Bay, and that he would be looking into the matter. I will be holding the Minister to that. As these companies come in from the United States, hopefully, Canadian companies will be able to survive and grow bigger to compete with freight rates on lines in Canada. As this happens, we will see the CNR and the CPR before the new transportation authority looking for an opportunity to close up more rail lines. I think it is bad to put all this traffic onto the highways of Canada when the situation can be handled more safely by rail.

Mr. Hovdebo: Mr. Speaker, I would like to ask the Hon. Member a question. There has been a considerable amount of discussion with respect to this matter. If one reads through *Hansard* and the *Freedom to Move* document one will see that there has been much said about a national safety code. At present there is no such code. Regulations with respect to safety and licensing are different in every province. Does the Hon. Member think it is possible to have a safety code in place by 1989, when this Bill is supposed to come into effect?

Mr. Hopkins: Mr. Speaker, I wish to thank the Hon. Member for Prince Albert (Mr. Hovdebo) for his question. It is an important question indeed. What he is really talking about is the co-ordination of safety measures across Canada. Where regional safety measures have been developed over a number of years it is natural for there to be differences in terms of safety precautions in the different provinces. Sometimes the very geography of a particular region of the country causes more emphasis to be placed on one type of safety measure than another.

If one is to co-ordinate the regulations and pick and choose from those which have already been developed by the 10 provinces, then one is talking about a long period of time. I think the Hon. Member has asked me his question tongue-in-cheek. We have seen—and I am sure the Prime Minister (Mr. Mulroney) knows very well today although he did not at first—how easy it is to deal with 10 provincial Governments. That is precisely what will have to take place. Not only will 10 provinces have to be dealt with in terms of reaching some type of agreement, but that will have to be preceded by hearings in order to find out what type of safety measures one is looking for. Witnesses will have to be heard before a committee, be it a bureaucratic committee or a parliamentary committee. Presumably such regulations would be reviewed by a parliamentary committee in the end.

By the time we get around to carrying out all these procedures, and we have been talking about having them in place by 1989, I think that someone in the Government will have to be more decisive and really get on the ball to complete these regulations in short order. We all know how long hearings of this type take. We all know that the matter cannot be settled in one federal-provincial meeting between Transport Ministers

at the provincial and federal levels. Undoubtedly, they will all want to meet to review these matters because there is a lot at stake in it for each of them.

Once safety measures are in place, what is the next big issue? It is enforcing them. How will we enforce them? It is something that would be beyond the capability of the present police forces across the country. They are already overloaded with work. There will have to be new officers appointed to handle transportation matters. A new group will have to be created to work with local authorities, or safety inspectors will have to be appointed. There will be many matters to plan and put in place even after we know what it is we have to do.

The Hon. Member's question certainly provokes a great deal of thought. It brings to light many points that have not really been thought of. We can stop and think to make up safety regulations since we know pretty well what is required. However, we all know that administering the laws that are passed in Parliament is quite another kettle of fish, if I may use that expression.

I thank the Hon. Member for his question. It is an important one. Like him, I will be interested in watching the process over the next two years with respect to what will unfold in the area of safety regulations in terms of the deregulation of the trucking industry in Canada.

Mr. Taylor: Mr. Speaker, the Hon. Member mentioned the costs of trucking in Canada being more than double those in the United States. He mentioned that they were 10 per cent in the United States and 28 per cent in Canada. I am not quarrelling with the Hon. Member's figures. One expense which interprovincial truckers have today, which in my view is unnecessary and which adds to the cost of shipping, something which is passed on to the consumer and accomplishes nothing, is the cost of hearings which a trucker has to attend in order to operate. Instead of operating like one nation, we operate like 10 Balkan states. Having one hearing is understandable, but having four, five or six is not. Each one costs thousands of dollars. Each one consumes a great deal of time. These hearings create unnecessary expenses on the part of the trucking industry, costs which are passed on to the shippers and the consumers. This is one area in which we can certainly cut down costs.

Convenience and necessity do not involve safety. The Hon. Member mentioned the figures with respect to safety in the U.S. What are the figures today with respect to safety in Canada? We cannot blame that on deregulation. No one will go out deliberately to have an accident. In my view convenience and necessity have nothing to do with safety. It is the safety rules generally across the nation that will determine the safety and the safety requirements demanded by insurance companies because they have to pay through the nose when truckers do not operate safely. Those are some of the things that will have to be considered.

• (1700)

Mr. Hopkins: I know that the Hon. Member is a pretty good hockey player and he is very good at stick handling. But the Hon. Member lost the puck when I was speaking. I stated that since 1981 there has been a 28 per cent cost increase to trucking firms in Canada. The 10 per cent that I talked about in the United States was not in relation to cost; it was a 10 per cent profit margin that the trucking industry is enjoying across the United States. In Canada there is only a 3 per cent profit margin within the trucking industry.

The Hon. Member said that safety and deregulation cannot be related. Many people, including myself, would disagree with him. There will be severe competition when there are no regulations in place, and there will be more people competing in the field. There is nothing wrong with that, as long as safety regulations are in place, and as long as they are enforced. It must be admitted that when deregulation was introduced in the United States, there was an increase of 18 per cent in accidents. We have been told that some of those are related to the lack of safety of vehicles. The start of this whole business is only the beginning when we talk about deregulation. As I mentioned to the Hon. Member for Prince Albert, it depends on how those safety regulations will be administered, and how well they will be administered. We will have to be on top of this situation when it happens.

The Hon. Member spoke about costs. One thing that has not been sacrificed in the Canadian system to date is the safety measures. The Hon. Member mentioned hearings, and they do cost a lot of money. But when a person has established a trucking firm and has spent a lot of money on equipment and on his business, then at least he has a little security. He must still compete with many other businesses in Canada. That is also good. As far as the deregulation measures are concerned—

Mr. Deputy Speaker: Could I ask the Hon. Member to conclude. There is a further question to be put from another Member.

Mr. Hopkins: I will conclude by saying that in the past the transportation industry in Canada has been well served by regulations. I do not think that they should be thrown out the window holus-bolus. When people have spent a lifetime building up their company, they deserve at least some compensation from the Government if those regulations which have served the industry well over the years, are going to be taken away.

Mr. Nowlan: I wish to ask the Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins) a question. The Hon. Member is a very throughtful Member. The question of the Hon. Member for Bow River (Mr. Taylor), who is a very active and consistent member of the Transport Committee, raised what he has brought up in the hearings on *Freedom to Move*, which is the objective of removing these 10 regulatory

environments and trying to get some type of national environment in order that traffic will be able to flow across the country. At a time when we are having discussions with another country to increase trade and facilities between the two countries, we have the interesting anomaly that in this country we still have the 10 jurisdictions which impede traffic. I do not wish to talk about the safety matter. I know that the Hon. Member did not intend to do it, because he is an even and responsible Member of the House, but the safety bogy is always raised like the goblins at Hallowe'en.

Every Minister of Transport, this Minister of Finance (Mr. Wilson) and the Minister who brought in the *Freedom to Move* paper in the initial Bill, states, and it is also stated in the Bill if the Member would read it, and I know that he has read Bill C-19 from stem to stern, that safety will not be diminished at all. There is a different type of environment for regulation, but there will still be safety.

In terms of the American situation, it does cause concern. Regardless of the profit differential between the two countries, I am sure the Hon. Member knows that the interesting fact is that since deregulation in the United States, there are a thousand licences in the United States from Canadian trucking firms that are doing business there, and they have increased their market there by 8 to 12 per cent since deregulation in the United States. Would the Hon. Member answer this question that he has addressed, as have other Members? If that has happened in the United States with us competing in that larger market—and perhaps because of our dollar differential of 35 to 40 per cent, which certainly is quite an interesting advantage, we have been able to break into that market and increase our share—why should we be extra-concerned that we will not be able to keep our share in our own country?

Mr. Hopkins: I thank the Hon. Member for his question. He is a long-time Member of the House and has served very well many of these transport items.

In my talk I mentioned some of the inequities of the system as it is planned to be introduced into Canada. Why are Canadians doing so well in the United States? One, I mentioned fuel costs. They are already competing down there on a level with the same fuel costs. There is a larger volume of traffic in the United States, and there is more room to manoeuvre. Canadian companies are used to operating in a difficult climate with a greater overhead. When they go to the United States with more traffic, cheaper fuel costs, they are able to compete on an equal basis.

In Canada there are higher fuel costs, competition is in smaller communities without the volume of traffic. Rail lines are now serving certain areas well. When the competition starts in Canada, there will be regional development which is more poorly served by rail lines and by the trucking industry, because they will all try to get into the more crowded urban market of Canada. They will be in much the same environment there to compete as they are in the United States where there is exceptionally heavy traffic.

Mr. Deputy Speaker: I regret that the Hon. Member's time has expired. Is there unanimous consent to give the Member two more minutes to complete his answer?

Some Hon. Members: Agreed.

Mr. Hopkins: In conclusion let me say that I hope that I have given the Hon. Member some food for thought. We can end this debate by saying that, given half a chance, Canadians can compete with anybody. If I were the Hon. Member, I would not put too much emphasis on the free trade talks. If this legislation does not go any better than the free trade talks, we will be in serious trouble.

• (1710)

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I appreciate the opportunity to speak for a few minutes on Bill C-19. Probably a good place to start would be with the statement made the other day by the Hon. Member for Humboldt—Lake Centre (Mr. Althouse). He suggested that the Government was adopting a *laissez-faire* philosophy. Obviously that is what the Government is doing in this Bill, in Bill C-18, and in a number of other Bills which it has brought before the House with the intention of opening up a variety of industries to the free market. Basically that is the philosophy of the Government. It is actually returning to a previous structure which existed in the country, that is, a sort of dog eat dog market. The Government is removing protection by deregulating the industry. It will look the other way while industry fights with itself, eliminates itself, and eliminates service to Canadians. It is moving toward having less involvement in the distribution of goods. In doing that, the Government is condemning certain industries in certain parts of the country to a gradual but inexorable death.

If we do not have a transportation structure which allows the hinterland or the more remote areas of Canada to ship whatever goods they produce to market, particularly the central markets of Canada and of the United States with which we do considerable trade, those areas gradually shrivel up and die. A certain amount of this is already going on in remote areas.

Truckers are very concerned about Bill C-19, respecting motor vehicle transport, because they have seen what happened south of the border. Some of the larger and more able companies went into the United States. They have been watching what happened there. They know that there is a possibility, or a fairly good chance, that the same kind of thing will happen in Canada, since we are following the lead of the United States in deregulation. They have watched the devasatation of that trucking industry in many ways and the concentration that has come about to save companies which could be saved.

There have been massive lay-offs in the United States. A large group of truckers or people related to that industry have

been laid off. Also there has been a large number of bankruptcies and increasing concentration with small trucking companies being picked up by larger ones and an elimination of competition as a consequence. Also there has been in the United States—and it is likely to happen here—a loss of service to the hinterland.

Although initially there were generally lower prices in the United States, those lower prices have only continued in the corridors between larger centres. More remote areas are being faced with either no service at all or more costly service.

The industry in Canada has developed a great pride in service over the year. It has been proud of the fact that it reached into every nook and cranny of the country and provided service to small communities. With deregulation it will no longer be required to do this.

The present structure is such that, for example, a trucker will go into a smaller community in northern Saskatchewan once or twice a week even if he does not have a full load. Everyone knows that that service is there. It has been suggested that if deregulation is put into effect, there will be no necessity to provide routine service—in other words, service when one needs it—regardless of whether or not the truck is full. I recognize that Canadians pay for that extra service, but they are glad to do it, just to be sure it is there when needed.

That effect of deregulation bothers me most because my constituency is a northern one. Many small communities along the northern portion of my constituency depend upon truck service for their supplies. Having lived in the far North a great deal of my life, I know what can happen if there is no routine service and small communities must depend upon someone deciding to service them when they have a full load. These small communities either end up ensuring that they have supplies on hand at all times or that they have an alternative service in place upon which they can call when regular service, which exists under the present system, disappears.

The effects of the Bill will be felt by many communities which would not mind, at the present time, a little cheaper service but are happy because they have service. If we say to truckers who want to develop a service into a small community that they may do so if they are willing and able and they make a little money, there is always an opportunity to skim the cream. If the industry is deregulated, a trucker can go into such areas to haul large loads and therefore eliminate effective service to persons who have traditionally been served in those communities. This happens even now and it will happen even more if the basis of the trucking industry is ready, willing, and able. It is dangerous.

We should not let the Government reduce service to Canadians as it has done with the Post Office, air travel, and railway service, by the abandonment of rail lines and the elimination of terminals, and as it is now doing in trucking.

• (1720)

[*Translation*]

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I welcome this opportunity to take part in the debate on Bill C-19, especially after certain comments heard in the course of this debate, and I am referring to what was said by the Hon. Member for Winnipeg North Centre (Mr. Keeper) to my colleague from Montreal—Sainte-Marie (Mr. Malépart). These comments concerned the position taken by the Liberal Party, and the question arose whether the Liberal Party was opposed to the legislation because that was its duty as the Official Opposition or whether the Liberal Party was really taking a stand against the deregulation proposed by the Government. I would like to inform the Hon. Member for Winnipeg North Centre (Mr. Keeper) that the Liberal Party's position is quite clear compared with positions of the Conservative Government and the New Democratic Party. While the Government side favours privatization, the NDP often takes the middle-of-the road view, which does not necessarily reflect a socialist outlook or a social democratic philosophy.

In the course of my speech, I would like to talk about a rather special situation that exists in the riding of Saint-Maurice, where trucking companies systematically object to deregulation because to them, it means a net loss in the value of their operating licences. On the other hand, our riding has a number of pulp and paper companies which look very favourably on the kind of deregulation proposed by the Government. And that brings me to the issue of the consultation initiated by the Government, which was not complete and very superficial, and on the basis of which the Government introduced a Bill providing for practically unfettered deregulation, which does not sit well with a number of the transportation companies in our area.

Mr. Speaker, I referred to a number of trucking companies that have a problem with deregulation as proposed in the Bill. We have a group here in the riding of Saint-Maurice which in 1986 had a turnover of $18 million, and employs 125 regular employees and 25 casual or part-time workers. Ninety-eight per cent of the company's business consists of bulk shipping and 2 per cent is general shipping. Of course the company has several other branches and one of the companies leases tractors and semitrailers, and here again 98 per cent of tractors and semitrailers are leased to the Asselin group, the name of the company involved, and 2 per cent to other firms.

As I said, the sales figures for 1986 amount to $18 million, and one of the concerns expressed by this company during an address to the Chamber of Commerce is that the most disturbing aspect in the transport industry is deregulation as advocated by this Government. The license value will drop. The Trucking Association of Quebec asks the Government to consider compensation amounting to 1 cent a litre on fuel used by public trucking firms during the five years immediately preceding the year when the new regulation system will be implemented. This way each licensed trucker would be able to submit an annual claim of up to 20 per cent of the tax credits

as of the base year, with a limit of seven years. These recommendations were made but the Government did not act on them because there were other recommendations from pulp and paper associations and a number of other very important organizations and groups. They pointed out that the pulp and paper industry strongly supports the early deregulation of interprovincial motor transport and the enforcement of standard provincial standards designed to promote a flexible and profitable interprovincial motor transport industry in Canada.

Obviously, Mr. Speaker, when the Government was confronted with these situations it could have found a formula which would have been an acceptable compromise between extreme positions and which could have led to the kind of deregulation which most Members of the House could have endorsed, but it drew the line and introduced the legislation now being debated in the House. There is a real possibility that deregulation will reduce the value of the operating licences, and hence the book value, of these companies. When we know that many Canadian carriers depend on the value of their licence as security for obtaining bank loans, it means the value of the company will drop with that of the operating licence. Loan opportunities for all Canadian trucking companies will be sharply reduced, and without federal assistance, they will be less able to compete with the big American carriers.

Mr. Speaker, if we look at the Bill before the House today, there is a major problem facing those transportation companies that are not one of our big Canadian carriers. The very basic point being made by these companies is that eventually, they may go bankrupt when the American giants appear on the Canadian market and compete directly with them. The latter companies may take considerable losses for one, two or three years, but they have sufficient assets to be able to absorb these losses, because in any case, they are working from a financial base that is far stronger than that of any Canadian carrier.

Mr. Speaker, I would like to ask the Government to postpone consideration of this Bill and to do the consultation that is needed. We know that as far as Bills C-18 and C-19 are concerned, the Government's consultation process was inadequate. Intervenors from the transport sector were ignored or, if they were heard, their claims or comments were not necessarily taken into consideration.

If this Bill is adopted in its present form, one serious consequence will be a substantial reduction in the safety standards applied to the trucking industry. Mr. Speaker, I am sure you realize that if these standards, which were not a major issue in the consultations conducted by the group that travelled across Canada to hear the various intervenors, if these standards are not observed and are not made an integral part of Bill C-19, transportation companies that must cut costs to survive will start cutting back on preventive maintenance. If that happens, we may have a situation practically identical to the one existing now in the United States, especially in the State of California where the number of accidents has increased by 18 per cent in recent years.

Mr. Speaker, I hope consideration of this Bill is postponed and that the Government does not now approve the provisions of Bill C-19.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is as follows. Mr. Lewis, seconded by Mr. Fennell, moves:

That this question be now put.

The question is on the motion of Mr. Lewis.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

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

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more that five Members having risen:

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

(*Division No. 63*)

YEAS

Members

Bertrand
Binns
Bourgault
Boyer
Bradley
Brightwell
Brisco
Cadieux
Caldwell
Cardiff
Carney
Champagne
(Champlain)
Clark
(Brandon—Souris)
Clifford
Cochrane
Collins
Cook
Cooper
Corbett
Cossitt
Crombie
Crosbie
(St. John's West)
Crosby
(Halifax West)
Crouse
Darling
Daubney
Desjardins
Domm
Duguay
Ellis
Epp
(Provencher)
Fontaine
Forrestall
Fraleigh
Friesen
Gérin
Girard
Gormley
Gottselig
Graham
Gray
(Bonaventure—Îles-de-la-Madeleine)
Grisé
Hardey
Hawkes
Hicks
Hnatyshyn
Hockin
Horner
Jacques
James
Jepson
Jourdenais
Kelleher
Kempling
Kilgour
Lawrence
Leblanc
Lesick
Lewis
Lopez
MacDonald
(Kingston and the Islands)
Malone
Martin
Mazankowski
McCuish

McDougall (St. Paul's)
McInnes
McKinnon
McKnight
McMillan
Mitges
Nicholson (Niagara Falls)
Nickerson
Nowlan
O'Neil
Oostrom
Paproski
Pennock
Porter
Ravis
Reimer
St. Germain
St-Julien
Scott (Victoria—Haliburton)
Scott (Hamilton—Wentworth)
Scowen
Sparrow
Stackhouse
Stevens
Stewart
Taylor
Thacker
Towers
Tupper
Van De Walle
White
Winegard—97

NAYS

Members

Allmand
Angus
Axworthy
Baker
Berger
Blackburn (Brant)
Blaikie
Caccia
Copps
de Corneille
Dingwall
Epp (Thunder Bay—Nipigon)
Garneau
Gauthier
Gray (Windsor West)
Grondin
Guilbault (Saint-Jacques)
Heap
Hopkins
Hovdebo
Jewett
Killens
Langdon
MacLellan
Malépart
Marchi
McCurdy
Mitchell
Orlikow
Penner
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Young —37

• (1800)

[*English*]

Mr. Deputy Speaker: I declare the motion carried.

Mr. Gray (Windsor West): Mr. Speaker, I think there could well be a disposition on the part of the House to apply this vote to the next one. Perhaps you might want to see if that is the case.

Mr. Deputy Speaker: Is there agreement that we apply the vote we have just taken to the main motion?

Some Hon. Members: Agreed.

Mr. Lewis: Mr. Speaker, I think there would be a disposition to do that, and also add the name of the Hon. Member for Mount Royal (Mrs. Finestone) to the voting Members as voting with her Party, and my colleague, the Hon. Member for Edmonton South (Mr. Edwards), as voting with his Party.

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

(*Division No. 64*)

YEAS

Members

Bertrand
Binns
Bourgault
Boyer
Bradley
Brightwell
Brisco
Cadieux
Caldwell
Cardiff
Carney
Champagne (Champlain)
Clark (Brandon—Souris)
Clifford
Cochrane
Collins
Cook
Cooper
Corbett
Cossitt
Crombie
Crosbie (St. John's West)
Crosby (Halifax West)
Crouse
Darling
Daubney
Desjardins
Domm
Duguay
Edwards
Ellis
Epp (Provencher)
Fontaine
Forrestall
Fraleigh
Friesen
Gérin
Girard
Gormley
Gottselig
Graham
Gray (Bonaventure—Îles-de-la-Madeleine)
Grisé
Hardey
Hawkes
Hicks
Hnatyshyn
Hockin
Horner
Jacques
James
Jepson
Jourdenais
Kelleher
Kempling
Kilgour
Lawrence
Leblanc
Lesick
Lewis
Lopez
MacDonald (Kingston and the Islands)
Malone
Martin
Mazankowski
McCuish
McDougall (St. Paul's)
McInnes
McKinnon
McKnight
McMillan
Mitges
Nicholson (Niagara Falls)
Nickerson
Nowlan
O'Neil
Oostrom
Paproski
Pennock
Porter
Ravis
Reimer
St. Germain
St-Julien
Scott (Victoria—Haliburton)
Scott (Hamilton—Wentworth)
Scowen
Sparrow
Stackhouse
Stevens
Stewart
Taylor
Thacker
Towers
Tupper
Van De Walle
White
Winegard—98

NAYS

Members

Allmand
Angus
Axworthy
Baker
Berger
Blackburn (Brant)
Blaikie
Caccia
Copps
de Corneille
Dingwall
Epp (Thunder Bay—Nipigon)
Finestone
Garneau
Gauthier
Gray (Windsor West)
Grondin
Guilbault (Saint-Jacques)
Heap
Hopkins
Hovdebo
Jewett
Killens
Langdon
MacLellan
Malépart
Marchi
McCurdy
Mitchell
Orlikow
Penner
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Young —38

Bill read the second time and referred to the Standing Committee on Transport.

Mr. Deputy Speaker: It being 6.10 p.m., the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.10 p.m.

HOUSE OF COMMONS

Thursday, February 12, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF 1987 REPORT OF SASKATCHEWAN ELECTORAL BOUNDARIES COMMISSION

Mr. Speaker: It is my duty pursuant to Section 9 of the Representation Act, 1985, Chapter 8, Statutes of Canada, 1986, to lay upon the table a certified copy of the 1987 report of the Electoral Boundaries Commission for the Province of Saskatchewan.

Pursuant to the Act, this report is deemed to have been referred to the Standing Committee on Elections, Privileges and Procedure.

* * *

[*English*]

BUSINESS OF THE HOUSE

STATEMENT BY PRIME MINISTER—AFRICAN VISIT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I have a question for the Parliamentary Secretary with regard to business of the House and, specifically, statements by Ministers. We were under the impression last week that the Prime Minister (Mr. Mulroney) would be making a statement as a result of his trip to Africa. Almost a week has passed. Could the Parliamentary Secretary give us some idea of when we might expect to have that statement by the Prime Minister?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I will make inquiries. I will endeavour to communicate with my colleague with regard to exactly when the statement on South Africa can be made by the Prime Minister (Mr. Mulroney) if, in fact, there is going to be one made.

PETITIONS

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have been tabling a series of petitions in the House as fast as people can sign them. This petition is from people of my riding, of the National Capital Region, and also from several tourists who have come to Ottawa. They say that whereas a decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the RCMP and the office of the Governor General without prior notice; and whereas the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud; and whereas area residents from the entire national capital region who have used and enjoyed the grounds of Rideau Hall, recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120-acre park to public access; the undersigned, your petitioners humbly pray and call upon Parliament to open the decision for consultation with citizens' representatives of the large and growing opposition in order that a *modus vivendi* be created that would satisfy both the Government's security concerns and the public right to access.

• (1110)

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I have ten petitions from my constituents and Canadians from across Ontario and several other provinces. These people wish to lay a grievance before the Government and the Parliament of Canada. They state that whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information; and whereas the tariff has little negative effect on the publishing industry in the United States yet penalizes Canada's consumers, book publishers and distributors in Canada's culture; and whereas rising book prices have placed a strain on book acquisition programs and policies of our nation's public and specialized libraries; the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

* * *

Mr. Speaker: Before I recognize the Hon. Member for Nickel Belt (Mr. Rodriguez), perhaps I should comment that today he has reached that significant honour and stage in his life in which he joins some others of us, having passed his fiftieth year. Perhaps we could take judicial notice of the fact that he is no longer "l'enfant terrible" but now a mature and seasoned veteran of this place to whom we look for great guidance.

Some Hon. Members: Hear, hear!

CNR'S CENTRALIZATION POLICY

Mr. John R. Rodriguez (Nickel Belt): Thank you, Mr. Speaker. It just goes to show that there is still hope for most of us in this place.

I have the honour and privilege to present a petition that is signed by some 1,500 residents of my home town of Capreol which has a population of 4,000. Therefore, we can see that 1,500 is a significant number of petitioners.

The petitioners in Capreol state that CNR has embarked upon a policy of centralizing railway operations out of smaller railway towns to the major regional headquarters, which is Toronto in our case. The petitioners have also pointed out that the company has refused to provide the public access to any of the conclusions reached through its job rationalization studies.

The citizens also point out that CN has consistently refused to provide any facts, figures, or financial statements to justify its claim for centralization. They point out that centralization is contradictory to present federal and provincial government policies of decentralizing services across the country.

Therefore, the petitioners call upon Parliament to require CNR, a Crown corporation, to end its policy of centralization of railway services, and further call upon Parliament to order a full public inquiry into the company's operations.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is a pleasure and an honour to present a petition pursuant to Standing Order 106 on behalf of a number of Canadians who have indicated their concern regarding changes to the Patent Act. They believe that these changes to the Patent Act related to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy these necessary prescription drugs. They suggest that these proposals by the federal Government will result in higher costs to provincial government drug plans as well.

Therefore, they are calling upon Parliament, especially upon the Government, to reject the continuation of these changes to the Patent Act in an effort to provide fair and accessible prescription drugs to all Canadians.

ELECTIONS, PRIVILEGES AND PROCEDURE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. John R. Rodriguez (Nickel Belt) moved:

That the first report of the Standing Committee on Elections, Privileges and Procedure presented to the House on Tuesday, January 27, 1987, be concurred in.

He said: Mr. Speaker, at the outset I want to reassure my colleagues in the House, particularly on the government side, that this concurrence motion in the lobbying report presented by the committee is not any part of a plan to derail the Government's business for this day or for the week. It is not part of any plot or strategy—

Mr. Gormley: That is hard to believe.

Mr. Rodriguez: The Hon. Member opposite says that it is hard to believe. It is not hard to believe because the motion is appropriate.

Let me quote some headlines from *Quorum* between February 7 and February 9. For instance, the headline in *The Ottawa Citizen* on February 7 is: "RCMP Probing Tory Influence Peddling". In *The Globe and Mail* on Feburary 7, the headline states: "Liberals say four of PM's aides may have had role in rental deal". In *The Gazette* from Montreal, on February 7, the headline is, "PM: We'll win back public's faith". The headline in *The Ottawa Citizen* on February 9 is: "Letter links ministers, PMO to contract: MP". Another headline in the same paper states: "'I'm telling the truth,' Mulroney's accuser says". Another headline from *The Globe and Mail* on February 9 states: "Swirl of scandal lends impetus to PM's reform plans". Another headline on February 9 states: "Quebec Tories propose 'Moral Code' for politics". On Monday, February 9, another headline states: "Ban corporate donations, say Quebec Tories". A headline in *The Gazette* on February 9 states: "Millionaire insists PM interfered in lawsuit".

I point these out because one can even read today's newspaper to see that these are the kinds of headlines being presented to the Canadian public. I believe they create a certain cynicism about Canadian politics in the minds of Canadians.

The reason that the Standing Committee on Elections, Privileges and Procedure studied this whole question of lobbying stems from the whole situation involving Mr. Frank Moores and his setting up of Government Consultants International. Indeed, it was the impetus for the Prime Minister (Mr. Mulroney) to declare in August, 1985, following a cabinet meeting in Vancouver, that legislation would be introduced in Parliament. Frank Moores, a former Premier of Newfoundland, had set up this consulting firm. Its purpose was, as it turned out, to peddle influence. We are all aware of the fact that he had been appointed by the Prime Minister to the board of directors of Air Canada. Yet he was off lobbying for other airlines with respect to their dealings with the Government. There was the whole question of his obtaining a fishing licence for someone for a fee. The Prime Minister quite

correctly recognized that that kind of behaviour gave the wrong message to the Canadian public. He recognized that it not only was not right but it was not seen to be right, and he promised legislation following the cabinet meeting in Vancouver in late August 1985. He did not leave it at the response to a media question in Vancouver. He tabled a statement in this House on Monday, September 9, 1985, and I will read what he said about lobbying legislation.

• (1120)

The fifth component of this comprehensive approach to public sector ethics is the undertaking of this Government to introduce into the House of Commons, at an early date, legislation to monitor lobbying activity and to control the lobbying process by providing a reliable and accurate source of information on the activities of lobbyists. We will require, among other things, paid lobbyists to register and identify their clients. This will enable persons who are approached by lobbyists for Canadian corporations, associations and unions, and by agents on behalf of foreign governments and other foreign interests, to be clearly aware of who is behind the representation.

I have accordingly asked my colleague, the Minister of Consumer and Corporate Affairs, to prepare, on an urgent basis, legislation to govern lobbying activity.

That was on September 9, 1985. As it turned out, we did not get the promised legislation. However, what we got was a study by the Standing Committee on Elections, Priviliges and Procedure chaired by the Hon. Member for Peace River (Mr. Cooper), and I should add, admirably chaired. We carried out the study of lobbying and we very quickly recognized as we held hearings that there were considerable numbers of Canadian lobbyists. That was the first discovery.

We further discovered that very few of them wanted to have a registry set up. Indeed, Mr. Frank Moores, of Government Consultants International, appeared before the committee and said: "Oh, we do not have a problem with having a register of lobbyists, but we want to keep our clients secret". That was the line that most lobbyists used. They wanted a register of lobbyists but all it would have was the name of the lobbyist, which we would already know. They wanted no information with respect to their clients, the issue they were lobbying, and how much.

We also went to the United States and interviewed lobbyists. There is a system of registering lobbyists in the U.S. not only at the national level but at the state level. We very quickly discovered that while the need to register lobbyists was recognized, in fact there were so many loopholes in the system that an elephant could get through. For example, we discovered that in Washington, while there was a registry of lobbyists, it only covered Senators and Congressmen. The lobbyist registration did not cover lobbying being done with bureaucrats. It did not cover lobbying being done with the staff of Senators and Congressmen. It also excluded the White House.

We also discovered there was no provision for enforcement, there was no system for verification of the registry. Sure, they had to do it, but the clerk who had responsibility for the registry had no power to verify the information in the registry. The clerk certainly had no power to follow up and enforce the registry. There were no sanctions.

We then went to California because we understood that was a state which had very tough lobby registration. We heard witnesses and found out California had gone to the other extreme. It had surrounded its lobbyists legislation with a lot of very finite details which became very cumbersome and indeed very bureaucratic. For example, lobbyists had to declare any expenditure of more than $10. If they took a state legislator out to lunch, they had to take out a little black book and put down the amount they spent for lunch and so on.

Mr. Riis: The result of the McDonald's lobby, probably.

Mr. Rodriguez: Very probably so they could all go and eat at McDonald's, as the Hon. Member for Kamloops—Shuswap (Mr. Riis) suggests. We found that was going too far and it could become very bureaucratic and cumbersome.

When we interviewed the lobbyists in California we were told that if we Candians were going to put a lobbyists' registration in place, they would advise us to make it tough and make sure that we get a registry which reflects every aspect of lobbying but without the ridiculous nature of picayune amounts to be registered, and so on. They pointed out the need to cover the sort of indirect lobbying which goes on through mass mailings. They thought we should pay some attention to that. They also pointed out we should ensure we outlawed contingency lobbying which is where a lobbyist will lobby for a contract and if it is successful receives 10 per cent of the value of the contract. They told us to stay away from that.

Of course, the question which came up constantly in our committee was, do we really need this legislation? Do we really need to register lobbyists? Is it that much of a problem? I pointed out the example of Frank Moores. However, there is also a very insidious kind of lobbying which goes on in Canada and touches on Hon. Members of the House. That has to be these friendship associations. There was an article by Linda Diebel which appeared in the *The Gazette*. It clearly outlines the power and influence that the South Koreans have in our Government. The article points out how powerful the South Korean lobby is. It points out that the South Korean Government has set up a Canada-South Korea friendship association and that a considerable number of MPs belong to it. As a matter of fact, more than one-quarter of Canada's MPs and Senators—a greater number than in any other country's friendship force on Parliament Hill—are members of the Canada-South Korea Parliamentary Association. The honorary president of the organization is the former Minister of National Defence. The Sergeant-at-Arms sits on the board of the association. The Hon. Member for Verdun—Saint-Paul (Mr. Chartrand) said: "They are very nice to you". Of course they are very nice. They are nice because they are trying to make a good impression. They are trying to become friends with Members of Parliament and trying to improve their image. That becomes extremely important when matters such

as duties and tariffs on South Korean goods come up for decision making.

• (1130)

A statement made by the South Koreans is important to consider. They said: "Success all comes down to an image, a very good image". Of course they want to push a good image. That is important in the lobbying business because when one impresses legislators with what a good person one is or what a good organization one belongs to then one is more likely to have the ear of MPs when it is needed.

Former Members of the House who were concerned about lobbying had introduced Private Members' Bills concerning lobbying, starting with Mr. Barry Mather of the NDP who introduced a Bill to register lobbyists. The late Walter Baker introduced a Private Members' Bill on the same subject. That cudgel was picked up by James McGrath, the former Member for St. John's East. He introduced a Private Members' Bill, as did I. I introduced Bill C-269 which dealt with the whole question of lobbying.

Having studied the matter very thoroughly and closely, our committee made recommendations. The recommendations of the committee were made public about three weeks ago when we tabled our report in the House. We recommended the adoption and implementation of a system of registration of paid lobbyists. I point out that this was a unanimous report. Members of the committee who represent all Parties in the House agreed that lobbyists have to be registered. We also suggested that the lobbyists organize themselves into an association of lobbyists. We recommended that in addition to the system of registration. They should establish some code of ethical behaviour and police themselves. They should be responsible for their own actions, apart from the registration process that we have recommended. We have recommended that the registration process come under the direction of the Assistant Deputy Registrar General of Canada. We recommended that there be no fee to register a lobbyist and that information about a lobbyist ought to be obtainable on request from the Assistant Deputy Registrar General and that there be a fee to cover the cost of printing information, et cetera.

We believe it is important to know who the lobbyist is and for whom he is lobbying. We want to know the client of the lobbyist and the issue. In other words, we want to know who is doing what to whom. I also wanted to know for how much. But in light of the fact that this was a unanimous report I dropped my demand and went along with the other members of the committee for the sake of unity. After a period of two years we are prepared to review the legislation and see how it is working. At that time we might make a recommendation with respect to how much a lobbyist is being paid.

It was also important to know that we could cover the legal profession when members of that profession are acting as lobbyists for their clients. We have made a distinction between that function and the function of lawyers who appear before quasi-judicial bodies such as the CTC or the CRTC in respect of some type of application.

I recommend to all Members that they read the report of the committee very carefully. I call upon the Minister of Consumer and Corporate Affairs (Mr. Andre) and upon the Prime Minister to bring before the House the legislation which was promised in September, 1985. I think Parliament is ready for it. The country is certainly ready for it. Not to bring it forward would be a dereliction of duty.

Mr. Andre: Mr. Speaker, I enjoyed the speech of my colleague, the Hon. Member for Nickel Belt (Mr. Rodriguez). I must say—and I am sure he will take this in the right light—that his comments today were more temperate than some I have heard before.

I wish to comment on something the Hon. Member said in his opening remarks. He suggested that Mr. Moores and GCI were peddling influence. Perhaps it was just the Hon. Member's use of words, but I hope he understands that influence peddling is a criminal offence. I hope it was an inadvertent accusation on the part of the Hon. Member rather than a deliberate attempt to use the immunities of the Chamber to make that type of statement. The Hon. Member may have his views about the propriety of certain activities. However, I hope he shares my view that we ought to be cautious in terms of the language we use so that we do not make charges that we do not intend to make.

Mr. Rodriguez: Mr. Speaker, the Minister said that I was more temperate. I would point out that that is because I am older today.

I did use the words "influence peddling". I can put it in the vernacular used by Mr. Moores' company when it appeared before our committee. The representative of the company who appeared before the committee said that the services of the company were "selective advocacy". I could substitute "influence peddling" for "selective advocacy", and I will put that phraseology in "selective advocacy".

• (1140)

It is also interesting to note that when that company came before us it pointed out very clearly that it has also hired Liberals. It hired not only prominent Conservatives, but it also hired prominent Liberals. One of the dangerous things about this is how it would appear to the public. One fellow who was there representing the company wore his MP's pin. It is obvious that that would give him access to this building, to Members in the House, and possibly to the bureaucracy. So it is impressions that we are dealing with. In fact, the Moores company was formed after the election of the Conservative Government. We also know that Mr. Frank Moores was a big backer of the Prime Minister in his leadership bid. We know that he received the appointment to the board of directors of Air Canada. We also discovered that he was acting as a lobbyist for other airline companies in their dealings with government agencies and quasi-judicial bodies.

I want to point out that the impression is the Hon. Minister's problem and his Government's problem. I am here trying to help them clean up their act so the Government can start rising in the polls. I must be getting old when I reach out to my downtrodden Tory friends and give them a hand up. I moved this concurrence motion to give them a chance to clean up the mess, and here is the Minister accusing me of casting aspersions on Mr. Frank Moores. I would think that he would want to cut him loose. The Minister has a responsibility to tell us when there will be lobbyist registration. The Minister should tell us that, and not quibble over whether it is selective advocacy, or influence peddling. The impression of Canadians is that if you have powerful friends at court, you can get things. That is what the people out there recognize. That is what the Government has to deal with. After all, it is in third place and sinking like a stone.

Mr. Andre: I wish to withdraw my earlier comment about accusing the Member of being temperate. I lost my head there for a moment and thought that the Hon. Member had matured and grown reasonable. I was trying to make the point that one ought not to use, even inadvertently, language that accuses someone of criminal activity, unless the Hon. Member is prepared to back it up. I do not think that making that point as temperately as I attempted to do warranted the outburst of partisanship from the Hon. Member, given that his original remarks were more temperate, albeit from a perspective that I did not agree with every step of the way.

Let us be cautious about our language, and let us not accuse people of criminal activity unless we are prepared to back it up. That simple point should not have brought forward that tirade from the Hon. Member. It is regrettable that he responded in that manner, and then at the end of it all said that it is terrible what the public now thinks of the Government and our institutions, and we have to clean up our act. It goes both ways. You cannot pick up gobs of mud and throw them and then say, "Look at all the mud around". Some of the responsibility has to be borne in that regard. That was my only caution. Let us not accuse people of criminal acts unless we are prepared to back them up with facts.

Mr. Rodriguez: I did not say anything in the House that I did not say in the committee when these witnesses came before it. When I asked the representatives of Frank Moores' firm specific questions about ownership of the company, clients, costs, and the connection that they had with the Conservative Party, they all refused to answer those questions other than to point out that they have also hired Liberals. I said to them at that point, and I said it in the House, that that leads Canadians to come to one conclusion. If it cannot be dealt with out in the open, out in the sunlight, or if it has to be dealt with in the shadows, as the Prime Minister refers to it when he says that it should not be shrouded in mystery, it leads Canadians to come to no other conclusion but that this whole operation is influence peddling. When Canadians see how closely connected the lobbyists are with the Government, that is the only conclusion that they can come to. It is obvious that this is the conclusion they have come to, and the judgment that they have made about the Government.

Instead of quibbling, the Minister should be standing up and telling us when he will bring down the legislation to register lobbyists, and to create transparency in the operation of Government. Some degree of transparency is required. That is one of the advantages of lobbying registration. It does provide a degree of transparency to the Canadian people. The Canadian people have a right to know who is doing what to whom, and I would add for how much. Instead of making fractious comments about my temperance, as the Minister responsible for this legislation he ought to be telling us when he intends to bring forward a Bill.

Mr. Albert Cooper (Peace River): Mr. Speaker, I am pleased to have an opportunity to take part in this debate, and particularly to follow my good friend from Nickel Belt (Mr. Rodriguez). I have had the pleasure of working with him for some time on this particular subject. Through that process I have discovered that he is twice as bright as I am, twice as kind as I am, and he works twice as hard as I do. To top it all off, today I found out that he is twice as old.

One of the things that I find very intriguing about this process that we have just gone through is that we as a committee came up with a unanimous report. As the Speaker and Members of this House well know, that is an unusual circumstance in Parliament, particularly on an issue of such controversy. I went through the whole process and tried to figure out why this group of people would come together with a unanimous report. The first and obvious reason would be that they are all from the same Party, and everyone knows that this is not the case. The second reason would be that the members of the committee are a bunch of docile people. Anyone who knows the membership of this particular committee would know that the Hon. Members for Glengarry-Prescott—Russell (Mr. Boudria), Nickel Belt (Mr. Rodriguez), Okanagan—Similkameen (Mr. King), Prince George—Bulkley Valley (Mr. McCuish), and myself do not fit into the docile category. I finally figured out what allowed this group of men to come together with a unanimous report. We all have one thing in common, and that is the fact that virtually every one of us can walk under any table standing up, there is no bending down required. It is the only common bond that I can find through the whole process.

It was a unanimous report. The process took us pretty close to a year, because we discovered as we got into the issue that it was a difficult issue, and one of tremendous complexity. Wheels within wheels are turning in this issue. Another point that came out was that in reality we are dealing with a changing world.

I wish to quote from the report which talks about that changing world that we face. On page 5 of the report, when speaking about the influence of lobbying, it states:

> This influence in Canada has been primarily focussed on the bureaucracy and the executive. However, with the introduction of recent reforms to the committee

system and private members' business in the House of Commons it is anticipated that the private Member will increasingly become the target of lobbying efforts.

Under the provisional Standing Orders of the House, standing committees now have unlimited mandates to study matters within their jurisdiction as well as the power and budget to engage the services of professional staff. It is our belief that in addition to all the usual contact points, these Standing Committees may provide a new focus for lobbying activities.

● (1150)

The bottom line is that we found the world of lobbying to be a changing world. It has all sorts of complexities that we want to address. One concern of committee members was that we establish a level playing field. We wanted to make sure that all those involved were playing under the same rules, restrictions and guidelines. That is why we recommended that members of the Canadian Bar and other professionals such as accountants be included in the registration. If memory serves me correctly, when members of the Canadian Bar appeared before the committee, they recommended that if we proceeded with the process of registration they should be included. We of course did that in our report.

My friend from Nickel Belt spoke about our experience in Washington and Sacramento. There is no doubt that those trips had a significant impact on the committee. We got some firsthand experience in that we were able to talk to people responsible for registration as well as those being registered. In addition, and this is something often overlooked when committees travel, members of the committee had the chance to get to know, appreciate and respect each other. The result was the unanimous report which we produced.

One significant thing to come out of the trip to Washington was that we learned there were so many loopholes in the registration process there that you could drive three or four semi-trucks through them side by side without danger of hitting anything or anyone. For example, lobbyists only have to register if they deal with elected representatives such as Senators or Congressmen. Our experience in Canada is that a very significant portion of lobbying in Canada is not done with elected representatives at all but with the bureaucracy, its various officials and staff. That was a very important thing to take note of and address in our report.

In Sacramento we discovered that a great amount of detailed information was required. Strangely enough, the effect of that was that you had such a great amount of information it became virtually useless and almost made a mockery of the process. We wanted to address that as well because we wanted a system which was simple, clean and effective. Yet we learned that even with all that detail there was very little need for a large staff. In other words, all of the necessary machinery for the registration process could be handled by a small group of people. Again if memory serves me correctly, California has a population roughly equivalent to that of Canada.

Mr. Kilgour: It is bigger, 26 million.

Mr. Cooper: So a little bigger than Canada. A very complex registration process requiring a great deal of information, yet a very small staff to handle it. I think that is important because one of the concerns I heard expressed since the report came down is that we have to be careful because this will require a tremendous bureaucracy and all sorts of funding. The reality, given our experience in both Washington and Sacramento, is that this is not the case at all.

Another point that has to be made is that for some reason there is a feeling that lobbying is a dirty word. We in the committee felt nothing could be further from the truth. I would like to refer to the committee report and read one paragraph which I think speaks to this particular issue. Let me quote the following, again from the same page:

Your Committee is impressed with the role that special interest groups or lobbyists play in the dissemination of information on matters of public policy. The lines of communication which are developed by these groups are important in the resolution of government policy.

A critical part of policy development in any government is to accept and even seek out information and views from those affected and the public at large. Lobbyists often present competing views, supply what might be otherwise unavailable information, and propose solutions so government can better assess the implications of proposed policies.

It was very important that we recognized in our report the role and responsibility of lobbyists. The report was not in any way designed to suppress them but, rather, to encourage them and get everyone on a level playing field with a certain amount of openness. That I think does not so much convict the guilty as protect the innocent. That was certainly one of the fundamental principles in the preparation of this report.

Another point which I think is important is that in several interviews after the report was issued the press wanted to know what kind of incidents of wrongdoing we had come up with. What had we seen that was unethical. The reality is that we did not come across that sort of evidence. I think that if all Members were honest, we could say that the issues which have gained some sort of profile in the last little while could probably be counted on the fingers of both hands, if not one hand. My point is this. There have been incidents which have caused the Canadian public concern, incidents involving lobbyists, incidents involving Members of Parliament. However, the reality is that it is a very small number of cases. The vast majority of Members of Parliament are very honest, sincere and hard-working people. That fact crosses Party lines. The same applies to the lobbying industry. By far and away the vast majority of those people are sincere, honest people who do everything in an ethical, honest and sincere way. The point of the registration is to deal with the exceptions and get everyone on a level playing field where they are treated equally, fairly, and where the public can be assured that what is going on is in the public eye, and help eliminate this feeling of things being done behind closed doors or under the table.

I want to look briefly at the recommendations made by the committee. As is apparent to everyone, we recommended the adoption and implementation of a system of registration for paid lobbyists. We also recommended that the Government

consult with members of the lobbying industry to discuss the formation of an association of lobbyists in addition to a system of registration. As we said in our report, that would put responsibility for the day to day conduct of the lobbying industry squarely where it belongs, on the industry itself.

Earlier in my comments I referred to the fact that the vast majority of people are clear-thinking, honest and sincere. We want to encourage them.

I see you are giving me a signal that my time is fast running out, Mr. Speaker. I thought I had until about 12.07. Do I have a few more minutes? Then I can make a few more comments. I know the speech is fascinating the whole House.

An Hon. Member: Especially the galleries.

Mr. Cooper: The galleries are really enjoying it. I know the press is watching it with great interest, so I am glad I have a few more minutes.

One of the most important and also most difficult things we had to do in the committee was to come up with a definition of a lobbyist. That is probably at the root of all the work we did. If we had made a mistake in that area, it would have tainted or soured the entire report. What we recommended essentially is that lobbying be defined as attempting to influence either directly or indirectly any Government decision. Let me deal with direct and indirect influence. Direct influence is in the one on one context. Another area becoming quite significant is the indirect category, which is developing in the United States and it seems to be a trend starting here in Canada. I speak of political action committees. They are very sophisticated, highly financed and highly organized lobbying groups that are having a tremendous impact on public policy and decisions. They have traditionally fallen out of the net that would normally be included in a registration of lobbyists, hence our reason for adding the word "indirectly". That point I feel is very important for the Department to pick out from the report.

• (1200)

Included in government decisions are category regulations, laws, policies and contracts. All of those are significant public activity having a direct impact on the Canadian taxpayer and we believe that they should be included in any definition. We recommended that, for the purpose of registration, a lobbyist be defined generally to include anyone who, for compensation—that would either include a person on salary or having a contract—engages in lobbying activities as we have defined them, directed at the executive—and this is very important flowing out of the American experience—the bureaucracy or Members of the House of Commons or Senate or their staff. In other words, Mr. Speaker, we have tried to make sure that we dealt with the Canadian reality and did not mimic the American experience, which we felt had really created a number of holes and opportunities to evade the system of registration.

The information we required was really very simple. My friend, the Hon. Member for Nickel Belt, as always with his wonderful way with words, described it very well. We want to know who is doing what, to whom and on what issue, and, as he said, to add for how much. But that is basically it. We wanted to know who the lobbyists are lobbying for or who they are representing and we wanted to know what issue the lobbyists were dealing with. We felt that if those three basic principles were made public in reality, you would have the nuts and bolts of the information that Canadians need to see what kinds of activities are going on and thus get that sense of openness and freedom that is important.

I touched earlier on the administration of the system and how important it was that it not be viewed as a large bureaucracy. We recommended that the Assistant Deputy Registrar General be charged with the responsibility of administering the registry. I want to emphasize again that we should not have a large bureaucracy or one that would require a great deal of expense or one that is complex.

I want to deal with what is happening from here on. The committee worked on the issue for a year. We struggled through it, we found it complex, difficult and we heard a lot of witnesses. We did a little travelling, and we have come up with a report that I think has been well received. It is a balanced report. Over the last couple of weeks I have received mail from a wide variety of people, the Canadian public, lobbyists, lawyers and so on who have indicated to me how pleased they are with the report. They see it as a step in the right direction. Well, what happens from here?

The Minister for Consumer and Corporate Affairs (Mr. Andre) is with us in the House today. I am pleased to see him here because it demonstrates his interest in the subject. He is the one responsible for what will happen from now on. We as a committee asked the Minister's Department to draft some legislation flowing out of our report and then to refer it back to our committee. The reason for that is very simple. We want to see that the legislation flowing out of our report is consistent with it. No one is looking for a mirror image, but we are looking for the basic principles that we feel are important. After that, we would ask that the legislation come back to the House and be passed quickly.

A very important part of the report is that the whole issue be checked again in 2 years' time. The issue is complex and we are charting new territory. It is important to review the results, problems and pitfalls that may develop over the next couple of years. This will give us a chance to clean up whatever discrepancies or problems may have been created by the process.

After having talked to the Minister on a couple of occasions and in talking to as many people as I can, my sense is that the Department is giving this report a high priority and that it will be working very quickly to get the matter into a Bill. Further, my indications are that we will be dealing with it again in this House not too far into the future.

I have appreciated the opportunity to speak on this issue, to be part of the debate and to concur in a report of which I am particularly proud, Mr. Speaker. I want to thank each and every Member of the committee who was with me through that process because it has been a very good one, one that has been educational as well as profitable.

Mr. Rodriguez: Mr. Speaker, I think the Chairman of our committee, the Hon. Member for Peace River (Mr. Cooper) did an excellent job in outlining some of the difficulties that we had concerning registration of lobbyists. One of our recommendations concerned those who initiate and are paid to organize mass mailings, advertising campaigns to disseminate material designed to influence Government through public opinion. Would the Member comment on that as well as on the requirement to register non-profit organizations, volunteer groups and single industry groups, the conditions under which we want them to register their lobbyists?

Mr. Cooper: Mr. Speaker, dealing with the non-profit groups, this area caused a great deal of difficulty for the committee because we did not want in any way to appear to be restricting access of the general Canadian public to either their own Members of Parliament or to the Government at large. In this particular circumstance we have asked that groups which are strictly made up of volunteers having no salaries or contracts not be included in the registration. However, if you have a group that is a volunteer organization—let me pick one out of the air, let us say the Red Cross of Canada—which has an official who is paid a salary or has a contract to engage in lobbying—if that person is in part a professional lobbyist and it is part of his job description—we ask that such people be included in the registration. We are trying to get at the "professionals". We are not trying in any way to restrict access, but we are trying to register those who do lobby in a professional capacity.

Regarding what I call the political action committees in the United States and mass mailings, it is difficult to tell where that will go in Canada. We do have a sense that that area will expand. Because that is a professional form of lobbying and activity that, as I mentioned earlier, is highly financed and well organized, we felt that it should be included in the registration. We feel that this may well be something that will happen in the near future. That is why we used the word "indirect" in the report.

• (1210)

Mr. Friesen: Mr. Speaker, I heard the Chairman of the committee just say that groups like, for example, the Red Cross would be asked to register as a volunteer organization. That response confuses me a bit because on page 4 of the report, the committee says that it has determined that for the present, volunteer associations, single-interest groups and non-profit associations would not generally be required to register. I wonder if the Hon. Member could clarify that for me.

Mr. Cooper: Mr. Speaker, again, the distinction is the definition of a paid versus an unpaid lobbyist. There are volunteer organizations that have in their employ people who are paid to lobby. That changes the role of those individuals. They then become professional lobbyists.

Let me give two examples that I think will help clarify this situation. Group A is a volunteer organization. No one in that group is paid a salary to do any kind of lobbying. Group B is also a volunteer organization but it employs one individual who may be called a government relations officer or perhaps a chairman who is paid a salary or is on contract. Part of this person's responsibility is to lobby. That individual, because he is paid, would then be included in the registration requirements. The person from Group A, on the other hand, receives no salary or payment for lobbying. That is where we drew the line for those who ought not to be registered.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, it a pleasure to participate in this debate and to add a few comments to the very worthwhile comments that have already been made by the Hon. Member for Nickel Belt (Mr. Rodriguez) and the Hon. Member for Peace River (Mr. Cooper), the Chairman of this committee which did very excellent work. If you will permit me to make a comment as an aside, Mr. Speaker, I could not help but think, as both Hon. Members commented on the intent, purpose and motivation for this recommendation respecting lobbyists, that we want to see who is doing what to whom, where and when, that that might very well be an accurate description of what a peeping-Tom might say about his motivation.

Mr. Cooper: We will register them too.

Mr. Andre: However, there is not only unanimous agreement in the committee but in the House that registration of lobbyists is an important and timely issue.

The Hon. Member for Nickel Belt has asked that the House move concurrence in the recent report of the committee. Certainly I as Minister responsible for this particular area have no difficulty in supporting that recommendation. As the Registrar General for Canada, I am likely to be responsible and have the responsibility now for creating and maintaining a registration system. The committee has made many valuable recommendations and I am presently working to produce a proposal which takes those recommendations into account wherever possible. I hope to bring that proposal before my cabinet colleagues within days as opposed to weeks or months. From that process, hopefully legislation will flow to be presented to the House in relatively short order.

The principles about which the committee talked and the principles dictating our work in the Department and before Cabinet are openness, clarity, public access and administrative simplicity. We want there to be openness because, while peeping-Toms or voyeurs are in certain circumstances engaging in activities which are improper, when it comes to government activities, a degree of voyeurism is necessary. We

want to strike a balance between satisfying the necessity of openness and not imposing on the system a degree of openness that makes it impossible for it to operate. Some activities must go on with the blinds pulled, not that they are scandalous, immoral or improper but just because they cannot be conducted in public. That is a simple reality. I think the committee came as close to striking that balance as it could in identifying the need to register paid lobbyists and not other lobbying activity.

We are all exposed to lobbying. Lobbying is what makes the system run. Without lobbying, we could not function because, brilliant as we all are, every single idea or suggestion we articulate does not spring into being in our own minds as a result of some genetic process. We learn from people who come to us with ideas, suggestions and recommendations. That is an important part of the democratic process. Indeed, lobbying is the essence of democracy. We want to ensure that that continues. On the other hand, it is important that the public believe that what is going on is not improper and that people are not improperly enriching themselves or improperly gaining access which others cannot gain.

Having said that, I would like to voice some caution. When we concentrate entirely on process, we tend to forget that ultimately, it is the results that count. It is possible to get a good idea from a very bad source who passed that idea on with very poor motives. However, it is possible to use that idea and come up with a final result that is proper. We must remember when it comes to things like government contracts, for example, that the test should be whether or not the contract is right, the taxpayers get full value for the contract, and in fact it was the best deal that could have been made in the circumstances. That is the real test and that is what we must remember.

We are here as trustees of the taxpayer. Our object is to ensure that the taxpayer gets full value. While process is important and while respect for the process is also important, we ought never, as sometimes we come close to doing, say that it does not matter that the decision was right and that the taxpayers got full value, the thing is bad and condemned because involved in the process were people who put forward suggestions or lobbied on the basis of how much was in it for them. That causes us to say that we cannot accept the results.

• (1220)

I do not want to digress too much into current situations and circumstances, but the 150 public servants involved have said that the decision which was made was the best possible decision. The military and public servants in DSS and other Departments involved have said that the Low Level Air Defence system bought from the Oerlikon team was the best system technically, was the cheapest, and had the best industrial benefits and highest Canadian content. It was the best decision according to all the people involved. I am talking about public servants rather than the political people involved. The losing bidders have said publicly that the system was fair. They recognized that they were beaten in a competition by the Oerlikon group. The best decision for the taxpayers of Canada is now being cast in disrepute because some suggest that there was some lobbying in the process, some of which was illicit.

I raise this because I happened to be the Minister responsible for the Oerlikon contract at the time. I am aware of some of the lobbying which took place. The fact is that the process was impeccable. The decision taken was the right decision. Subsequent dealings by Oerlikon with others are now the subject of police investigations, as they ought to be. However, we ought not to get carried away in our analysis. In fairness, we should be able to separate these considerations and recognize that, in the final analysis, our responsibility is to ensure that our decisions are right. However, in order to maintain the support of our democratic system, the public must be aware and must understand that there is nothing happening which should cause them fear. That is why the registration of paid lobbyists is an important initiative which we are undertaking.

I am sure we will be able to produce legislation which will be satisfactory to all sides, but that is not without its problems. A company located in Ottawa which wants to do business with the Government does not need a paid lobbyist because its representatives can phone or drive over to meet with officials. Representatives of companies in Toronto or Montreal may have to take a plane ride, or they may send salesmen to make those trips. However, if you are in Calgary, Vancouver, or Halifax, and are of such a size that sending a salesman to Ottawa to do business is a significant expenditure, you may be tempted to hire an agent, as some companies do. According to this, that agent would have to be registered.

We then get into an equity situation. Does every salesman of every company have to register? I do not raise that as an insurmountable problem, but only to illustrate that we must draw a line. Every time a line is drawn there are people who fall just on one side of the line. They wonder why they are affected while the fellow right next door, who is not that dissimilar, is not affected. As I said, that is not an insurmountable obstacle, but I wanted to bring it to the attention of the House because the legislation which is brought forth will have to deal with such issues.

The committee recommended, quite properly, that there be significant penalties for violations. One would ask what a significant penalty is. Do we say that they cannot talk to anyone in Government for the rest of their life? Do we put them in jail? Do we impose a fine? That is another challenge which we will meet. I simply raise it as an issue which will have to be dealt with.

What about investigations? Do we want a system whereby people respond to complaints, or do we invest whoever is charged with the registration with investigatory powers? Do we want a system of licence numbers wherein every time a public servant makes contact with someone from the outside world they must ask whether they are getting paid and what their licence number is? I am told that in my Department that

would represent 30 or 40 sheets of paper a day. If we multiply that by the size of the Government, I do not know what it would mean administratively. We must look into that in order to develop a system which is administratively simple. We are struggling with that issue. The House may be sure that we will come up with a recommendation.

I do not want to take too much more of the time of the House. The debate which has gone on for months, indeed years, is reaching its climax. The legislation will be brought forward in very short order. We hope that with the passage of that legislation we will all contribute toward elevating the reputation of the process and the system to a level above that to which it has fallen in recent times. It has fallen to such a degree that we are all tarnished, those who are the recipients of the targeted mud and those who are the throwers, because in the process we all end up muddy. The country is damaged as a result.

Again I would like to acknowledge publicly the excellent work done by the committee under the chairmanship of my colleague, the Hon. Member for Peace River. Unanimous reports are few and far between in this institution and when we get one we want to act on it. That is the intent of the Government.

Mr. Rodriguez: Mr. Speaker, the Minister used as an example a company in Ottawa wanting to bid on a contract, as compared to a company in some other part of the country. He said that the company outside of Ottawa may hire an agent. The agent, of course, is covered by our registration proposal. We would also cover the company in Ottawa. At page 214 of the report we say: "Employees or officers of nongovernmental business organizations, nonprofit organizations, volunteer groups, single interest groups and foreign nationals who, for pay or other benefit, perform duties which, from time to time, include lobbying". Therefore, I can tell the Minister that we recognized the problem and tried to cover it with that.

We place the responsibility for enforcement firmly in the lap of the Assistant Deputy Registrar General. He will be empowered to check the files for deficiencies. We also say that he should be given investigatory powers and should receive complaints and enforce compliance. If he finds a deficiency or noncompliance, he must take the appropriate action, which would be to refer the matter to the appropriate authorities. The use of similar statutes, sanctions and punishments would also be set out in the Bill. We hope the appropriate sanctions will be in the Bill, such as banning them from registering.

• (1230)

Of course, that raises the very important question referred to by the Minister: what does the bureaucrat or MP do when someone phones to make an appointment to talk about a certain contract or project? Perhaps the onus could be put on the bureaucrat, MP or Senator to inquire first as to whether the lobbyist is registered. I do not know how this could be done, but it is something the Minister may consider. Possibly a phone call to the Assistant Deputy Registrar General could confirm the registration since there are also time limits within which they must register and deregister. This places some onus on the individual MP and the bureaucrat to make sure that they protect themselves by determining if the lobbyist is indeed registered.

Mr. Andre: Mr. Speaker, I agree with the comments made by the Hon. Member for Nickel Belt. However, in terms of that onus, while we will meet it somehow, the concern is not to create a torrent of paperwork within some registry.

Personally, I see delegations and people in my office here as well as in Calgary. I see people in other parts of the country as a result of my travels on behalf of my Department. It is sometimes difficult to draw the distinction between what is lobbying and what is not and when we should check.

We are considering a variety of ways to deal with this problem in a way that will be administratively simple. This will take some time, but as usual, when we talk about general ideas and try to make them law, questions such as these with which we must deal inevitably arise.

Mr. Deputy Speaker: Prior to resuming debate, the Hon. Member for Peace River (Mr. Cooper) wishes to make a point of order.

Mr. Cooper: Mr. Speaker, if you were to ask, I believe you will find that there is unanimous consent in the House to revert back to presenting reports from standing and special committees.

Mr. Deputy Speaker: Is there such unanimous consent?

Some Hon. Members: Agreed.

* * *

ELECTIONS, PRIVILEGES AND PROCEDURE

PRESENTATION OF THIRD REPORT OF STANDING COMMITTEE

Mr. Albert Cooper (Peace River): Mr. Speaker, I have the honour to table the third report of the Standing Committee on Elections, Privileges and Procedures.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

ELECTIONS, PRIVILEGES AND PROCEDURE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion of Mr. Rodriguez that the first report of the Standing Committee on Elections, Privileges and Procedure be concurred in.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I am pleased to have an opportunity to make a few comments in

this very important debate. I have read and studied the report of the Standing Committee on Elections, Privileges and Procedure, chaired very ably by the Hon. Member for Peace River (Mr. Cooper). As the Minister stated, the report was unanimous, which is not a frequent occurrence in the House of Commons and its associated committees. I want to commend members of the committee and the Chairman on an excellent report which outlines very precisely and succinctly what needs to be done, as a result of a very thorough evaluation.

I cannot think of a more appropriate moment than now to discuss and hopefully take quick action on a very specific set of recommendations for one initiative that may in fact bring back some sense of reason, credibility and respect, not only to this institution but to public institutions generally and, perhaps most important, to the Government of Canada.

In the last few hours I have reviewed a number of headlines which remind us just how significant and important it is to get on with the recommendations in this report. For instance, one headline states: "Letter links Ministers, PMO to contract". This refers to the allegations of influence peddling and the involvement of Ministers of the Crown and members of the Prime Minister's Office in manipulating contracts through the system.

Another headline refers to the swirl of scandals surrounding various contracts that had been let, and the fact that many of them were not going to the lowest bidder, but appeared to be offered as a result of political involvement by certain lobby groups or individuals.

Another headline quotes the Prime Minister (Mr. Mulroney), who said just a few days ago that the Government had a grave problem of the public's perception of his Government's morality.

Indeed, we are discussing the morality of the Government itself in terms of how it deals with the letting of contracts, how the tendering process is set up and who uses certain influence in manipulating these contract procedures that result in a certain political outcome.

Another press clipping comments on the influence peddling charges against a certain Member of Parliament. Another headline refers to influence peddling in the awarding of a contract for the construction of a federal museum in Hull, Quebec. A headline from yesterday states: "RCMP Probing Tory Influence Peddling". This refers to people within the Prime Minister's Office.

Another headline in *The Gazette* in Montreal states: "Millionaire insists PM interfered in lawsuit".

We need not spend more time reminding ourselves of how complicated and confusing the situation has become. That is why I believe today's debate is most appropriate and I congratulate the committee members and the Chairman for their unanimous report which perhaps shows the way out of this morass.

I hope the Government will see fit to act now. My colleague, the Hon. Member Nickel Belt (Mr. Rodriguez), who began the debate for the New Democrats on this concurrence motion, reminded us that it was way back in September, 1985, when the Prime Minister said: "We will require, amongst other things, paid lobbyists to register and identify their clients". He went on to say that he had asked his colleague, the former Minister of Consumer and Corporate Affairs, to prepare on an urgent basis legislation to govern lobbying activity.

Of course, we want to accept the Prime Minister at his word. After all, if we cannot trust the Prime Minister's word, whose word can we trust? We heard the Deputy Prime Minister (Mr. Mazankowski) indicate that immediately upon his return from Africa the Prime Minister would make a statement on actions that the Government of Canada planned to take. He has been back for two weeks, but there is still no hint of a statement. I noticed today that the Parliamentary Secretary to the Government House Leader (Mr. Lewis) indicated that perhaps there would be no statement at all. One begins to wonder to what extent we can accept the word of the Prime Minister. He said back in September, 1985, that the Minister of Consumer and Corporate Affairs—

Mr. Deputy Speaker: Order. I am not convinced that the comments on this particular issue are relevant to the report.

Mr. Riis: I appreciate the point, Mr. Speaker. Perhaps I can make this link: When the Prime Minister indicated in September, 1985, that the Minister of Consumer and Corporate Affairs would prepare on an urgent basis legislation to govern lobbying activity, we were expecting that such legislation would be on the floor of the House for debate within a matter of weeks or months.

• (1240)

You and I both know, Mr. Speaker, that if we want to avoid dealing with an issue, there is no better way to do that than to send it off to committee for study and after many weeks and months, perhaps we can study and evaluate the report and hopefully the problem will go away, if it is a messy situation. Did the Government bring in legislation on lobbying? No, it gave it to the committee, and what we are discussing today is its excellent report after a thorough examination.

I do hope, as a result of what has happened with the Government over the last few weeks, it will see the appropriateness of taking steps to set the whole process of lobbying right. The Government should not only do it right, but should set it up in such a way that it is perceived to be the right, thorough and just approach to the whole matter of lobbying.

The Minister who spoke previously, of course, is very interested in the generic drug Bill, the changes to the Patent Act which will, in my estimation, give some advantage to the foreign multinationals in the drug business. It is interesting to see who lobbied on behalf of the Pharmaceutical Manufacturers Association of Canada, in other words, the 65 drug companies which wanted to have this change made to the

legislation in order to give them, in my opinion, a real edge in the market-place. They hired a firm called Government Consultants International. It is an Ottawa lobbying firm owned by former Newfoundland Premier Frank Moores and Halifax businessman Gerald Doucet. We all know that Mr. Moores had been a strong supporter of the Prime Minister since 1976 when he was one of the leaders of the "dump Joe Clark" movement before the 1983 leadership convention. After the Tories won the 1984 election, he opened up his lobbying firm. Here we have a very influential, well-known, significant Conservative setting up a lobbying firm in Ottawa on contract to the Pharmaceutical Manufacturers Association of Canada to, if you like, Mr. Speaker, peddle its influence with the Government, sell its influence, use its knowledge of various individuals, officials, politicians, and members of the Cabinet, perhaps even people in the Prime Minister's Office or Privy Council Office, to see what it can do on behalf of its clients, the Pharmaceutical Manufacturers Association of Canada, which is made up of 65 multinational drug companies.

When Canadians see this kind of thing happen, they wonder whether or not their best interest will be represented, and this has been the core of discussions and debate which have gone on now both in the House and in the standing committee. I do not believe there is any question in anyone's mind these days that some way to deal with lobbying and lobbyists is not only long overdue but must be done quickly. I would like to read the following from the committee report itself:

> We recommend that lobbying be defined as attempting to influence either directly or indirectly any governmental decision whether it be legislative or administrative.
>
> We recommend that the act of lobbying government be specifically defined as to include:
>
> (a) attempting to influence the making or amending of legislation or regulations;
>
> (b) attempting to influence the making or changing of federal policies or programs;
>
> (c) attempting to influence federal decisions on the awarding of grants, contracts, contributions or any similar benefit;
>
> (d) attempting to influence federal appointments to boards, commissions and any other public office.
>
> We recommend that in order to escape the problems which have plagued the United States federal lobbying act, approaches to influence the executive, Members of Parliament, which includes both Members of the House of Commons and the Senate and their staff, and the bureaucracy, be considered to be activities within the definition of lobbying.

I think that is an excellent recommendation. It lays out very thoroughly the process of lobbying which, I might add, has really taken on significant proportions in the last few years. When one looks carefully at the Ottawa phone book one finds various firms opening up. When one familiarizes oneself with the occupants of offices surrounding Parliament Hill, one can see that in the last handful of years, all sorts of agencies and groups have established lobbying offices. They are very upfront. It is an honourable process, whether it is the Canadian Bankers Association, the Canadian Chamber of Commerce, the Canadian Manufacturers Association, or even provincial Governments which now have offices set up so that the concerns of the Provinces of Alberta, British Columbia, and so on, can be watched as the various Bills and policies move through the Government and through the House of Commons.

Obviously, there is now a real need not only to define what we mean by "lobbying", which has been done very well by the committee, but we must also recognize who the lobbyist is. What is a "lobbyist"? We now agree what "lobbying" is. Again, we can take advantage of the excellent work done by the committee. The committee recommended:

> —that for the purpose of registration, lobbyist be defined generally to be anyone who for compensation engages in lobbying activities directed at the executive, bureaucracy, Members of the House of Commons, the Senate and their staff. More specifically it includes:
>
> (a) those who for compensation represent third party interests directly or indirectly to government including those representing foreign nationals or foreign governments.

It goes on to say it would also include:

> (b) employees or officers of non-government business organizations, non-profit organizations, volunteer groups, single interest volunteer groups and foreign nationals who for pay or other benefit perform duties which may from time to time include lobbying. The organization by which they are employed or with which they are associated should also be required to register.

It also includes:

> (c) those who initiate and those who are paid to organize mass mailing or advertising campaigns to disseminate material designed to influence government through public opinion.

I suppose what comes to mind are those full page advertisements one sees in the National Citizens Coalition attempting to mobilize public opinion to encourage the Government to move or not to move in certain directions. It also includes:

> (d) non-profit organizations, volunteer groups and single interest groups when they retain a paid lobbyist to represent their views to government;

Finally, it includes, and you will appreciate this, Mr. Speaker:

> (e) lawyers, accountants and other professionals when they represent clients in dealings with government primarily for the purpose of lobbying as defined in this Report.

Again, the committee lays out extremely clearly just what a "lobbyist" is. It lists the various categories in terms of fine tuning that definition. I think this is where we are going to run into the greatest difficulty. When the Government brings forward legislation, hopefully, at a very, very early time, the whole matter of registration becomes critical. The committee has recommended:

> —that registered lobbyists be required to disclose:
>
> (a) their names; firm name, if applicable, and a contact person; addresses and telephone numbers;
>
> (b) names of clients and their place of business;
>
> (c) the issue or matter upon which the lobbying activity is to take place;
>
> We recommend that lobbyists be prohibited from receiving compensation from clients which is contingent in any manner upon the outcome of the lobbying activity.

This is interesting because during committee hearings a number of witnesses thought there would be no problem in submitting their name for a registry but had some reluctance, however, about indicating who their clients were and they were

certainly reluctant to disclose the purpose of the lobbying, to say nothing about the moneys involved. However, as the Hon. Member for Nickel Belt pointed out, if we have this list, it is critical that it must be somehow monitored and kept up to date. We have to be able to ensure that the information is current and that it is accurate. We are asking the lobbyists to be quite specific in what it is they are lobbying for. Perhaps they should indicate the amount of money they are being paid for carrying out their lobbying activities.

• (1250)

So there we have it. In committee we had the recommendations of the Government in terms of how to register lobbyists, what the clear definition of lobbyist is and a definition of lobbying. I think that clearly lays out what the Government should do.

As I said at the outset of my remarks, the pall that hangs over this institution, institutions of government generally, and, perhaps most important, the pall that hangs over the Government of Canada must be changed. It must be set aside to enable us all to get on with carrying out the business of Canada. If the Government were to take an immediate initiative and bring forward legislation reflecting the views of this thoughtful committee report, it would be a step forward in terms of clearing the air. It would indicate that the Government is concerned and prepared to take action. We are fortunate in that the Government now has before it such a comprehensive, thorough and thoughtful report on which to base legislation which, hopefully, will ensue quickly.

Mr. Ravis: Mr. Speaker, I am interested in the rather hard-nosed partisan approach the Hon. Member for Kamloops—Shuswap (Mr. Riis) takes. It seems to me that we should be given credit for what is happening these days. The fact is that the Government has established this committee to look into this particular issue. Times are changing. I do not think this issue was addressed by the previous administration. The fact is that a committee has been established and the report was brought down just a matter of weeks ago. Why does the Hon. Member for Kamloops—Shuswap ask why we have not addressed this issue? We have barely come down with the report. The ink is hardly dry. Yet the Hon. Member suggests that there is a great hurry for us to act. I suggest that legislation dealing with the matter is just around the corner.

Mr. Riis: Mr. Speaker, I appreciate the question of my hon. friend. He makes a good point. I suspect that the type of issues to which I referred as set out in press clippings from, in a sense, the last few hours, that outline various alleged cases of influence peddling by various Members and government officials and the like is something which has been taking place since the time of Sir John A. Macdonald. Any student of history would be well aware of the long list of scandals that have brought down Governments and changed the course of history. Indeed, one of the themes of defeat of various Liberal and Conservative administrations was with respect to some type of scandal that involved lobbying activities. Quite frankly, if one looks at the record one will see that for years the New Democratic Party and its predecessor, the CCF, have been calling for legislation of this type. We are still calling for it.

The Hon. Member is quite right and I give him credit. The Prime Minister promised that some action would be taken, and a study has now been done. As I said, we have been involved in this business long enough to know that if we want to dodge an issue we have just to study it. That is an acceptable way of dealing with a matter and it gives the illusion that action is being taken. I hope that the Hon. Member is right. I hope that just around the corner there will be legislation introduced. He can rest assured that if the legislation, which is hopefully around the corner, is a reflection of this thoughtful committee report then it will receive speedy passage by members of the New Democratic Party, and I suspect by all Members of the House.

Mr. Rodriguez: Mr. Speaker, I wish to ask a question of my hon. friend. An interesting event that took place recently was the introduction of a Bill with respect to the Patent Act concerning prescription drugs. I want the Hon. Member to think about how a lobby register would have helped to make that whole process a great deal more transparent. When the lobbying groups appeared before the committee I asked a standard question of each one. I asked: Was your firm hired to lobby to get changes to the Patent Act concerning prescription drugs? All of them refused to answer. They took the fifth amendment. No one would own up.

I wish to ask the Hon. Member this. If we had had a lobby registration program, does the Hon. Member think that it would have helped in making the whole process of a Bill coming before Parliament a lot more transparent? Would it have put those who oppose such changes on the *qui vive* as it were, allowing them to make representations to the Government before it actually pushed the Bill through Parliament and before it resorted to using a sort of hobnailed-boot approach in committee with respect to it?

Mr. Riis: Mr. Speaker, the Hon. Member has posed a most thoughtful question. There is no question that there is the view in the country, as the results of recent polls suggest, that by and large Canadians are suspicious of the changes proposed to the Patent Act which are presently before the standing committee. People are under the impression that this measure is not in their best interests and that it is not good legislation in that it will not help Canadians. As a matter of fact, it is specifically designed to help multinational drug companies based in the United States. That is the perception that most people have. As we all know, in the real world perception is critical. A great deal of that perception could have been changed for the better if the lobbying efforts had been up front. I noticed the cynicism in the various media reports which dealt with the acceptance by a former Minister of Consumer and Corporate Affairs of a Liberal Government of a position to head an organization of foreign drug companies operating in Canada. Presumably the cynicism directed at her

was because she might use her influence with the bureaucracy and perhaps with her colleagues in other jurisdictions to facilitate the ends of the industry.

I wish to thank both Hon. Members for their interventions. I want to remind everyone that back in the 1960s it was a member of the New Democratic Party, Mr. Barry Mather, who first introduced a Bill on the subject of lobbying. More recently the Hon. Member for Nickel Belt introduced a Private Members' Bill to get this lobbying process under control. The former Member for St. John's East who recently left this House presented Private Members' Bills to establish a system of lobbying. The Hon. Member for Gander—Twillingate (Mr. Baker) also has a Private Members' Bill on the subject. There have been all sorts of actions taken over the years in which individuals have said that enough is enough, we have to clear the air. Their actions have said that we must ensure that democracy in Canada is transparent and that the work of government is transparent, honourable and above-board. The only way to ensure those ends is to have a process by which we define lobbying and lobbyists. There should be a register so that everything is above-board and on the table for everyone to see. In this way there will be no suspicion that influence peddling is a reality in the country. The report of the committee suggests that major steps be taken to eradicate such a situation. I only hope that it will be followed up rapidly by legislation.

Mr. Andre: Mr. Speaker, I wish to clarify the record since comments were made with respect to Bill C-22. I have never personally, and to my recollection neither has my office, been lobbied by GCI on Bill C-22. I have been extensively lobbied by the Canadian Auto Workers, the Liberal Party of Canada and the New Democratic Party which sent out some 300,000 letters, according to the Hon. Member for Beaches (Mr. Young). In terms of the public knowing what is going on, I think the public should know I have never been lobbied by GCI or any of its principals. However, I have certainly been lobbied by the NDP and a great many of its sister organizations.

• (1300)

Mr. Riis: I appreciate the intervention by the Minister. Again, I do not want to suggest that the process of lobbying is bad, sinister, or wrong. It is appropriate that it takes place, and it is a reality. We wish it to be done in a manner that everyone understands. Then the rules will be clear concerning who are the lobbyists, the process, the clients, and what constitutes lobbying. I appreciate the intervention and the comments of the Minister. I do not want to suggest the process itself by Members, organizations, or lobby groups is in any way wrong or inappropriate.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

REFUGEES

CONDITIONS IN PALESTINIAN CAMPS IN LEBANON

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I am appalled at recent news stories which report that starving Palestinians in the besieged refugee camps of Bourj al-Barajneh and Shatila in Lebanon have requested permission to eat the flesh of dead human bodies in the camps as they have run out of dogs and cats to eat.

An estimated 40,000 Palestinian women, children and elderly are attempting to survive in conditions which defy logic and put in question human compassion. They are being bombarded with missiles and bombs, and they have no food or medicine. The International Red Cross is being prevented from entering the camps. I urge the Canadian Government to do all it can to facilitate the entry of the Red Cross into those camps and provide what relief assistance it can to alleviate the intense suffering of these victims of war.

* * *

REFUGEES

PLIGHT OF PALESTINIANS IN CAMPS IN LEBANON

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, my statement supports that of the Hon. Member who just spoke. A tragedy of unqualified proportions is developing in an area already fraught with human misery and political instability. According to authoritative eyewitness accounts, men, women and children have been reduced to subhuman conditions and have had to resort to eating cats, dogs, and rats in order to survive in the besieged Palestinian camps of southern Lebanon.

Since those refugee camps are under the jurisdction of the UN I strongly urge the House and the Government to use our good standing at the UN to request that body to undertake efforts to lift the siege and establish channels to supply humanitarian aid in the form of food and medical supplies to the defenceless victims.

On a larger scale we must intensify our efforts to secure a just solution to the Palestinian question under the aegis of an international peace conference.

EXTERNAL AFFAIRS

CANADA-INDIA EXTRADITION TREATY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, a few days ago the Government of Canada signed an extradition treaty with India. The treaty has caused concern and to some extent fear in the Canadian Sikh community since Sikhs believe it may be used in an inappropriate way against members of their community. They wish to be informed how it will be applied in Canada. They wish to be assured that it will not be abused. They wish to obtain guarantees that information about individuals is verified as accurate.

The reason they are concerned is that they have sought, through the leadership of various Sikh organizations and religious leaders from many Gurdwars, to obtain a meeting with the Secretary of State for External Affairs (Mr. Clark) to discuss this and related issues. To date they have not been successful. While the Minister holds meetings with many cultural groups each month, for two and a half years he has refused to meet with representatives of the Sikh community. I urge the Minister to be more open about his dealings with India and agree to meet with representatives of the Sikh community immediately.

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[*Translation*]

EMPLOYMENT

YOUTH—REQUEST FOR MODERATE FUNDING INCREASE FOR CHALLENGE '87 PROGRAM

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, the Minister of State (Youth) (Mr. Charest) simply did not consider the representations made to him by a number of student groups and non-profit organizations anxious to obtain Challenge '87 application forms before the end of 1986. The March 6, 1987 deadline has been announced too late and will certainly make it a lot harder for people who want to promote Challenge '87 or submit applications under this program.

In the case of non-profit organizations, planning is made more difficult because of the late deadline for project approval. As to students interested in participating in the program, again they will have to rush to find sponsors and obtain the required documents in time for the March 6 deadline. There can be only one reason—unacceptable to boot—to justify this situation: less money has been earmarked for Challenge '87 than was the case for Challenge '86, even though the Minister maintains that this year's program has been allotted the same budget as Challenge '86. Where are the $30 million set aside for the 1986 census which made it possible to provide a few more summer jobs for young Canadians?

Since the Minister of State (Youth) has failed to produce the application forms at an earlier date, I would ask him to increase considerably the funds for the Challenge '87 program, if indeed the Minister has confidence in young people, and especially if he does appreciate their employment problems.

* * *

THE ECONOMY

GOVERNMENT PERFORMANCE

Mr. Guy St. Julien (Abitibi): Mr. Speaker, the latest economic indicators show that the economy of Quebec is sustaining its upward trend.

Mr. Malépart: Not like the Conservatives!

Mr. St. Julien: Since September 1984, 164,000 new jobs were created in Quebec compared with a total of 40,000 between the elections in 1980 and 1984. The unemployment rate dropped from 12.9 per cent in September 1984 to 10.8 per cent today. Total unemployment has dropped by 54,000.

Last year, housing starts reached their highest level in ten years. In 1986, housing starts increased 27 per cent compared with 1985 and 50 per cent compared with 1984.

The percentage of Quebec families living below the poverty line dropped from 16.8 per cent in 1984 to 15.8 per cent in 1985. In 1985, total sawmill production rose 12 per cent, compared with 1984. During the first nine months of 1986, production was 9.2 per cent higher than was recorded for the same period in 1985.

Mr. Speaker, the economy is in good shape, in Quebec and in Abitibi.

* * *

• (1405)

[*English*]

ENVIRONMENTAL AFFAIRS

USE OF LEADED FUEL IN AUTOMOBILES—DANGERS TO HEALTH

Mr. Joe Reid (St. Catharines): Mr. Speaker, periodicals and press reports continue to emphasize that lead in the atmosphere, in our waters and in our foods, seriously affects the health of people, particularly our young people. It accumulates in the brain tissues, stunts growth, damages the nervous system, and produces high blood pressure and anemia. And yet we continue to allow one of the greatest lead polluters of all, the automobile, to continue to burn leaded fuel.

Canada allows the use of leaded fuel with an average lead content three times higher than that allowed in the United States and 20 times higher than that allowed in Europe. Let us stop dragging our feet. Hasten the conversion of leaded gas users to unleaded gas. Our health and that of our children is worth a lot more than an outdated automobile.

S. O. 21

IMMIGRATION

ADMISSION OF FAMILY CLASS IMMIGRANTS

Mr. Dan Heap (Spadina): Mr. Speaker, the cornerstone of Canadian immigration policy is the family which assists an immigrant to adapt to Canada and strengthens our country with natural social ties. For many years Canadians have called for a more flexible definition of the family. Many feel painfully deprived when our immigration rules bar all but spouse, aged parents, and minor children.

In 1985 the New Democratic Party convention supported immigration by "all close family members including all children". In 1986 the Standing Committee on Labour, Employment and Immigration tabled in Parliament unanimous recommendations to enlarge our idea of the family in immigration. It asked for a new classification of "assisted family" to include children or siblings of any age, married or unmarried, more points for close family relationship, and no absolute bar based on employment.

In October the Minister of State for Immigration (Mr. Weiner) said he would open up discussion on assisted family class. I call on him to begin that discussion now so that we may have new rules by the end of 1987.

* * *

ENVIRONMENTAL AFFAIRS

PROTECTION OF THE ENVIRONMENT—CONTENT OF DRAFT LEGISLATION

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, Canadians are well aware of the importance of environmental issues to the future quality of life in Canada and on this planet. Residents of Parkdale—High Park feel especially close to these issues. Our proximity to Lake Ontario and the Humber River has made us particularly sensitive to water quality concerns, and we worry about the long terms effects of acid rain, PCBs, and whether the absorption of lead from automobile exhausts will have hazardous consequences for our children.

The draft legislation introduced recently by the Minister of the Environment (Mr. McMillan) takes a realistic and positive approach to the control of toxic chemicals, sets standards for environmental protection, and takes substantial steps toward addressing the problems of air, land and water quality, providing a blueprint for a better tomorrow.

I urge my colleagues to take this opportunity to work with the Minister to ensure that these proposals become legislative fact, and I invite all Members to join the Government in our fight to protect and enhance the quality of life for future generations.

CAPE BRETON DEVELOPMENT CORPORATION

ANNOUNCEMENT OF LAY-OFFS

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, Mr. Derek Rance, President of the Cape Breton Development Corporation, on November 26, 1985, said that while coal operations must become more viable, this would not be done at the expense of workers. Seventeen men who are employed at the international coal piers in my riding have been told that their jobs will be terminated by April. They will be added to another 17 who have been laid off indefinitely. Each one of these men has 10 or more years with the Corporation. They have homes and families and have invested a considerable part of their lives in Devco and Cape Breton.

Devco is also proposing to lay off a further 240 people this year and 240 next year. The Government, while claiming to have created hundreds of jobs on Cape Breton Island, is in fact removing thousands. Mr. Rance is operating on instructions from the Government, and these directions should be changed. Lay-offs should not be happening at Devco particularly in light of the recent statements by the Minister of Mines and Energy for Nova Scotia that Nova Scotia would require one million tonnes of additional coal in the future.

* * *

• (1410)

CANADIAN ARMED FORCES

REQUIREMENT FOR MODERN EQUIPMENT

Mr. Terry Clifford (London—Middlesex): Mr. Speaker, I recently had the pleasure and honour of visiting 312 of my Armed Forces constituents who are stationed at Lahr and Baden Soligen, West Germany. What was so apparent everywhere I visited was the high esteem in which all Canadian Armed Forces personnel are held. What could easily be overlooked, however, is the reputation that Canadian technology is earning. Our research and development, our innovative training installations and programs, and our reputation with NATO countries already training at Goose Bay are just a few examples of this.

We must continue this reputation and we must insist that Canadian industries remain leaders in state-of-the-art equipment required by Canada and other NATO countries. The leaders in this regard will undoubtedly be the fine industries in the riding of London—Middlesex.

NATIONAL DEFENCE

ENVIRONMENTAL IMPACT REVIEW OF LOW-LEVEL FLIGHTS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the Federal Environmental Assessment Review process which is going on in Labrador and Quebec with respect to low-level flying has resulted in some interim recommendations. The panel has recommended that the number of low-level sorties flown from Goose Bay not exceed the number flown in 1986 in any year until recommendations of the panel have been received and a decision has been taken with respect to their implementation.

The panel also recommended that DND adopt restrictions on minimum altitudes for certain areas and dates suggested by the panel. These restrictions are to be refined and improved through direct discussions between DND and representatives of the populations involved. It also recommended that DND install and publicize a toll-free number at its military communications centre at Goose Bay so that persons intending to be on the land can inform the authorities at Goose Bay to ensure that they are not over-flown.

I urge the Government, and particularly the Minister of National Defence (Mr. Beatty) and the Minister of the Environment (Mr. McMillan), to ensure that these interim recommendations are implemented. With respect to Recommendation No. 3, the toll-free number, I also want to say that it is really the responsibility of the military to let the native people know where they will be flying, not the other way around. That is part of the problem.

* * *

AEROSPACE INDUSTRY

CREATION OF JOBS IN EDMONTON

Mr. William G. Lesick (Edmonton East): Mr. Speaker, the aerospace industry is alive and well in western Canada, including Winnipeg. Northwest Industries of Edmonton is truly a success story and continues to show our Government's commitment to advancing our position in high technology and particularly in the field of aerospace.

As a result of the CF-18 contract as many as 125 more jobs will be created in Edmonton. This contract, along with others received, will ensure the continuing growth and expansion of Northwest Industries for at least the next 20 years. This will provide economic strength for Edmonton and expertise for the benefit of all Canadians.

We in Edmonton are proud of Northwest Industries. Over the next two decades Canadian aerospace production levels will continue to grow and we are proud to be a part of this vital industry. Alberta is indeed represented in this growing field and we will continue to be leaders in this technology. The Government is looking after Alberta.

S. O. 21

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

APPLICATION TO REDUCE BROADCASTING OF COUNTRY MUSIC

Mr. George Henderson (Egmont): Mr. Speaker, I bring to your attention and to the attention of all Hon. Members an application filed before the CRTC by the Canadian Association of Broadcasters which will, if approved, slash Canadian country music content by 50 per cent—from 30 per cent to 15 per cent. I find this proposal completely unacceptable.

Canadian recording artists depend on air-play royalties for their survival. Without this income those artists could not afford hefty production costs and would have no choice but to abandon their careers. In Prince Edward Island as in many other regions, country music is an important part of our cultural identity.

I have received letters and repesentations from such groups as the Ellis Family Band, The Prince Edward Island Songwriters' Association, and Islander Records, all expressing opposition to this proposal. I trust that the CRTC will heed their advice and reject this ill-advised application.

* * *

CANADIAN ARMED FORCES

PRIMARY OBJECTIVE—MAINTENANCE OF NATIONAL SECURITY

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, five key areas of Armed Forces life have received close scrutiny in recent times. These are the role of women in combat, the exclusion of homosexuals, the continuation of mandatory retirement, the recognition of common-law marriage, and the maintenance of physical and medical employment standards.

• (1415)

It is right that the Armed Forces reflect standards which have been established in the Charter of Rights and Freedoms. However, it is absolutely necessary that the Canadian Armed Forces not be required to make changes which could reduce their defence capability. Their primary objective must be maintaining national security. Their task is hard enough without Parliament or Government making it impossible. Our challenge is to balance the rights of the individual and the efficiency of the Forces. Policies announced by the Minister of National Defence (Mr. Beatty) show that that balance can be achieved with justice and realism.

[*Translation*]

CUSTOMS AND EXCISE

REQUEST FOR REPEAL OF 30 PER CENT TARIFF ON TREE IMPORTS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, Canadian Christmas tree producers have yet to hear from the Minister of Finance (Mr. Wilson) about the 30 per cent duty on U.S. imports.

Last week, following a meeting attended by Canadian and U.S. producers, the American producers decided to take steps to have retaliatory action taken against Canadian imports.

If the Minister of Finance does not take action before March 2, he may be jeopardizing the very existence of a Canadian industry that is worth nearly $90 million, just to punish a U.S. industry that is worth only $3 million.

The 30 per cent countervail on U.S. imports was not a good idea, and the Minister of Finance should withdraw it immediately before the Americans decide to take action themselves by imposing a similar countervail, which will mean hard times and a loss of jobs for Canadian producers.

* * *

[*English*]

PENITENTIARIES

RELEASE ON MANDATORY SUPERVISION—INMATE'S REFUSAL TO DISCLOSE ADDRESS

Mr. John Oostrom (Willowdale): Mr. Speaker, *The Toronto Sun* reports today that a convicted rapist who is about to be released on mandatory supervision refuses to tell Metro Police where he will be living. The police consider this individual very dangerous for, while on a one-day pass in 1980, he committed rape in Montreal. Yet the Warden of Warkworth Penitentiary has the audacity to say that the lack of an address is only a temporary problem. Has this individual lost his sense of responsibility toward Canadians? It seems that convicted criminals have more rights than law-abiding Canadians.

If this individual has no address, he should not be released. Canadians must be protected from the violent elements of our society. I call on the Government to investigate this matter immediately and severely reprimand those individuals who are responsible for this problem.

ORAL QUESTION PERIOD

[*English*]

FISHERIES

SURVEILLANCE OF FRENCH FISHING VESSELS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Acting Minister of Fisheries and Oceans. Yesterday the Minister of Fisheries and Oceans told the House of Commons that he appreciated the action of the people of St. Pierre and Miquelon in standing up to France against France's overfishing. He said: "When the time comes we will see just how firm Canada can be".

Yesterday, in an act of appreciation, the Government of Canada scoured the Atlantic Ocean, spotted not one but six French factory freezer trawlers overfishing, and turned tail and ran. It then spotted one lonely 30-metre boat from St. Pierre and Miquelon and, like a schoolyard bully, sent that boat into port. That happened in my riding.

When will Canada begin treating the factory freezer trawlers from France, which are overfishing by 20,000 metric tonnes of Canadian fish, the same as it treats boats from Newfoundland, the boat from St. Pierre and Miquelon, and boats from the other Atlantic provinces?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, the time has come. This very day we are advising France that we have reason to believe that they are fishing more than the 6,400 tonnes of cod which they are permitted by us to fish in division 3PS. We are notifying them of that problem this afternoon. We are advising them that it is their responsibility to cease fishing and respect conservation requirements. We are advising them that if they choose to disregard the conservation needs of this fish stock, port privileges will be withdrawn. That is what we are doing in that regard.

Some Hon. Members: Hear, hear!

Mr. Crosbie: The wet fish trawler, *La Goellette*, from St. Pierre and Miquelon is, by the way, about 110 feet. It is authorized to fish in the Gulf of St. Lawrence. We have an observer on that vessel and have reason to believe that it has violated its by-catch. It is allowed to catch 1 per cent of fish as a by-catch while fishing for cod. We have reason to believe that it has exceeded that and is violating our regulations. Since we prosecute Canadian vessels for doing this, and did so last year, we are going to prosecute this vessel this year for the same violations if, in fact, it turns out to be true that it has violated our fishing requirements. We will enforce the law as it relates to our 200-mile economic zone.

• (1420)

Mr. Tobin: Mr. Speaker, asking questions of this Minister is like participating in an Abbot and Costello routine.

Some Hon. Members: Oh, oh!

Some Hon. Members: Lou! Lou!

NEWFOUNDLAND REPRESENTATION IN CABINET

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, why has the Government of Canada arrested a vessel from St. Pierre and Miquelon but refuses to stand up to factory freezer trawlers from France? This morning in St. John's, Newfoundland, the Acting Minister of Fisheries released a letter that was written to him by the Prime Minister in which he said: "I want to assure the people of Newfoundland, through you, that they can count on you—I will rely heavily on your advise . . . you are to be fully involved—your counsel will be sought". The people of Newfoundland and Labrador are wondering why, two years after the election, such a letter was necessary? Has Newfoundland had no voice around the cabinet table for the last 24 months? Have you been receiving a cabinet Minister's salary? What have you done to earn it with this Canada-France agreement?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, the hon. gentleman passes on to other topics because he knows that we put some teeth into the enforcement of fishing limits in this country for the first time. We have observers on every foreign vessel that is permitted to fish in our territory. That was not done under the Liberals. We have acquired a twin-engine helicopter for offshore surveillance. That was not done under the Liberals. We armed our patrol boats and we are going to have armed boarding parties. That was not done under the Liberals. The very people who are now so bellicose in opposition were meek and mild little toadies when they were over here in the Government.

Some Hon. Members: Hear, hear!

Mr. Crosbie: While I have been around the cabinet table I have been helping to secure the Atlantic Accord for Newfoundland, the Newfoundland offshore development fund—

Some Hon. Members: Order.

Mr. Crosbie: —I have been helping to secure assistance for the Hope Brook gold mine. I have been helping to get ad hoc assistance for inshore fishermen. I have been arranging the purchase of vessels for the maritime fisheries. I have a whole long list, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Blaikie: Try again, Tobin.

Some Hon. Members: Oh, oh!

Mr. Tobin: I will tell you what was not done under the Liberals. We did not sell out the people of Newfoundland and Labrador because we lacked on backbone. We did not try to make up in volume and bluster what we lacked in courage. That was not done under the Liberals.

CANADA-FRANCE 1972 TREATY—NEWFOUNDLAND PREMIER'S POSITION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, how can the Government continue to insist that the dilemma in which it finds itself, because of a lack of backbone, was caused by the 1972 treaty, when his colleague and friend whom he saw last Friday, the Premier of Newfoundland, said this morning in response to the Prime Minister's letter:

> I am—concerned about the statement in the Prime Minister's letter that appears to imply a link between the 1972 Fishing Treaty and a Canadian obligation to provide cod to France under that treaty. Article 2 of the 1972 Treaty does not obligate Canada to provide cod in any particular fishing zone—

Why have you caved in?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, I have not received any communciation from the Premier of Newfoundland. Perhaps he is in intimate contact with the Member who just asked the question and has apparently supplied him with some letter or opinion he has given in reply to the Prime Minister's letter. I say that a finer letter was never received by any member of the Cabinet. The Prime Minister has said that the outcome of this whole negotiation must be in the best interests of the people of Newfoundland and Atlantic Canada "or there will be no deal". Eat your heart out!

Some Hon. Members: Hear, hear!

ALLOCATION OF COD QUOTA TO FRANCE

Mr. George Baker (Gander—Twillingate): Mr. Speaker, we know from the extraordinary meeting of the Premiers the other day who was not involved in the decision to allocate codfish to the east and northeast coast of Newfoundland. Canadians want to know who was involved in the allocation of a cod quota for the French to the north of Newfoundland off the Labrador coast, for the first time in our history. My question is directed to the Acting Minister of Fisheries. Was he involved in this giveaway and did he notify the Newfoundland Government?

[*Translation*]

And was the Member for Manicouagan in favour of the quota for his region, which was also handed out to the French?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, that is foolishness!

• (1425)

[*English*]

As to who was involved in those discussions during the period from January 13 to January 16, representatives of the Government of Newfoundland were involved in all the negotiations with France in this matter. It was agreed—and they agreed as well—that Canada should offer at that time 3,000 tonnes of fish to St. Pierre and Miquelon vessels in the Gulf of St. Lawrence, which we have to do under the infamous 1972 treaty entered into by the past Liberal administration,

and three thousand tonnes of northern cod in the area of 2GH, which is up at the far end, the line between Labrador and Greenland. That was agreed to by those who were present there to advise, and by the representative of the Government of Newfoundland, who was present as well, three thousand tonnes in 2GH. The subsequent agreement settled on 3,200 tonnes, just 200 tonnes more. So that is the answer to the hon. gentleman's question.

I might say, while I am the Acting Minister, that I agree he is certainly acting.

Mr. Baker: In other words, the Minister is saying he agrees with giving the French a quota for the first time to the north of Newfoundland. Now we also have them with a quota on the west coast of Newfoundland. We have the French fleet on the south coast of Newfoundland. We have the French all around Newfoundland.

MINISTER'S POSITION

Mr. George Baker (Gander—Twillingate): I want to ask the Acting Minister of Fisheries and Oceans a question. We all know he is trying to learn French. Does he not realize that Newfoundland fishermen are not in agreement with his version of French immersion? Why did he agree with this agreement?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, the farmers who are among us here today will realize what the Hon. Member is immersed in.

[*Translation*]

You are crazy!

[*English*]

We are not going to be surrounded on all sides by the French trawlers because, as I have just informed this honourable House, if France chooses to disregard the conservation needs of the fish stocks in 3PS, for the first time, including the last 20 years—and we know who was in power most of that time—we will withdraw port privileges from French vessels. They are already not allowed to trans-ship fish in any Newfoundland port. If the fishermen of St. Pierre and Miquelon need support from us to stop overfishing, they will get that support from us because we have the backbone that the last administration never had.

CANADA-FRANCE AGREEMENT

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns the Canada-France negotiations. I am certain the rest of the country does not find this issue as funny as the government Members in the House.

The Acting Minister of Fisheries claims he is the lead Minister in the negotiations. At the same time the Prime Minister indicates there will be a fully involved Minister from Newfoundland, but the people leading the negotiations will be the Secretary of State for External Affairs and the Minister of Fisheries and Oceans. From the Government's point of view, is it possible for the Deputy Prime Minister to indicate to this House who is responsible for this sell-out?

Hon. John C. Crosbie (Acting Minister of Fisheries): Mr. Speaker, there is no sell-out. The lead Minister in these negotiations is the Secretary of State for External Affairs, who is always the lead Minister in international negotiations. The Minister of Fisheries and Oceans and I will be fully involved. There has been no sell-out. There is going to be no sell-out. There is not going to be any buy-out. But one has to wonder what is the policy of the New Democratic Party? We had the Hon. Rambo Broadbent threatening gunboat action. Is that still the policy of the New Democratic Party of this country?

• (1430)

INVOLVEMENT OF PROVINCIAL GOVERNMENTS

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, I would like to address the second part of my question to the Secretary of State for External Affairs. The Prime Minister indicated that the provincial Governments would be fully involved and consulted in these negotiations. Can the Secretary of State tell the House why the Prime Minister indicated that the Government will still give access to northern cod stocks to France in the agreement, the matter which has so grievously offended the people of Newfoundland and the other Atlantic provinces? Why will this sell-out continue in spite of the Prime Minister's assurance that these people will be listened to?

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker—

Mr. Rodriguez: Crosbie, sit down. Who asked you?

Mr. Crosbie: —the Hon. Member who asked the question must have been away, just as the Secretary of State for External Affairs has been away. We are glad to have him back in the House because of his outstanding performance.

Some Hon. Members: Hear, hear!

Mr. Blackburn (Brant): I'll bet you are!

Mr. Crosbie: Mr. Speaker, Hon. Members opposite do not want to get the answers. They only like to make the innuendoes, the slanders, the assaults, and the travesties.

The answer is that there has been no sell-out. The Government of Newfoundland itself agreed to a 3,000 tonne allocation of northern cod in zone 2GH. There may or may not be any further allocation.

As the Prime Minister has said, there will be nothing further unless France agrees to binding arbitration on the boundary in the disputed zone and unless the problem of overfishing is solved and a reasonable quota agreed upon in zone 3PS on the south coast of Newfoundland. That is what the Prime Minister

said. That is what he meant. That is what is going to be done. There will be no sell-out.

FEDERAL-PROVINCIAL CONSULTATION

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, I suppose my question has to be directed to the Acting Minister of Fisheries. I ask again about the process of consultation with the provinces.

Will the Minister tell the House why the Government is failing to listen to the Premiers of the Atlantic provinces? Why is the Government failing to follow their direction? Can he answer this question in a calm and rational manner rather than acting as lead clown in a circus?

Some Hon. Members: Hear, hear!

Some Hon. Members: Oh, oh!

Hon. John C. Crosbie (Acting Minister of Fisheries and Oceans): Mr. Speaker, no one will ever accuse the Hon. Member of having the wit to be a clown.

Some Hon. Members: Oh, oh!

Mr. Rodriguez: It doesn't take wit to be a clown.

Mr. Blackburn (Brant): Tell us all about it, Rambo.

Mr. Crosbie: The Premiers themselves at their conference on Monday in Toronto suggested that the interim agreement, which is the only agreement provided for negotiations, be reviewed. We are arranging that review. The Minister of Fisheries is to meet with the Ministers of Fisheries of the five eastern provinces on Monday in Moncton to have that review. There is a meeting today of officials in Halifax who are starting the review process. We are quite prepared to do what they wish and to review it.

Our Prime Minister has given the Government of Newfoundland and Labrador, the fishing industry, and the union representatives his personal assurance that their participation will be continuous—

Some Hon. Members: Order!

Some Hon. Members: Sit down.

Mr. Ouellet: What a stupid reaction. Resign!

Mr. Blackburn (Brant): You are just a joke.

Mr. Ouellet: You are a disgrace to the House.

Mr. Speaker: The Hon. Member for Mount Royal.

Mr. Crosbie: Are there any other questions, Mr. Speaker?

Mr. Ouellet: What a stupid Minister. You are a disgrace to Parliament.

Mr. Crosbie: I haven't had a question from you in a dog's age.

Mr. Speaker: I would ask all Members to be quiet enough to enjoy the next question and exchange, which I think will be on a different subject. The Hon. Member for Mount Royal.

* * *

CROWN CORPORATIONS

SALE OF TELEGLOBE CANADA TO MEMOTEC DATA—SHARE TRADING ON STOCK EXCHANGES

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Minister of State for Privatization announced the sale of Teleglobe Canada yesterday. An unfortunate cloud has now descended with the naming of the successful bidder, Memotec Data. Although Memotec was only advised yesterday that it had won this contract, questionable trading took place on the Montreal and Toronto Stock Exchanges in the week prior to the announcement of the sale.

Will the Minister conduct an immediate investigation with respect to who in the Government, who in the Crown corporations, or who on the ministerial or departmental staff knew the name of the successful bidder and when they knew it? Will the Minister undertake to advise the House of the information she may find?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, under the Canada Business Corporations Act the Director has the responsibility of investigating these matters since Memotec is a federally incorporated company. It is under active investigation and the Director will take the appropriate action if his investigations so lead him to conclude.

KNOWLEDGE OF SALE

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, it is not necessarily a leak that is out there in the general world; there are concerns inside. My supplementary question is again directed to the Minister of State for Privatization. Why did the Minister not hold off the announcement of this sale since the sales on the Stock Exchange were known a week ago? Why did she not allow the investigation to go ahead instead of pursuing the sale and allowing the besmirching of the reputation of a reputable company? Will the Minister, who is supposedly the only knowledgeable person—

Some Hon. Members: Question!

Mrs. Finestone: —about this sale, undertake to find out who, where, when, why and how this information got out? There was trading even before the announcement took place.

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, just so that the Hon. Member will

understand the procedures that occur around this type of matter, I should explain that it is routine for a stock exchange to conduct an inquiry not after there has been speculative activity but after there has been speculative activity and an announcement. This automatically triggers the investigation which my hon. colleague talked about. Among the matters that will be investigated are the matters about which the Hon. Member has asked.

While this is a routine matter from the position of the stock exchange, and it is done in many cases in which this happens, I take the matter seriously. I asked my Deputy Minister to meet with the President of the stock exchange this morning, which she did. We have been promised that the matter will be expedited. We expect that the results will be announced shortly. They will be undertaking the steps suggested by the Hon. Member. As well, I might say how well received this transaction has been.

Some Hon. Members: Hear, hear!

* * *

REGIONAL DEVELOPMENT

SYDNEY STEEL CORPORATION—RAIL PURCHASES BY CANADIAN NATIONAL RAILWAYS

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Deputy Prime Minister. When the Prime Minister was running for Parliament in the by-election in Central Nova he was reported to have said that Ottawa, and I want to use his exact words, should use its "colossal influence" in the Department of Supply and Services and the CNR to guarantee that the industries of the area, Nova Scotia, benefit. Last weekend the Minister of National Revenue announced to Nova Scotia Tories that CN had agreed to purchase rail from Sydney Steel Corporation. Can the Government confirm this? If it cannot, will it at least make the commitment that the CN will guarantee the purchase of rail from Sysco in order that Phase II modernization can go ahead?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am glad to hear the hon. gentleman's recent interest in this topic. Naturally, CN has agreed to purchase rail from Sysco. CN has been the main purchaser of rail from Sysco for many years. Under our administration of the Government of Canada it will continue to be one of the main purchasers, if not the main purchaser, of rail from Sysco.

I can tell the House that probably today, but certainly within a matter of hours, CN will be entering into a memorandum of agreement with Sysco covering its traditional share of rail requirements for standard carbon rail, low alloy rail and alloy rail, so long as the level of quality, competitive pricing and delivery performance are satisfactory, commencing with the order year that starts August 1. When Sysco meets CN's specifications for head-hardened rail, it will be receiving orders from CN for this type of rail under the same conditions. Prices will be negotiated annually—

Some Hon. Members: Order!

• (1440)

CAPE BRETON LABOUR COUNCIL—REQUEST FOR MEETING WITH PRIME MINISTER

Mr. John R. Rodriguez (Nickel Belt): My supplementary question is directed to the Deputy Prime Minister. The Cape Breton Labour Council is very concerned about the Sysco modernization, the Devco lay-offs, and other regional industrial problems in Cape Breton. The Council sent a telegram to the Prime Minister requesting a meeting with him when he is in Cape Breton this weekend to open the Winter Games. Can the Deputy Prime Minister respond to the Labour Council and give the assurance that the Prime Minister will schedule a meeting with the representatives of the workers of Cape Breton to talk about these very serious problems that they are having?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member has already heard of the action that has been taken by the Minister of Transport in terms of working out an arrangement for the traditional supply of railway steel from Sysco. I had the opportunity to meet with workers from Sysco, and the related unions in that particular area. They indicated that they would be satisfied with that type of arrangement. I am not aware of the invitation that has been sent. Certainly the Hon. Minister of National Revenue has met with the workers, as has the Hon. Minister of Transport, and myself. I am sure that if the opportunity presents itself the Prime Minister would be prepared to meet with them as well.

Mr. Rodriguez: I will send you a copy of the telegram.

* * *

[*Translation*]

TELEGLOBE CANADA

PRIVATIZATION—INQUIRY IF MEASURES TAKEN TO PREVENT PROFITEERING THROUGH USE OF PRIVILEGED INFORMATION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Minister responsible for the privatization of Teleglobe Canada and has to do with the Toronto and Montreal stock exchanges investigation into speculation on Memotec shares. Mr. Speaker, I would ask the Minister whether, before making public the decision to sell Teleglobe to Memotec, she took steps to ensure formally that none of the Government or public service officials who had privileged information had directly or indirectly benefited from such information to buy Memotec shares?

[*English*]

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I do not go around examining public servants all the time to make sure that they are doing their job, because they do their job.

Let me say that the decision on behalf of the Government of Memotec's purchase of Teleglobe was made after the market closed on Tuesday night. The stock exchanges were immediately informed. Up until then, there had been absolutely no decision taken. As it always does, our Department did a very fine job of ensuring that everything was kept very discretely and very securely.

[*Translation*]

MINISTER'S POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, if no investigation has been made, no-one can know the truth, so I should like to ask this to the Minister.

[*English*]

Would the Minister advise the House if she has already transmitted to the Toronto or Montreal stock exchanges a list of the names of all the people in the Government, or the Public Service, who were privy to the information that Memotec was to be recommended as the successful purchaser of Teleglobe?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I have already told the House that my Deputy Minister is meeting with stock exchange officials to assist in this investigation. She was on the plane this morning by ten o'clock. We will co-operate in every way with the stock exchanges. It is very important that this investigation be completed appropriately.

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EXTERNAL AFFAIRS

CENTRAL AMERICA—CANADIAN POLICY ON SALE OF ARMS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. The Minister will know that during his absence *The Gazette* revealed that the airline company, Propair, which at that time was partially owned by the Government of Quebec, played a key role last year in a CIA linked clandestine operation to supply arms to the Contras. We have since had further evidence that a Montreal firm, Trans World Arms, has also been involved in the sale of arms ultimately reaching the Contras.

Has the Minister not made clear what the Canadian Government policy is *vis-à-vis* Central America? Do businesses and provincial Governments not know what the government policy is? Will the Minister inform the House of his plans to ensure that they understand the policy?

Mr. Speaker: I would ask that Hon. Members ask the question once, and not over again. I would ask that Ministers give their response once, and not over again.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the policy of the Government is very clear with regard to Central America. If the alleged actions occurred, they are against the policy of the Government. Both actions are being investigated by the Royal Canadian Mounted Police. When the Solicitor General or I have information to convey to the House on the results of those investigations, that information will be made available in the usual way. I repeat that the actions to which reference has been made, if they occurred, are against the policy of the Government of Canada.

I also wish to say that a letter was sent this morning by the Hon. Member for Vancouver—Kingsway which suggested that the Government of Canada had some knowledge with regard to one of those transactions. That insinuation made by the Hon. Member for Vancouver—Kingsway is false.

CANADIAN ARMS TRADE

Ms. Pauline Jewett (New Westminster—Coquitlam): The Minister himself said in response to the Special Joint Committee's Recommendation No. 17 that "The Government has the global arms trade under constant scrutiny". Why does the Government not have the Canadian arms trade under constant scrutiny? Will the Minister provide a full public investigation of this trade?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, first, we have the Canadian arms trade not only under constant scrutiny, but it is now operating under a much stricter regime concerning the export and import control legislation than was the case before. The Hon. Member will know that on several occasions I have requested her Party, which has complained about this matter, to make specific recommendations as to ways in which we might tighten that regime.

Mr. Riis: You said to refer it to the committee, Joe.

Mr. Clark (Yellowhead): I have received nothing but silence.

Ms. Jewett: You are avoiding the whole issue.

Mr. Clark (Yellowhead): Because the New Democratic Party does not want to contribute—

Mr. Speaker: Order, please.

[*Translation*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MR. ANDRÉ BERTHELET, PRESIDENT OF MUNICIPAL COUNCIL OF CITY OF MONTREAL

Mr. Speaker: Order, please. I wish to draw to the attention of the House of Commons the presence in the gallery of Mr. André Berthelet, President of the Municipal Council of the City of Montreal.

Some Hon. Members: Hear, hear!

[*English*]

PRESENCE IN GALLERY OF SPEAKER OF THE SASKATCHEWAN LEGISLATIVE ASSEMBLY

Mr. Speaker: I also wish to draw to the attention of all Members the presence in the gallery of the Hon. Arnold Tusa, Speaker of the Legislative Assembly, Province of Saskatchewan.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST THAT GOVERNMENT RESPECT COMMITMENTS CONCERNING EARLY RETIREES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Deputy Prime Minister. This morning, we met with representatives of retired members of the Armed Forces and representatives of early retirees in Quebec, who were unanimous in saying that the Conservative Government's decision to cut unemployment insurance benefits for early retirees was unacceptable, unfair and discriminatory. They also reminded us that last year, the Minister of Employment and Immigration announced on December 5 here in the House that the Government would make some changes in this respect. They now want to know why, after two months, the Government has yet to meet its commitment. People have not been reimbursed and no changes have been made.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the Minister of Employment and Immigration is well aware of the situation, and he was telling the truth. It is just a matter of time before a response will be forthcoming.

Mr. Malépart: Mr. Speaker, people are getting impatient. This problem has been with us for a year. It has now been one year since people lost $10,000. It has now been two months since the Government committed itself, and it says we should be patient.

REQUEST THAT MINISTER OF NATIONAL DEFENCE INTERVENE ON BEHALF OF RETIRED MILITARY PERSONNEL

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): My supplementary is directed to the Minister of National Defence. Representatives for retired members of the military would like to know why the Minister, who is supposed to defend the interests of the Armed Forces, is letting his Government reduce or take away altogether unemployment insurance benefits for people who, as we all know, have to retire from the service at the age of 55, and now when they look for another job, they are deprived of unemployment insurance benefits. Why doesn't the Minister of National Defence defend the members of the Armed Forces here in Canada?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, as I said before, the whole issue is now under consideration, and a response will soon be forthcoming.

* * *

• (1450)

[*English*]

HEALTH

REPORTING OF AIDS DISEASE IN MANITOBA AND NEWFOUNDLAND

Mr. Jim Jepson (London East): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. It has come to my attention that all provinces in Canada except Manitoba and Newfoundland are covered under legislation which obligates them to make AIDS a notifiable disease. Even though those two provinces have been reporting AIDS cases to the proper medical authorities they are not obligated to do so by law. Can the Minister tell us when we can expect those two provinces to be covered under the legislation, in the interest of establishing a complete and more effective national AIDS surveillance network?

Hon. Jake Epp (Minister of National Health and Welfare): The question of AIDS being a reportable disease falls within provincial jurisdiction. The Member's information is correct, Newfoundland and Manitoba do not list AIDS as a reportable disease. All other provinces and territories do. While it falls within provincial jurisdiction, the Department of National Health and Welfare and our advisory committee very strongly urge that it be required rather than voluntary.

EXTERNAL AFFAIRS

NICARAGUA—REPORTED PURCHASE OF ARMS FOR CONTRAS BY MONTREAL FIRM

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Would he please tell the House what date the Government found out that a Canadian company, Trans World Arms of Montreal, with connections in Miami, acted as an arms broker and bought arms in Portugal which were shipped under forged Guatemalan documents to the Nicaraguan contras?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the RCMP began an investigation in January shortly after the appearance of information and allegations in a Montreal newspaper. The Hon. Member, as well as conveying some false insinuations by letter, has conveyed some information which we have passed on to the RCMP and it will constitute a part of their investigation.

REQUEST THAT MATTER BE RAISED WITH PORTUGUESE AUTHORITIES

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, the Minister will find in the information I have sent him that the same kind of forged documents used by Trans World have also been traced to Standford Technologies, the firm of Richard Secord and Albert Hakim who were involved with Lieutenant-Colonel Oliver North. We raised the Propair matter and now the Trans World matter. Is the Minister prepared to go to the Portuguese authorities to get them to provide the Canadian Government with all the files relating to the shipment of arms through Trans World Arms, allegedly to Guatemala but really to the contras?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, let me try to make this as clear as I can. Any Canadian companies shipping arms to those destinations do so contrary to Canadian policy. Whether or not they do so contrary to Canadian law is a matter which will be determined by an RCMP investigation. There is now an active RCMP investigation. If it is consistent with that investigation for me to make the kind of inquiries requested by the Hon. Member, then I shall.

* * *

THE ADMINISTRATION

DRUMMONDVILLE CONTRACT—SIZE OF TENDERS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Minister of Public Works and concerns the Drummondville Public Works contract. Two days ago the Minister said in the House that the Brodilaf group submitted the lowest tender. He has now been corrected twice, once by his Chief of Staff and again this morning by the Deputy Minister who admitted that the other bid was cheaper. Will the Minister now admit he was wrong and the staff recommendation in favour of the Hama group was changed, either by the Minister or by Treasury Board, in favour of someone else? Will he not admit that only a public inquiry could clear the air in this whole matter?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, this is probably the fifth time the Hon. Member has put that question to me. I have clearly indicated that the tender by the Brodilaf group for rental was the lowest of the two competing bids. I then said, and I repeat, there were other considerations. I made available the 3,000-page file this morning to my learned friend for his scrutiny. I have indicated that I will make that file available to the press. The decision was made on the recommendation of the public servants at head office and approved by Treasury Board. It is the best bargain in the situation.

[*Translation*]

REQUEST FOR EXPLANATION WHY HAMA COMPANY DID NOT OBTAIN CONTRACT

Mr. Don Boudria (Glengarry—Prescott—Russell): This morning, Mr. Speaker, the Deputy Minister of Public Works told us that when the first tenders were called two of the three bidders were withdrawn, leaving only the Hama Company. In the second tender call Hama submitted the lowest bid.

Considering the fact that the Hama Company won twice, Mr. Speaker, how can the Minister explain that the contract was awarded to somebody else?

[*English*]

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, while I think two or three different words were used, the question is the same and the answer is the same.

* * *

APARTHEID

SOUTH AFRICA—ADVERTISEMENTS PROMOTING TOURS FROM CANADA

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. What will be the Government's response to the reappearance of newspaper advertisements inviting Canadians to South Africa for brainwashing sessions, in violation of the voluntary sanctions against travel to South Africa?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I regret those advertisements. I regret that some newspaper publishers are prepared to put profit ahead of principle. They are, nonetheless, within the law and we do not intend to change the law in that regard.

Oral Questions

IMPORTATION OF STEEL CASTINGS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, would the Minister not agree that it is time to impose mandatory sanctions, especially given that situations such as the following have occurred. In January CN and CP received 77,000 pounds of steel castings from South Africa. That purchase not only indirectly supports apartheid, but is at the cost of steelworkers' jobs in this country. Are we going to sacrifice Canadian jobs in support of apartheid or are we going to impose mandatory sanctions so this sort of thing will not recur?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have sanctions with respect to steel. I want to express my appreciation and that of the Prime Minister to the President of the Brotherhood of Railway Transport Workers who has drawn to our attention the fact that the regulations now in place do not deal with the import of castings. That is a loophole in the law and we are going to change it.

Mr. Speaker: The Hon. Member for Winnipeg—Fort Garry. I would ask Hon. Members to tighten up their questions. We are getting close to the end of Question Period.

* * *

TRADE

UNITED STATES PETITION AGAINST CANADIAN STEEL EXPORTS

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is directed to the Minister for International Trade. As the Minister was probably informed yesterday, a petition was filed in front of the International Trade Commission of the U.S. Department of Commerce against exports of Canadian steel. The petition is totally spurious and based upon alleged exports which Canadian companies like Stelco have not made for the last year or two. Does the Government intend to make representations to the U.S. Government to have that petition rejected outright, based as it is on totally phoney and spurious grounds?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, this is a routine trade action taken by the Americans and it will be dealt with in a routine manner.

REQUEST FOR GOVERNMENT ACTION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would remind the Minister that is the answer she gave on the softwood lumber case. That did not turn out to be too routine.

We now have a petition on potash and a petition on steel. Does this not represent a clear pattern of trade harassment which totally goes against the commitments made by the U.S. Government as far back as the Shamrock Summit and as recently as three weeks ago at the Bush meeting? Can the Government not require the U.S. Government to live up to its commitments to end this kind of trade harassment? The U.S. has the power to reject these petitions outright and right now.

• (1500)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member has finally woken up to the reality of trade harassment. I again remind him that that is the reason we are entering a bilateral trade negotiation with the U.S. He is unhappy with that answer, but we repeatedly say as long as the existing trade remedy laws remain in place Canadian industries will be subject to this kind of harassment.

* * *

REFUGEES

SALVADORAN AND GUATEMALAN REFUGEE STATUS CLAIMANTS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is for the Minister of State for Immigration to whom I have given notice. As the Minister knows, the Government is quoted in yesterday and today's papers as seeking methods of dealing with Salvadoran and Guatemalan refugee claimants entering Canada from the United States. Will the Minister assure this House that Salvadorans and Guatemalans from the United States seeking refugee status in Canada will not be stopped or sent back to the United States?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, genuine refugees will not be sent back to face death or torture. However, temporary measures are being examined in order to treat abusers harshly.

DEPORTATION LIST INQUIRY

Mr. Dan Heap (Spadina): Mr. Speaker, as the Minister knows, there is no way of telling who is a genuine refugee until he has been examined. Will the Minister say whether these people will be allowed to make their claim in Canada? I am particularly asking whether the Minister will assure this House that the B-1 list or the no deportation list will not be abolished, or that El Salvador and Guatemala will not be removed from the list as a means of preventing them from making their claims.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, as I indicated, there are a number of temporary measures that are being examined. When appropriate, we will make those known.

PUBLIC SERVICE

DISMISSAL OF IMMIGRATION OFFICER—MINISTER'S POSITION

Mr. Sergio Marchi (York West): Mr. Speaker, my question is also for the Minister of State for Immigration. It concerns the firing of immigration officer John Quigley. It is clear that Mr. Quigley's firing on the evidence of the dismissal letter was politically motivated as a response to the embarrassment that the information caused the Government, and the Minister specifically. Why did the Minister permit Mr. Quigley to be victimized in such a way by the actions of his Rambo-style senior officials simply to protect his own political reputation and that of his Government?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, Mr. Quigley has a right to present a grievance. That right has been exercised. From what I understand, the grievance is being heard this afternoon.

REQUEST THAT DEPUTY MINISTER ACCEPT GRIEVANCE PRESENTATION

Mr. Sergio Marchi (York West): Mr. Speaker, if the Minister can make a political decision to fire an employee, he should have the courage to take a political decision to rehire him instead of washing his hands of this affair.

Given that the very first step in the grievance procedure is an acceptance or a rejection by the Deputy Minister, will he not do the honourable thing and order his Deputy Minister to accept the grievance and automatically overturn what is a very outrageous and unfair decision for Mr. Quigley?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, as I indicated, it is inappropriate for me to comment further until Mr. Quigley has his grievance heard today.

Mr. Speaker: The Hon. Member for Skeena. One short question, please.

* * *

ABORIGINAL RIGHTS

FORTHCOMING FIRST MINISTERS' CONFERENCE—POSITION OF FEDERAL GOVERNMENT

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is for the Deputy Prime Minister. I am sure he is aware that next month the First Ministers' Conference on the Constitution, aboriginal rights and self-government, will be held. At this point in time it appears that only the lowest common denominator will be the likely result. Will the Deputy Prime Minister today give his assurance that within the next few days the federal Government's position will be released so that the provinces and the public of Canada will have a chance to rally round and see that Canada's first citizens get the kind of consideration they so rightfully deserve at this constitutional conference?

Point of Order—Mr. Riis

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, as the Hon. Member is fully aware, the ministerial meetings leading up to the FMC will continue and at that time discussions will take place among all participants. What the Hon. Member must remember is that in order to change the Constitution of Canada there is a formula in place that calls for 50 per cent of the population and seven provinces to agree.

Mr. Speaker: Last question, the Hon. Member for Abitibi.

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[*Translation*]

CANADA POST CORPORATION

VILLAGE OF UMUIJAQ'S NEED FOR IMMEDIATE, ADEQUATE POSTAL SERVICE

Mr. Guy St. Julien (Abitibi): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. Mayor Noah Inukpuk and the residents of the village of Umuijaq north of Kuujjuaroapik in Abitibi want to have adequate postal services immediately because they now have to wait for a whole month before getting their mail, including family allowances, old age security pensions, and other important documents.

Here is my question, Mr. Speaker: The Canadian Government is committed to assist the Inuit under the terms of Section 6.4 of the James Bay and Northern Quebec Agreement, and Canada Post will have to dispatch an official to this village to settle these problems immediately.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Indeed, Mr. Speaker, the question of the Hon. Member for Abitibi has to do with a very important matter. I got in touch with Canada Post management and was advised that postal services are now provided through an exchange of mail bags in the village mentioned by the Hon. Member. Management are now examining the volume of mail before deciding what kind of services are required in this village. As soon as a decision has been made I will get back to the Hon. Member.

* * *

[*English*]

POINT OF ORDER

COMMENT ON MINISTER'S STATEMENT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I know that the Secretary of State for External Affairs would not want to mislead the House inadvertently. He made reference to the fact that he had requested and not heard the New Democratic Party on suggestions for changes to the

export of arms. If the Minister refers to his mail of September 29 he will know that he received correspondence suggesting that this whole matter be referred to the Standing Committee on External Affairs and International Trade so that committee members could give the attention that such a topic deserves. I would encourage the Secretary of State for External Affairs (Mr. Clark) to give that matter some consideration.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, in the same spirit of a point of order, sooner or later members of the New Democratic Party will have to accept some responsibility to put forward specific suggestions and not content themselves with empty cant and criticism.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Mr. Speaker, I hate to interrupt this fight between the Conservatives and the New Democrats for third place—

Some Hon. Members: Oh, oh!

Mr. Gray (Windsor West): —but I feel that I should rise on a point of order to ask the Government House Leader to tell us what business he intends to call for the next seven days of sitting time of the House. In particular, does the Prime Minister (Mr. Mulroney) still intend to give a report to the House on his trip to southern Africa, and when will that be?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the order of business for the next few days will be Bill C-38, an Act to privatize Teleglobe, Bill C-21, the Shipping Conference Exemption Act, Bill C-12, amendments to the Prairie Grain Advance Payments Act; C-2, Canagrex, and C-6, the Atlantic Accord. We hope that we can have all those through by Wednesday next so we can deal with the Budget with the decks clear.

In so far as the Prime Minister's (Mr. Mulroney) statement is concerned, as I indicated last week, the Secretary of State for External Affairs, (Mr. Clark) has just returned today and the Prime Minister has not had a chance to confer with him. After that is done, I would think that an appropriate statement will be made.

[*Translation*]

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, on a question of privilege.

Mr. Speaker: Just a moment, please. I will now hear a point of order raised by the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen). After that, the Hon. Member for Drummond (Mr. Guilbault) will have the floor.

[*English*]

POINT OF ORDER

LANGUAGE USED IN HOUSE—MEMBERS' RESPONSIBILITIES

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I raise this point of order with some caution and care because it involves the office of the Chair. You will recall, Sir, that two days ago the Hon. Member for Peace River (Mr. Cooper) raised a point of order regarding the kind of terminology and language used in the House. He urged you at that time to check with Beauchesne, specifically Citation 55 and subsequent citations regarding, again, the kind of language that is used in the House.

• (1510)

Today the Hon. Member for Mount Royal (Mrs. Finestone) used the phrase: "besmirching the reputation of a company". I am concerned enough when we use language with respect to each other that does not enhance the conduct of the House. It concerns me even more when innocent citizens and companies outside the House are affected by the language used here.

There has been nothing to indicate that the company in question did anything wrong or that anyone else did anything wrong with respect to that company's operations. Therefore, I think it is not helpful for Members of the House to use phrases like "besmirching the reputation of a company" which in fact then besmirches the reputation of a company. I would ask Your Honour to look at that practice.

Hon. Herb Gray (Windsor West): Mr. Speaker, with respect to the point raised by my hon. friend, if you look at rulings by Speakers as to what language is permissible in the House, you will find language far more colourful—

[*Translation*]

You will find terms far more expressive—

[*English*]

—than the word "besmirch". I submit that there is nothing in the precedents on language which is parliamentary or unparliamentary to indicate that the word "besmirch" should be ruled unparliamentary.

If I am not mistaken, the citations on unparliamentary language deal particularly with words or phrases used by Hon. Members with regard to other Hon. Members. Just the other day when I raised the concern that the Parliamentary Secretary to the Government House Leader had used the word "slanderous" in this House, a word which a previous Speaker had ruled to be unparliamentary, the answer given by the Parliamentary Secretary to the Government House Leader was that the words were not directed to a particular Member of the House and that it was all right to use a word which was otherwise unparliamentary provided it referred to Members of the House as a group.

I make this point to argue that the Parliamentary Secretary to the Government House Leader has confirmed what I have

just said, which is that, with the exception of certain people referred to by Beauchesne as being members of a protected group including members of the Royal family, judges and one or two other categories, the precedents with respect to unparliamentary language apply not to the public at large, individual members of the public or companies, but rather to Members of this House.

Finally, my recollection of the words used by the Hon. Member for Mount Royal is not that they were in any way an attack on the company in question but a plea to the Government to act in such a way that the conduct of the Government itself or officers of the Government could turn out to besmirch the name of a reputable company, and I do hope that that will not happen. There was nothing I heard in the words of the Hon. Member for Mount Royal that sounded to any reasonable person, if I may say so, as an attack on the company in question.

Mr. John Nunziata (York South—Weston): Mr. Speaker, very briefly, my recollection of the remarks of the Hon. Member for Mount Royal (Mrs. Finestone) is in keeping with the recollection of the Hon. Member for Windsor West (Mr. Gray). The Hon. Member for Mount Royal in no way put into question the integrity of Memotec or in any way besmirched or maligned the name of that particular company. She simply indicated that the Government should have waited before announcing the decision to sell Teleglobe to Memotec until the investigation into the alleged insider trading was complete. I would ask the Hon. Member who raised the point of order to review the "blues". Upon review of the "blues", I am certain he will agree with me that the Hon. Member for Mount Royal in no way called into question the good name of Memotec.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, just as briefly, I would reiterate what I said the other day in support of my colleague. I suggest to the House that our parliamentary privilege of immunity within this House is a time-honoured tradition and in order to deserve it, we have to treat it with respect and not abuse it or hide behind it.

Mr. Speaker: I thank the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen), who is a senior and very highly respected Member of this House, for bringing the matter to the attention of the Chair. I listened with care to the Hon. Member for Windsor West (Mr. Gray), to the Hon. Member for York South—Weston (Mr. Nunziata) and to the Parliamentary Secretary.

I think the essence of the complaint made by the Hon. Member for Surrey—White Rock—North Delta is that when a question seems to carry an innuendo of wrongdoing, naturally there is a certain reaction from other Hon. Members. I took it that the Hon. Member hoped that all Hon. Members, in asking questions, would at least base their questions on some known facts more than on suspicions. I think that is the point the Hon. Member was making.

I listened with care to the representations of the Hon. Member for Windsor West and the Hon. Member for York South—Weston. According to my recollection of what the Hon. Member for Mount Royal (Mrs. Finestone) said, she was not in fact trying to besmirch the reputation of the company but rather to urge the Government to do something so that the company's reputation might not be besmirched. One would probably have to examine exactly what was said, but I think the point taken by the Hon. Member for Surrey—White Rock—North Delta is one that the Chair has heard before and is in the interests of fair play.

Of course, I am cognizant of the fact that the Hon. Member for Windsor West is also a very senior Member of the Chamber and has the immediate responsibility of considering the rules and traditions of this place. He speaks eloquently and with authority. I do not think, under the circumstances, that the word "besmirch" is in itself unparliamentary.

I am assisted by the interventions that have been brought before me. I would urge all Hon. Members to take into account what their colleagues have to say. At times, Hon. Members might feel that something does offend or is not as clear as it should be, and I would hope that all Hon. Members keep that in mind in the conduct of their affairs.

There is another important matter to which the Chair has made reference. I recognize the Hon. Member for Drummond (Mr. Guilbault).

* * *

[*Translation*]

PRIVILEGE

THE BRODILAF-HAMA AFFAIR—THE ALLEGED PRIVILEGED INFORMATION ABOUT CERTAIN FACTS

Mr. Jean-Guy Guilbault (Drummond): Mr. Speaker, yesterday the Hon. Member for Shefford (Mr. Lapierre) informed the House he was in possession of a document, dated May 7, 1986, that came from my office at the House of Commons in Ottawa, a document he showed to the press.

Mr. Speaker, I can prove I was in my riding on May 5, 1986, so I could not have met anyone in Ottawa that day to talk about the Canada Employment Centre in Drummondville, as was mentioned in the document.

I did not draft or sign or send the document referred to by the Hon. Member for Shefford, and I never saw it until yesterday. Legal action will be taken against the person who originated this document and this political smear campaign.

Mr. Speaker, I demand an apology from the Hon. Member for Shefford on the floor of the House, because he has abused his privileges as a parliamentarian to indulge in political smear tactics. If the Hon. Member for Shefford believes I have done something illegal, he should go and prefer charges against me outside the House.

Hon. Herb Gray (Windsor West): Mr. Speaker, the Hon. Member for Shefford (Mr. Lapierre) is away right now and obviously not in a position to speak to a question of privilege.

Normally, the Member who is on the receiving end of this kind of statement is given a chance to reply. However, in his statement the Hon. Member for Drummond (Mr. Guilbault) left out something very important: he did not conclude his statement with a motion.

With respect, Mr. Speaker, I suggest that although the Hon. Member for Drummond made a statement on a matter that is important to him, it is not a genuine question of privilege.

Mr. Speaker: Perhaps the Chair could comment on this problem. We have a situation where an Hon. Member is the subject of a complaint by the Hon. Member for Drummond (Mr. Guilbault). The former Member is not here this afternoon. In the circumstances, I think the Chair could suggest that Hon. Members postpone debate on this question until tomorrow or some other day, when the other Hon. Member will be in the House. I think the Chair's suggestion should be agreeable to all Members and that it is probably the best thing to do for the time being.

Hon. André Ouellet (Papineau): On a question of privilege, Mr. Speaker. After listening carefully to the Hon. Member for Drummond, I think it would be in the best interests of all concerned if we knew exactly what the Hon. Member's complaint is about. Apparently, he says the letter that was made public is a letter he did not sign himself and that someone released or signed this letter without his permission. He has not named anyone and has not indicated at all who in his office would have released such a document without his approval. I therefore suggest he clarify the matter so that the Hon. Member for Shefford (Mr. Lapierre) can be more specific in his reply.

Mr. Speaker: I think the comments made by the Hon. Member for Papineau (Mr. Ouellet) are very apt. He has raised an important point. Perhaps it would be a good thing if the Hon. Member for Drummond were given a chance to elaborate, just to clarify the point raised by the Hon. Member for Papineau.

The Hon. Member for Drummond (Mr. Guilbault).

Mr. Guilbault (Drummond): Mr. Speaker, I can inform the Hon. Member for Papineau that the document handed round yesterday by his colleague, the Hon. Member for Shefford, has no letterhead, was not signed by me and in fact was signed by no one. And I repeat that the Hon. Member showed the document to the press.

Mr. Speaker: I think that in the circumstances, and consistent with the practice of the Chair, it would probably be better to postpone consideration of this matter until all Members concerned can be present. The question could then be pursued on some other occasion. For the time being, debate on the subject is adjourned.

• (1520)

ROUTINE PROCEEDINGS

[*English*]

ELECTIONS, PRIVILEGES AND PROCEDURE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion of Mr. Rodriguez that the first report of the Standing Committee on Elections, Privileges and Procedure presented to the House on Tuesday, January 27, 1987, be concurred in.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to participate this afternoon in the motion to concur in the report of the Standing Committee on Elections, Privileges and Procedure dealing with the issue of the registration of lobbyists.

[*Translation*]

As you will undoubtedly recall, Mr. Speaker, it was on September 9, 1985 that the Prime Minister (Mr. Mulroney) tabled in this House a document concerning public sector ethics.

And you will recall that in this document, all wrapped up in a nice blue ribbon, the Prime Minister told us that it was necessary to regain, he said, the respect of Canadians for our Government institutions. If this was true on September 9, 1985, Mr. Speaker, you can imagine what the Canadian Government would have to do today—February 12, 1987—to regain the confidence of Canadians. Here is what the Prime Minister told us on September 9, 1985:

> It is a great principle of public administration—I could even say an "imperative"—that to function effectively the Government and the public service of a democraty must have the trust and confidence of the public they serve. In order to reinforce that trust, the Government must be able to provide competent management and, above all, to be guided by the highest standards of conduct.

My God! Mr. Speaker, the Prime Minister was explaining some of the measures he wanted to take to shore up this code of public ethics. He said he wanted, first:

> A new Conflict of Interest/Post-Employment Code for Public Office Holders.

We know what happened to that one.

Then he went on to say:

> Instructions to Ministers imposing specific and strict limitations on the hiring of family members.

Third, he had sent:

> Letters to Opposition Leaders on the subject of ethical standards for MPs and Senators.

You see, Mr. Speaker, the Prime Minister wanted all Members of Parliament to share the blame equally, strongly hoping he would not have to bear so much of the blame.

Fourth, he said he wanted to establish:

> An experimental program of parliamentary scrutiny of Governor in Council appointments. 5. The registration of lobbying activity.

So he said at the time, and there were two more components in the program of the Prime Minister.

[*English*]

I will read to you from page 9 of the document of the Prime Minister (Mr. Mulroney) of September 9. He said:

The fifth component of this comprehensive approach to public sector ethics is the undertaking of this Government to introduce into the House of Commons, at an early date—

—remember the words "early date", Mr. Speaker—

—legislation to monitor lobbying activity and to control the lobbying process by providing a reliable and accurate source of information on the activities of lobbyists. We will require, among other things, paid lobbyists to register and identify their clients.

This will enable persons who are approached by lobbyists for Canadian corporations, associations and unions, and by agents on behalf of foreign governments and other foreign interests, to be clearly aware of who is behind the representation.

The Prime Minister continued:

I have accordingly asked my colleague, the Minister of Consumer and Corporate affairs, to prepare, on an urgent basis, legislation to govern lobbying activity.

This document is from September 9, 1985. Days and months passed. Just before Christmas, 1986, the then Minister of Consumer and Corporate Affairs stood up in the House of Commons and informed us that he would table in the House, not a Bill or any other means to control the activities of lobbyists, but the consultation or discussion paper which I have here, entitled *Lobbying and the Registration of Paid Lobbyists*. The document is quite extensive. It describes different alternatives for registering lobbyists, including the alternative of doing nothing at all. Of course, this was a great disappointment to a number of us who were hoping at the time that we would see early legislation. However, the positive aspect of this report is that the issue was referred to a parliamentary committee. Unfortunately, I have little use for the contents of the report itself because they were not very inspiring for our committeee. However, the issue was sent to the Standing Committee on Elections, Privileges and Procedure in early 1986.

• (1530)

That committee consisted of Members from all sides of the House and I want to give credit to Members from all Parties who were on that committee, under the able chairmanship of the Hon. Member for Peace River (Mr. Cooper). We had extensive hearings in Ottawa, Washington, and Sacremento, California. We heard the opinion of Canadian lobbyists, Canadian pressure groups, ordinary Canadians, as well as Members of Parliament about the question of the registration of lobbyists. In Washington and California we interviewed lobbyists and legislators.

It became apparent from our hearings that lobbyists are seen very differently in the United States than they are in Canada. For instance, lobbyists in Canada will use every trick in the book to call themselves anything but lobbyists. They will call themselves government consultants, consultants in government affairs, public relations personnel, and many other names. In the United States, however, people involved in that profession are very proud to call themselves lobbyists. Indeed, in Washington lobbyists will identify themselves as such, in the phone book and elsewhere.

It was interesting to note that most Canadian lobbyists were reluctant to have a registration system or any system that would impose any burden on them. The few who were in favour, with some exceptions, wanted a system of self-registration that was administered by their profession. However, in the United States most lobbyists thought it was perfectly normal to have a system to register their activities. Indeed, they had no difficulty with the principle that they should register what they do.

Members of the committee asked lobbyists in the United States if they objected to registration. They agreed that they were conducting private transactions on behalf of private corporations, but that their job was to communicate with public officials. They felt that it was only normal in that case that they should be asked to register. Indeed, some of the lobbyists in Washington to whom we talked were actually using the registry in the United States as a form of advertising. They told us that they would use the registry to show potential clients all the customers for whom they had lobbied over the last year, and used it as a tool to show a potential client their efficiency. Needless to say, the different attitude shown by the Americans was fascinating.

Once our hearings were completed outside the country last summer, the committee came back to Parliament and proceeded to draft a preliminary report. Let me repeat that Members on all sides of the House were quite co-operative but, unfortunately, the year progressed quickly and our work was interrupted by the summer recess. Furthermore, the Prime Minister decided to end the session and start afresh—we all know how well that worked—which delayed the committee's work for another month. In November the committee received a new reference and the members of the committee went back to work.

I believe that this unanimous report represents a compromise of members who tempered their views in committee. I sought less than I wanted in the report and probably some Members opposite put a little more in the report than they really wanted.

While a unanimous report is not unique, when one considers that most of us began from very different points of views on the issue of registration of lobbyists, the fact that we managed to reconcile our differences was remarkable. I never thought that Members on the government side who sat on the same committee as the Member for Nickel Belt (Mr. Rodriguez) and I could ever agree on the time of day. However, partly because of the good chairmanship by the Member for Peace River, and the co-operation of everyone, we managed to agree on much more than that. Ultimately we agreed on the very substantive report that was tabled in the House earlier this year.

Our report made several recommendations. They include the adoption and implementation of a system of registration of lobbyists. We recommended that the Government consult with members of the lobbying industry to discuss the formation of an association of lobbyists, in addition to the system of registration so that we could have both a system of discipline based on rules set out by the industry while, at the same time, having a registry that we all advocated.

We recommended that there be a definition of lobbying. It was defined as attempting to influence either directly or indirectly any governmental decision, whether it be legislative or administrative.

We recommended a definition of who should be in the category of lobbyists and who should be left out. We made several other recommendations in the report. The time is passing quickly and the report has been in the hands of the Government for almost a month. Given the compromise that all Members made—

An Hon. Member: You are a great one to say that.

Mr. Boudria: The Hon. Member who unfortunately did not participate in the committee may think that the issue is very funny. However, I am not only saying that opposition Members did good work on the committee, I think Members on all sides worked well. Perhaps it was largely due to the fact that the Member in question was not there. In fact, it is probably 90 per cent of the reason why we managed to produce a unanimous report.

However, we also recommended in our report that those who lobbied as volunteers and did not charge for their services should not have to register. We did not want to interfere with anyone's freedom of speech, which is a very important distinction and a concern that was raised by members in that committee. While we wanted those who charge a fee for interfacing with public officials to disclose what they were doing, we were unanimous in our view that we did not want anyone to be precluded from contacting a public official. That is very important to us who are in public office.

• (1540)

I believe if those laws were made too strict, they could affect the very privileges of Members of Parliament to obtain input from the constituencies which we are charged to represent. The privileges of Hon. Members are indeed at the centre of this issue. That is why I think it concerns Hon. members on all sides of the House, and need not be dealt with in perhaps quite as partisan a manner as some other things with which we deal. I have been known to be partisan every now and then myself. I remember well what happened to me last year, and you will probably recall as well, Mr. Speaker. However, I try not to be too partisan when dealing with this kind of issue.

The committee thought that lobbyists should be required to register their names, the names of their firms, the contact person, and their address and phone number. We felt lobbyists should register the name of their client and the client's place of business. The lobbying activities which are taking place should also be registered.

Some of us would like to have gone one step further, and I am one of them, and registered the fee a lobbyist receives for an activity as well as his disbursements. In other words, a person could go to the register and see that one particular lobbyist was lobbying the Minister of Finance (Mr. Wilson) trying to get a concession for such and such an industry, that the lobbyist was paid $10,000 to do this and that he spent half of that wining and dining people. The importance of that is that there would then be a greater level of transparency.

I am not saying that Members of Parliament or cabinet Ministers have no right to meet anyone for dinner. What I am saying is we would create an atmosphere whereby the public would have a right to see who did what to whom, for whom, by whom, and at what cost. That is an important element.

In the State of California, for instance, the legislation governing lobbyists there prevents a lobbyist from entertaining an individual Member of the Legislative Assembly at a cost greater than, I believe, $10 in any calendar month. I think that is just getting a bit carried away. I can imagine a lobbyist taking a Congressman to lunch at a cost of $12.50 and asking the Congressman to give him $2.50 because he is not supposed to spend any more than $10. I think that would be onerous and we do not want the system to be that way.

I think we want the system designed in such a way as to have it simple and acceptable, not only to people in the lobbying business but to Members of Parliament, to people in Government. The system should be easy to work with and one which will not be expensive to operate. The last thing we need is to set up a bureaucracy of a large number of people in order to administer the rules. Having said that, I think the system would be better if we could register the fees.

In closing, I must say that as a compromise our parliamentary committee inserted a provision in our report that in two years time the same parliamentary committee should perform an evaluation of the registry of lobbyists. At that time the committee, while reviewing the registry, could decide to add certain criteria. It is my sincere hope that two years from now, or two years from the passing of the legislation, the parliamentary committee will want to add the fees of the lobbyists in the registry. I think that would make it far more meaningful.

I want to conclude by again congratulating all Hon. Members who participated in the committee from all sides of the House, representing all political Parties, under the chairmanship of the Hon. Member for Peace River, who did a great job of chairing the committee. The challenge is now up to the Government to prepare the legislation and to send it back to our committee so that we can go ahead and do the job.

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, I am happy to participate in the debate on this particular subject which is so important to the health of this institution. I want to join previous speakers in paying tribute to

the chairman of the committee, the Hon. Member for Peace River (Mr. Cooper), who did a very excellent piece of work in bringing about unanimity and consensus in the committee report on lobbying. I know it was not easy. Probably all members of the committee had to make some concessions in order to promote that kind of unanimity.

Having said that, I think it is time to recall the beginnings of this aspect of parliamentary reform, which actually began in the first Speech from the Throne. Our Prime Minister (Mr. Mulroney), as his first order of business, enunciated the need for wide and sweeping changes to the practices within Parliament. He said there should be parliamentary reform and this is one of the reports which has issued from that particular statement of the Prime Minister. I, for one, want to put on the record that our Prime Minister has taken the initiative to begin changing the course of procedure in this Parliament to ensure that it becomes open to the people of Canada, so that all Members of Parliament, particularly the back-benchers, can do the work they were elected to do.

I listened with care to the Hon. Member for Kamloops—Shuswap (Mr. Riis) when he spoke this morning. He made two points that were important to him and I think probably to all of us. His first point was that when the Prime Minister made the statement a year or two ago, what he did was ask a committee to do the work.

Mr. Boudria: No.

Mr. Friesen: With respect, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) was not here and I am quoting the Hon. Member for Kamloops—Shuswap. He said this morning in debate that the Prime Minister had asked a committee to study the matter of the registry of lobbyists and now, 16 months later, we have the report. It was a complaint on the part of the Hon. Member for Kamloops—Shuswap that the Prime Minister did that. I would simply point out that if the Prime Minister had gone ahead on his own initiative and had the PMO do something and then referred it to the House, the Hon. Member for Kamloops—Shuswap would have complained that the Prime Minister had bypassed Parliament, and that would have been a legitimate complaint. The Hon. Member cannot have it both ways.

In making his second point, the Hon. Member read a list of lurid headlines from the newspapers and said it is time to clean up the act. I would not ask the Hon. Member, as a member of the Opposition, not to criticize the Government. That is his role and that is what provides for good government. However, if the Hon. Member wants the atmosphere of the House to improve, the first thing he can do as House leader of one of the opposition Parties, is give credit where credit is due; for once give total credit to the Prime Minister for having initiated the kinds of reforms which make it possible for the House to do its work.

I was glad the Minister in charge of this legislation was here this morning because he has given his undertaking that there will be legislation as soon as possible to bring about a registry of lobbyists, which is long overdue. Having read the report, I would simply say that while I concur with pretty well everything in it, I myself think it has not really gone far enough.

The first assumption the report makes is that lobbyists, the ones who need to be watched most carefully, are those who are lobbying for some kind of financial or commercial venture. It assumes that most of the lobbying has a financial profit motive involved. To some degree, that is true. I do not think anyone would disagree with that, and it is probably of paramount importance that those lobbyists who are lobbying on behalf of commercial interests be the first to register. I think no one would deny that. However, it is an inadequate assumption that all of the lobbying of consequence has financial motive. There are other motives across the land today which encourage the lobbying of Members of Parliament. Some of these motives are ideological and do not involve money at all.

• (1550)

The report of the committee calls for the registry of those lobbyists who are paid lobbyists. I think all of us understand and accept that. The report goes on to state that there are other groups, single-interest groups, which should be required to register when they retain a paid lobbyist to represent their views to the Government. Those are really the only absolute restrictions the report would place upon lobbyists. To me, that is somewhat restricted. The net is too small in that area because, as I have said, there are groups lobbying members of the Government and members of the Opposition whose motive is not financial gain but ideological. That is fair and right. It is probably the way it should be. However, under the recommendation put forward by the committee they would go unnoticed. It is time to take a look at some of these groups and the lobbying efforts which they carry on.

For example, let us consider a group whose *raison d'être* is to lobby. That is its full-time operation. It may not send representatives to Ottawa, but it goes about changing public opinion. For better or worse, let us consider the animal rights groups or groups which lobby on the issue of acid rain. The people in these groups have as their *raison d'être* the changing of public opinion. In effect, they lobby the Government for a change in policy or administration. Is it not time that groups such as this whose *raison d'être* is to lobby be called upon to register all of their operations?

I am reminded of a group such as the Fraser Valley Peace Movement. I hear reports about this group once in a while, and I do not know if they are true, that some of the group's funding comes from the World Peace Council. I do not know whether that is true, but if it is going to lobby me as a Member of Parliament, or if it is going to lobby members of the Opposition, perhaps it is time for it to declare from where its financial resources come and if, in fact, it does receive money from the World Peace Council. If it receives money from the World Peace Council perhaps it is time for the rest of us to know about it so that we know from where the influence is coming.

What about the *ad hoc* groups, "the committee to—" and I leave Hon. Members to fill in the blanks, whatever the committee happens to be? Their intention is to change public opinion. That is good. We all need that privilege. We want to protect and enshrine the right to change public opinion.

But there is a sense that the registration of lobbyists is indirectly at least an intention to register motives. What we see from a consideration of this report is that the motives are mostly financial. I am saying that that is not necessarily always the case. Where the motives are financial and taxpayers' money can be misused it is important that those lobbyists be registered. By the same token, and I think some of my friends would agree, there are some things in this life that are more important than money. In a world of ideas and conflicting ideas that issue becomes very important. If we are to exist in a world of conflict here in the House of Commons then we have to know what are the underlying premises. I am suggesting that it would be good for the lobby groups which come to us to register their backgrounds.

There is also another factor involved. It is what I would call either the cross-fertilization of groups or interlocking directorates. We live in an era in which lobby groups spawn. They multiply like rabbits. There is a new group forming every day, depending on the issue of the day. On closer examination one will find that where one parent group contains a board of directors, a board of management or an executive board, one, two or three of those board members will go off and form other groups that have allied goals but different titles. This multiplies the number of organizations, and they all purport to be different organizations. But if one looks at the organizational charts of each of these groups one will find that they are, in effect, one organization.

There is nothing wrong with that except that it creates an illusion. It creates the illusion that there is a growing mass of public concern about an issue, whereas, in reality, the possiblity is that they are the same people multiplying the numbers of organizations. This creates the illusion that more and more organizations which are concerned about a particular issue are being formed. Yet we find on closer examination that they are actually all the same people.

Therefore, if we are to register lobbyists we need to get our mentality beyond financial concerns and look at some of the non-commercial, non-financial concerns that are just as important for the future of our country and the health of our nation. Perhaps it is important for all of those groups which lobby to declare what is their financial base. We have groups which are often funded by the federal Government which are into the whole world of advocacy. They are advocates for particular issues. If one looks at these organizations it is easy to see that they are frequently funded by the federal Government. Should it not be part of the requirement of these lobbyists to declare from where they receive their money and that in fact the federal Government is funding their operations?

There is one final question to which I must confess I have no answer. However, I think it is a growing concern for Members of Parliament. I refer to the lobbying which goes on by mail, not by individual constituents. I think it is right and proper, but more and more often we have briefs sent to us by organizations which never appear before us. I do not know how to handle the situation.

Mr. Heap: Shut down the Post Office. That will fix it.

Mr. Friesen: Yes, that is right. The fact is that these people are lobbying. We want them to do that. It is their privilege and their right. In many cases it is their responsibility to do so. Once we begin the process of registration of lobbyists then the issue begins to multiply. In effect, it tends to become confused.

The final point I wish to mention is with respect to the matter of compliance. I notice that the committee dealt with this issue on page 5 of its report. Where any deficiencies or irregularities are demonstrated it states that the Government should have the power to enforce compliance with the requirements of the register. I do not know how one would go about enforcing compliance. Sometimes these campaigns are single-issue campaigns. The issue arises, an *ad hoc* committee is formed to deal with it, and before we know it the lobbying is done and the group has dispersed.

The Minister who was in the House this morning indicated that the Government is actively pursuing the recommendations of the committee. I wish to compliment the members of the committee on their work. I urge the Minister to bring forward legislation as soon as possible so that we can have full disclosure as far as possible in terms of lobbyists who appear before us.

• (1600)

Mr. Riis: In his parting comments, my hon. friend indicated that he hoped the Government would take early action on this. We have waited for decades for this piece of legislation that is still only at the study stage. As a member of the Government, would the Member indicate what he might do to ensure that the Government does introduce legislation quickly regarding this critical matter?

Mr. Friesen: The Hon. Member is correct. We have waited for decades, and I wish we had not had to wait. As a matter of fact, my former colleague, the late Walter Baker, was very concerned about this particular issue. He worked on it considerably when he was a Member of the House. I would gladly sit with the Minister's group on the committee and work on the matter of this legislation. I take the Minister's word for it that it will be coming. I imagine that the legislation will be drafted before the summer break.

Mr. Boudria: I have a comment, Mr. Speaker. I listened to the remarks of the Hon. Member. I am sorry to say that his understanding of what we are trying to do in the report that we suggested is totally different from what we proposed to do. We have not expressed ourselves in a manner which is unclear.

Quite obviously we are concerned with the issue of the registration of paid lobbyists. There are several reasons that we are only registering paid lobbyists. I ask the Hon. Member to pay attention to this.

First, on September 9, 1985, the Prime Minister stated in the House: "We will require, among other things, paid lobbyists to register—" That is a quote from the Prime Minister's speech. What the Prime Minister asks us to do is to register paid lobbyists. The Member is asking why do we not register people who are not paid, and all those other things. It is mainly because that is not what his own Prime Minister wanted. That is the first point.

Second, in my view it is improper to ask people who are not paid and who, as volunteers, are seeking to reach public officials, to register or to divulge their source of funding. It interferes with freedom of association. We also have to concern ourselves with that. Our committee listened to those deliberations on both sides of the issue. It is not one Party in this House that had a weird and eccentric view of how those things should be done versus another. It was unanimous in all its respects that we cannot place burdens upon people who are not paid, or interferences in any way, shape, or form for them interfacing with their Members of Parliament or their Government because of freedom of association, and because of the privilege of Members of this House for which all of us collectively on that committee have great respect.

Those are some of the reasons why the proposal was made in that manner. I suggest to the Member that he confer with some of his colleagues from his Party who are sitting on the committee. It is quite obvious to me that it will be very difficult to register lobbyists who are not paid. We have no business asking people how they receive their funding, if it has nothing to do with the purpose of lobbying public officials. If an organization is advocating peace by buying advertisements in the newspaper, surely they cannot be asked where they receive their money. That interferes with their freedom of doing things. In terms of charitable contributions, the provincial government has something to do with the receipts, as does the Revenue Department, but not in terms of us identifying who pays for it before they can associate. That is not right. The Member should reflect upon that, and he will see that that is not a correct way of looking at things. There are enormous repercussions which he should think about seriously, and which I ask him to do in consultation with his colleagues.

Mr. Deputy Speaker: On debate, the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie).

Mr. Friesen: Sorry, Bill, I have to go to committee, otherwise I would gladly listen to your speech.

Mr. Bill Blaikie (Winnipeg—Birds Hill): I was going to have something to say about the speech of the Hon. Member for Surrey—White Rock—North Delta (Mr. Friesen). The argument that he was making is one that I worry about as a possible extension of the argument that the committee made. It is no secret to those who have paid attention to this issue, that one of the reasons I have expressed reservations on the whole question of registering lobbyists is that it may lead to the very type of world view espoused by the Hon. Member for Surrey—White Rock—North Delta. If those recommendations were to be adopted, I would call it a total victory of liberalism. I wonder if the Hon. Member has given any thought to that.

Mr. Friesen: Please expand on that.

Mr. Blaikie: I think I have his attention.

Mr. Friesen: Forget the committee.

Mr. Rodriguez: You did not have to hit him between the eyes to do it.

Mr. Blaikie: If the Hon. Member's views were to be implemented, one of the results would be that the very world of ideas which he talked about—he was correct when he said it was so important to the political process—that very important world of ideas by virtue of the suggestions he made would be reduced to a world of interest. That is to say, to a perfect model of the Hobbesian liberal view of what politics is about. In the final analysis it is not a question of different ideas competing for the public mind and the collective imagination, it is a question of brokerage politics, of the Government playing one interest against the other, and making decisions as to what trade-offs have to be made. In other words, precisely the kind of liberal politics, in the small "l" sense—although the Liberal Party has certainly embodied this type of politics for many years in Canada—that I would have thought the Hon. Member for Surrey—White Rock—North Delta would have been critical of.

I find it somewhat surprising that he rose to his feet to suggest that this liberal notion of registering lobbyists be extended presumably to include church groups, and ecumenical coalitions that gather together around certain concerns. I find it surprising that the Member would take the view that these should be treated in the same way conceptually as a paid lobbyist for an oil corporation coming to Ottawa to advocate a certain tax benefit for his or her corporation, or that that should somehow be at the same level as the work of Project North or other groups concerned with those issues which have no immediate or long-term financial self-interest in the measures that they may be asking the Government to implement. In fact, sometimes the case may be that the measures that they are asking the Government to implement impact negatively on their own well-being.

For instance, if non-native southern Canadians come forward and advocate that the Government settle land claims, and the Government return to the native people the lands which in their judgment have been unjustly taken from them, this certainly could not be considered to be in the self-interest of non-native southern Canadians who may have everything to gain in the traditional sense of financial self-interest from the

exploitation of those lands, as opposed to turning them over to the self-government of the native people involved. It is a serious philosophical error to lump that type of activity together with the activity of paid lobbyists for multinational corporations, or whatever the case may be. The committee was wise in its unanimous judgment that that not be done.

• (1610)

I know the Hon. Member has to run over to committee, but now he is debating whether to stick around for the question and comment period.

Mr. Friesen: You got it.

Mr. Blaikie: It will be interesting to see what he does.

To be talking about lobbying today is timely. Lobbying has everything to do with the question of morality and ethics in the public sector.

Mr. Towers: There are not too many listening over there.

Mr. Blaikie: That is too bad. I know I have the ear of the Minister of Indian Affairs and Northern Development (Mr. McKnight). He was probably interested in what I had to say about land claims.

Mr. McKnight: I want an answer on that.

Mr. Blaikie: There has been a lot of attention paid in recent weeks to the question of political morality as it pertains to the issues which have come before this House. In bringing this up I am not trying to address any particular issue. It is a simple matter of fact that we have had questions before us which pertain to how contracts are awarded, the degree of political influence involved, either at a partisan political level or whatever, in the awarding of contracts, and many other allegations, founded and unfounded, about improprieties on the part of government Members. As we know the allegations have reached as high as the Prime Minister (Mr. Mulroney). Therefore it is timely for us to have a debate about how the political process works. Certainly lobbying is one of the main elements in that process. This gives us an opportunity, within the bounds of relevance, to reflect on political morality in general.

Personally I feel that one of the problems with the notion of registering lobbyists is that lobbying has a kind of negative connotation. One reason for that, in my judgment, is that it is associated with American politics and the American model of how the political process works. That is not to say that the committee has not come up with what we hope will be a uniquely Canadian understanding of lobbying. Nevertheless, it remains a fact that lobbying, professional lobbyists, and registration of lobbyists are all associated with the American system. I think there is a danger that this, along with a number of other trends which I may or may not have time to go into, could become part and parcel if we are not wary, that is to say, if we do not adopt the views of the Hon. Member for Surrey—White Rock—North Delta, of what I would call the Americanization of Canadian politics.

There are some things we can learn from the American system. I am not completely closed-minded on that. I was part of the committee on the reform of the House of Commons which wanted to invest our committees with more independence. Not independence identical to congressional committees, because that would be impossible as long as we want to maintain a parliamentary system, and I believe we do. Nevertheless, there are things which can be learned. What I am saying is that I perceive on a number of fronts what I would call the Americanization of Canadian politics. I think the Government we have today is a good example of that. Some of the government Members might find that irritating, especially those who consider themselves part of the old Tory tradition which sees Canada as having a unique political tradition apart from the U.S.A. Yet there is this political irony in the air today that the Conservative Party, more than any other Party, has become the leading edge of the Americanization of Canadian politics.

Miss Carney: What ridiculous nonsense that is.

Mr. Blaikie: The Minister for International Trade (Miss Carney) has taken the Americanization of Canadian politics to the nth degree. She should be saying the least. She not only believes in the Americanization of Canadian politics, she believes in selling out the whole country.

Miss Carney: Irresponsible statement.

Mr. Blaikie: To even talk about Canadian politics in the presence of the Minister is a mistake. We should be talking about how we can become fully integrated into the American political system.

Miss Carney: You can talk about that, we will not.

Mr. Blaikie: We might even be able to defend ourselves better as the 51st state than we would having the Hon. Minister go to bat for us.

Mr. Friesen: Where does Manitoba borrow its money?

Mr. Blaikie: When I heard a petition had been filed concerning steel exports to the U.S. I had the same thought that I had when I heard about the potash petition. For Heaven's sake, do not send the Minister for International Trade whatever you do, Mr. Prime Minister. In fact we thought of having an emergency motion—

Miss Carney: Tell it to your constituents.

Mr. Blaikie: —where perhaps the whole House could unite together in a common anxiety, that however the Government responded to the most recent protectionist actions south of the 49th parallel—

Miss Carney: Tell it to the IWA.

Mr. Blaikie: —it should not send the Minister for International Trade. She thinks she has a record as a negotiator.

Miss Carney: Your provincial NDP thinks so.

Mr. Blaikie: She can come to an agreement with almost anyone if she is willing to give them exactly what they want.

Mr. Rodriguez: She is a patsy.

Miss Carney: Confusion in the NDP ranks.

Mr. Blaikie: If you are willing to say on the one hand that this is our final offer, but on the other hand if you do not like it a couple of weeks down the road we will make another offer.

Mr. Friesen: Tell that to Jack Munro.

Miss Carney: Tell it to the steel unions.

Mr. Blaikie: I did not mean to be diverted like that by the heckling of the Hon. Minister. However, it gave me a chance to say a few things I have been wanting to say for a while, so I am not all that unhappy about it.

Mr. Thacker: You voted for the Charter.

Mr. Blaikie: The Hon. Member for Lethbridge—Foothills (Mr. Thacker) has a question?

Mr. Thacker: You voted for the Charter and that is what made us more like the—

Mr. Blaikie: The Hon. Member says the Charter has contributed to the Americanization of politics? It definitely has that potential. Even though in the final analysis I voted for the Charter, and one reason I did was that it had a notwithstanding clause. If he checks what I had to say in my first and last speech on the Constitution he will see that the points I am making today I made then. Check the record. I expressed an anxiety at that time about what the Charter could mean—

Mr. Towers: Why did you vote for it, then?

Mr. Blaikie: —with respect to preserving our parliamentary traditions. One of the reasons I was able to vote for it at the time was that it included a notwithstanding clause. That is not the view taken by some of my colleagues. Some people thought the notwithstanding clause was a serious degradation of the Charter. That is not the view I took.

Getting back to the Americanization of Canadian politics—

Miss Carney: Unbelievable.

Mr. Blaikie: —by the Progressive Conservative Party, what I wanted to say before I was so happily distracted by the Minister, is that the Conservative Party has adopted the American view of politics that to the victor goes the spoils, and done so with a passion. That is not to say there was not political patronage before the Conservative Party came along.

Mr. Merrithew: Hardly.

Miss Carney: Think of the NDP Government in B.C.

Mr. Blaikie: God knows we have had political patronage before. However, the Conservatives have made a virtue of what some might argue has at least been regarded as a kind of necessary evil in the political system.

Miss Carney: Be careful.

Mr. Blaikie: Canadians should have been listening a little more carefully to the Prime Minister. Had they listened to what he said before he was elected as Prime Minister they would have heard him say that he was going to reward Conservatives. Their 20 years in the wilderness was going to be overcome by all kinds of rewards and awards and contracts and what not. He would not appoint anyone else until there were no Conservatives left to appoint. These things the Prime Minister said should have been signals to the Canadian public. Perhaps they were. I do not think there was ever a great deal of trust but people were so rightly desperate to get rid of the Liberals that they blinded themselves to the kinds of signals the Prime Minister was sending out about what kind of Prime Minister he would be and what kind of Government we would get.

• (1620)

But this Government has taken that American philosophy of "to the victor goes the spoils" one more step. The Tories said the spoils not only belong to the political Party that happens to get elected but they belong to the personal network of the Prime Minister. That is why Canadians rightly feel, even though we all know that patronage is nothing new, that something new is happening, that some ill-defined line—and I agree it is ill-defined—has been stepped over by the Government. Perhaps that is one of the reasons that there was this urgency in the committee and elsewhere in the House of Commons to try to do something about questions of political morality. Maybe that is why there was the possibility of unanimity within the committee that looked at the question of registration of lobbyists. I do not know, but I do think that it is widely felt both in this House by those who can admit it and by those who cannot that something new, and I would suggest terrible, is happening to our political system when day after day we have to deal with the kinds of things that we have been dealing with for so long now.

I am not concerned personally in the sense that when one enters political life one has to assume that all the traditional cynicism about politics and politicians will be directed at a person as an individual. That is something we all choose to live with when we choose to run. What I am concerned about is that the whole political agenda in Canada is being dragged down. There are things that need to be debated and which need to be paid attention to, things which are very important and which simply cannot get as high on the political agenda as they need to be as long as we are pre-occupied with questions

that come as a result of what people in the Government have done. As an Opposition we cannot very well decide to let the Government off the hook. It might only encourage its Members to do other things that are improper. On the other hand, I think that all of us would agree that, because we have to concentrate on these things, it is a disservice to the political process and to things that do need to be addressed.

I realize, Mr. Speaker, that I have not addressed the details of the recommendations of the committee on lobbying and I apologize for that, but only to a certain degree, because sometimes things have to be put in larger perspective, and sometimes the heckling of Members like the Minister for International Trade have to be answered. For that, I hope you will forgive me, Mr. Speaker.

Mr. Friesen: Mr. Speaker, I must say that I enjoyed the speech of the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie). Somewhere in it there were a few remarks about the subject, but his speech was more about international trade than it was about the registration of lobbyists. I guess it is normal and understandable that somebody who deals from a socialist perspective would be much more concerned about the registration of lobbyists who deal with commerce since profit is such a dirty word for the socialists.

Mr. Rodriguez: Nonsense.

Mr. Friesen: Hear me out. The Hon. Member over there has been so calm up to now. Please do not get excited now.

Mr. Rodriguez: Don't make ridiculous statements.

Mr. Friesen: I do not know why New Democrats would be so concerned about other lobbyists. It seems to be that what we are talking about is the registration of a pedigree of lobbyists. What are their credentials and backgrounds? We are not talking about their right to lobby. It is not about the free flow of information. I do not understand why the Member for Winnipeg—Birds Hill would be implying that any suggestion to register lobbyists who work in a non-commercial area would be an infringement on the flow of ideas or the threatening of a flow of ideas just because you ask people to declare their pedigrees. Let me give an example.

About 40 years ago there was a famous set of hearings heard along the Mackenzie Valley about the pipeline. The Member talked about southerners going up north. In those hearings the Member may recall that one of the people sent up north was a very prominent Member of the NDP working on behalf of the CBC.

An Hon. Member: Give us his name.

Mr. Friesen: What was his name?

An Hon. Member: He doesn't know.

Mr. Friesen: He does not know. He lobbied for a year or more organizing native groups along a certain perspective, a particular point of view, and here you had spontaneous native organizations coming to the Berger hearings. They all said somewhat the same thing. Mr. Berger, the learned judge, conducting those hearings had a learned counsel who was part of his legal staff, who happens now to be the Hon. Member for Vancouver—Kingsway (Mr. Waddell). Is it any wonder that the outcome of the Berger hearings produced a report that was so parallel to the views of the New Democratic Party at the time? Is that a strange coincidence?

Maybe it would have been helpful at the time when dealing with a non-commercial venture, because we were dealing not only with a pipeline but with the future of the north as the Member said, for all those involved in developing the thought forms and the positions of the people up north—that the people doing that should have registered their pedigree and background.

Mr. Blaikie: Mr. Speaker, the Hon. Member for Surrey—White Rock—North Delta makes a very strange argument. First, with respect to the Berger Commission, these were public hearings. These were people who presented their views in public, whereas in general when we are talking about lobbying we are talking about that which is done in private. That major distinction was not made. It was no secret. Maybe the Hon. Member for Surrey—White Rock—North Delta just found out, but everybody knew at the time that Tom Berger was a former leader of the New Democratic Party.

I find it interesting that when judges in Canada, most of whom at one time or other were either Liberal or Conservative, make a report, and people criticize it, you hear that it was an independent judicial judgment on the matter at hand, and people say they do not know why Members of the New Democratic Party would want to question the integrity of the judge who made such an austere and wise ruling. When former Liberal and Conservative judges make rulings, we are supposed to regard them with due respect, but when a judge who has a New Democratic Party history makes recommendations which have an affinity for what the New Democratic Party might have recommended, this somehow is political in the worst sense of the word. I think there is an obvious double standard. The Hon. Member for Surrey—White Rock—North Delta believes in that Liberal-Conservative world of his. From his point of view, Liberal-Conservative things are value neutral and are just a fact of life. It is only things outside that world view which are seen to be political.

• (1630)

I have news for the Hon. Member. His views are political. The views of judges who have Liberal and Conservative political histories are political. They are every bit as informed or not informed, as the case may be, depending upon the objectivity of the judge in question, by their political histories, as are judges with NDP histories. I find the Hon. Member's argument to be a good example of the double standard applied to members of the judiciary who have NDP backgrounds. These members are called to account for the things they say that may have political intonations as Mr. Berger was when he

made a remark about land claims. Other judges get away with saying all kinds of things and their remarks are not regarded with the same severity.

Mr. Towers: Mr. Speaker, I listened to the Hon. Member quite attentively. I wonder how he would categorize the position of Mr. Adam Zimmerman who lobbied very, very strenuously recently on the softwood lumber question while at the same time, as I understand it, he was the Chairman of the Executive Committee of Southam News. Does the Hon. Member see any conflict of interest there?

While he is answering that question, I wonder if he would tell me how he would categorize Mr. Jack Munro, a head of a union, because no doubt he is being paid by his union to lobby.

Mr. Blaikie: Mr. Speaker, if I understand the recommendations of the committee, if Mr. Munro was actively lobbying in Parliament about a particular matter he would have to so register. With respect to Mr. Zimmerman and his connections with Southam News, I did not make any claims about who was a lobbyist and who was not in the softwood lumber deal. My claims were about the nature of the activities of the Minister for International Trade. I hoped that what was evidenced there would not be evidenced down the road with respect to other questions of Canada-U.S. trade.

Miss Carney: Mr. Speaker, I wonder if I could ask the Hon. Member to comment further on the softwood issue. As the Hon. Member will know, the critic for the NDP in the Province of British Columbia supports the negotiated settlement as being the best possible deal under the circumstances. Is the Hon. Member criticizing or disagreeing with a provincial branch of his own Party?

Further, I would ask the Hon. Member to comment on the fact that the leader of the IWA, even today as reported by *The Globe and Mail*, insists that the negotiated settlement was the best deal, that it maintained our sovereignty, that it kept funds in Canada and that it will have minimal impact on employment. The Hon. Member is out of step with both the union involved and the provincial NDP. Why is the federal Party against its provincial branch and the IWA?

Mr. Deputy Speaker: The Chair is not convinced that the first part of the question was relevant. However, I recognize the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie).

Mr. Blaikie: Mr. Speaker, the Tories cannot have it both ways. Sometimes when we ask questions in the House the Secretary of State for External Affairs (Mr. Clark) and others—

Miss Carney: Answer the question.

Mr. Blaikie: I will answer the question. Sometimes the Secretary of State is wont to say: "Taking your orders from the CLC again, eh, Ed?" This is the heckling that we have to take from the Secretary of State for External Affairs. That is the wit and wisdom of former Conservative Party leaders. Then when we take a view that is different from that of the trade union movement we are chastised by the Minister for International Trade. The Tories pretend that we do not have a view independent from that of the trade union movement, and then when we demonstrate an independent view they chastise us.

As to the position of the British Columbia NDP, this is a free country. If the members of that Party want to take the view they have taken, that is fine, but we take a different view. We do not take our marching orders from our provincial wings any more than the Prime Minister does. Tories should talk about conflict with provincial wings. What could be more ridden with conflict than the relationship between the Prime Minister and the Premier of Alberta and the relationship between the Prime Minister and the Premier of Newfoundland, just to cite two examples? It does not sit well for the Minister for International Trade to chastise the federal NDP for having an independent view on the softwood lumber agreement. If the B.C. NDP has a different view, that is its right. It is a democratic Party.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Lévis (Mr. Fontaine)—Labour relations—Request for explanation concerning certain deductions made at source; the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie)—Revenue Canada. (a) Word processing work. (b) Department's security measures.

ROUTINE PROCEEDINGS

[*English*]

ELECTIONS, PRIVILEGES AND PROCEDURE

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

The House resumed consideration of the motion of Mr. Rodriguez that the first report of the Standing Committee on Elections, Privileges and Procedure presented to the House on Tuesday, January 27, 1987, be concurred in.

Mr. Friesen: Mr. Speaker, I rise on a point of order to clear the record. I noticed that the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) spent a good deal of time defending the legitimacy of a judge who is a member of the New Democratic Party as opposed to a Liberal or a Conservative, and that is fine. I just want to remind the House that I was not referring to Mr. Berger at all in my comments. I was referring

to the fact that others paid by the federal Government through its agencies to lobby for a particular position affected the outcome of the hearings. I was not casting any aspersions on Mr. Berger. I never mentioned him except to say that he was the judge who conducted the hearings in question. The outcome of those hearings came about as a result of the lobbying that was done by people paid by the federal Government.

Mr. Blaikie: Mr. Speaker, I rise on the same questionable point of order. The Hon. Member for Surrey—White Rock—North Delta implied that there was a direct relationship between the lobbying done by this person he has refused to name and the outcome of the hearing, implying that Judge Berger did not render an independent judgment of his own on the matters before him. I think that is a serious charge.

Mr. Deputy Speaker: How about resuming debate with the Hon. Member for Scarborough East (Mr. Hicks)?

Mr. Bob Hicks (Scarborough East): Mr. Speaker, it is a pleasure to have the opportunity to address this particular motion very briefly. I will take a look at it in a way completely different from that of previous speakers. I must say I have enjoyed today's speeches. At times debate was humorous, at times it was sensible, at times it was intelligent and on many occasions it was completely irrelevant. All in all, it was very enjoyable.

I do not think anyone has yet addressed an over-view of what has been presented today, or the fact that it is this Government that is showing very clearly its policy and philosophy direction by presenting this type of legislation to the House. The next thing I would ask myself is why this legislation was not presented to the House before the Thirty-third Parliament. I think that speaks also to the direction, philosophy and policy of this Government.

We should applaud with great sincerity the work of the Standing Committee on Elections, Privileges and Procedure. A brief reference was made to the Chairmanship of the Hon. Member for Peace River (Mr. Cooper) this morning. I believe that a unanimous report came out of that committee and that is very commendable. It is obvious that the committee worked very hard and that, regardless of what they are saying today in debate, all its members want the same thing.

Special reference was made to the committee's mandate, but I would like to interject here by making clear for the record that the committee's mandate did not result in any way from knowledge of impropriety or illegal conduct in the lobbying industry in Canada. I think it is necessary for us to put that on the record in defence of so many of Canada's companies. In fact, during the course of its hearings the committee did not receive any concrete evidence to that effect. It was found that interest groups or lobbyists often play a very helpful role in the dissemination of information on matters of public policy.

• (1640)

Some very excellent guidelines for registration have already been recommended by the committee. This will certainly not be the final word, but it is an excellent framework. It is an excellent base upon which all of us together can build to put the proper legislation into place. Some of the complexities will be evident in the implementation, but I am pleased to analyse what the standing committee has done. I am pleased that it did not attempt to reinvent the wheel. It analyzed, in fair depth, what has happened in other countries.

In the United States, for example, there is legislation of the lobbying profession under the Federal Regulation of Lobbying Act which was enacted in 1946. With regard to the United States it is interesting to note that American efforts to regulate lobbying go back over 130 years when the House of Representatives passed a resolution requiring all lobbyists to register with the Clerk of the House. I am sure many Members of this House do not remember that. It is interesting as well to note that 42 of the 50 states of the United States have lobbying legislation, a great deal of it more stringent than that required at the federal level. The other eight states have rules in place which affect lobbying activity. Some of these states require monthly reports on lobbying activities while others require quarterly information publication. That is how the United States has dealt with this problem over the years.

The situation in West Germany is very interesting as well. In the Federal Republic of Germany the German Parliament, called the Bundestag or the Lower House, determined a need for a lobbyist register in 1981 and the Bundestag's Standing Orders list lobbyist registration requirements as an appendix.

The British Parliament, the mother of parliamentary systems, first examined the possibility of the registration of lobbyists in 1969 and concluded that it was impossible to find a satisfactory basis for a code of conduct since none such existed in the field of public relations generally.

The United Kingdom has two lobbyist associations, the Public Relations Consultants' Association and the Institute of Public Relations. Both groups have adopted their own code of conduct and have the power to expel members who violate it. It is interesting to note that the committee, under the chairmanship of the Hon. Member for Peace River, recommended that a self-regulating association be formed in Canada.

The Government in Australia implemented lobby registration rules by cabinet decision on a 12-month trial basis on March 30, 1984.

Some Members have alluded to what has taken place in other areas. It is extremely interesting and worthwhile for us to consider carefully that which has happened in other countries and the research which was done by the Hon. Members on this committee. Once again I would like to congratulate the members of the committee. I urge all Members of this House to support a Bill in this regard, not only by voting for it when the time comes but by giving carefully considered, ongoing,

genuine and practical support for what I know all Members will agree is a very good piece of legislation.

Hon. Herb Gray (Windsor West): Mr. Speaker, I think it is very useful that we are currently discussing the report of the committee with regard to lobbying. I have not had the opportunity to study the report in depth. I have just been looking over the recommendations. I would like to put a few comments on the record, really more by way of questions which I hope can be answered as we continue to study this very important issue.

I note that the committee recommends "the adoption and implementation of a system of registration of paid lobbyists". It goes on to provide a definition of lobbying which is very broad. It reads in part:

> We recommend that lobbying be defined as attempting to influence either directly or indirectly any governmental decision whether it be legislative or administrative.

The report goes on to say:

> We recommend that the act of lobbying government be specifically defined as to include:
>
> (a) attempting to influence the making or amending of legislation or regulations;
>
> (b) attempting to influence the making or changing of federal policies or programs;
>
> (c) attempting to influence federal decisions on the awarding of grants, contracts, contributions or any similar benefit;

The committee, apparently having studied the system of dealing with lobbying at the federal level in the United States, recommends that not only approaches to the executive but also approaches to Members of Parliament be considered to be activities within the definition of lobbying. The committee goes on to recommend:

> —that for the purpose of registration, lobbyist be defined generally to be anyone who for compensation engages in lobbying activities directed at the executive, bureaucracy, Members of the House of Commons, the Senate and their staff.

The report goes on to say:

> More specifically it includes:
>
> (a) those who for compensation represent third party interests directly or indirectly to government—
>
> (b) employees or officers of non-governmental business organizations, non-profit organizations, volunteer groups, single interest volunteer groups and foreign nationals—

Finally, and this is the aspect about which I particularly want to raise some questions, the recommendation says that for the purpose of registration, "lobbyists" should be defined to include:

> lawyers, accountants and other professionals when they represent clients in dealings with government primarily for the purpose of lobbying as defined in this Report.

All of us in this House have been approached from time to time by lawyers or accountants who express a point of view about legislation or an administrative decision on behalf of a particular client. As well, lawyers, accountants and other professionals will very often approach officials or Ministers, personally or in writing, to make a representation on behalf of a specific client with respect to government policy, legislation or, perhaps most often, to attempt to get a decision favourable to their client when the matter to be decided is within the administrative authority of the government Department or Minister pursuant to specific legislation.

Does the committee intend that each time a lawyer or an accountant writes to a Member of Parliament on behalf of a client to express a view about a specific piece of legislation or an administrative policy that lawyer has to register and disclose the information recommended by the committee report that registered lobbyists be required to disclose? In that regard the report states:

> We recommend that registered lobbyists be required to disclose:
>
> (a) their names; firm name, if applicable, and a contact person; addresses and telephone numbers;
>
> (b) names of clients and their place of business;
>
> (c) the issue or matter upon which the lobbying activity is to take place;

• (1650)

Does the committee intend that each time a lawyer or an accountant makes a representation on behalf of a client, say to the Department of National Revenue, with respect to tariff classification, that lawyer or accountant must come within the ambit of the system of registration and disclosure proposed by the committee? If this is what the committee intends, then literally thousands of people will have to register and disclose the information required. Must they do that just once, the first time they make such a representation? Must they do it each time they make a representation for an individual client? The report does not go into this.

Those who prepared the report will say that I have ignored the fact that the recommendation says that lawyers, accountants and other professionals have to register only when they represent clients in dealings with government primarily for the purpose of lobbying as defined in this report. Does "primarily" mean that the main line of work of a lawyer or accountant is to represent clients in making representations, to government or Members, or does it mean that if a lawyer or accountant works almost exclusively for a particular client in making representations, they have to register, but not if they represent a range of clients? Does it mean that if a particular retainer is for the purpose of making a representation they have to register, even though the other work they do for a client does not involve making representations to government?

I suggest that in acting on this report, which is very useful and calls for action on a matter which concerns all of us in the House and increasingly in the country, the committee might well be asked to study the matter further. If we do not want to delay acting on this problem of lobbying, then in making proposals to implement this report the Government and all Parties will have to look at this very seriously.

It is quite easy to see how the recommendations of this report would apply to a major industry association representing a particular industry sector. It is fairly easy to see how the recommendations in this report would apply to a firm of

consultants who are based in Ottawa and it is well understood that they would represent a number of clients on a number of different issues in making representations to government. It may well be that there are people who are qualified and hold themselves out as lawyers but are based in Ottawa and work solely or mainly in making representations to government and Members of Parliament about government policy or administrative decisions. I suggest it is fairly easy to see how and why the report of this committee can and should be applied when one looks at the whole government relations area as it is based in Ottawa, the nation's capital.

However, what does the committee intend with respect to lawyers and accountants in thousands of communities across the country who periodically may be called upon by a client, as part of their work, to write a letter to a department expressing a point of view on a Bill or to write a letter to a department making a representation for a certain type of administrative ruling? Are they subjecting themselves to the obligation of registration, and a sanction if they do not? Do their clients then have to have the information disclosed which is called for by the report of this committee?

I stated that I did not have the opportunity to study the report in detail, and have only looked at the recommendations earlier this afternoon. I am concerned that, while I share what I think is a common view in the House, more should be done to have a formal system of registration of lobbyists, and disclosure of their activities and the identity of those for whom they act. Not enough thought has been given to the application of the recommendations in this report to people who are accountants or lawyers, life underwriters, or those in a number of different occupations scattered all around the country.

Is it the intention of the committee that those people whom I have mentioned, scattered all across the country in communities large and small, will have to register and disclose the information mentioned in the committee report? Will there be a situation in which very large companies that have the funds to hire permanent staff who will do nothing but carry on government relations work will not have to register these people or disclose any of the information set out in the report? If so, large private firms which may well be in a position to have an impact that we should know about on government policy or administrative decisions will not be touched by this lobbying registration and disclosure proposal, but a small local business with a handful of employees, which does not have the staff or competency to make representation but must go to its lawyer or accountant, will then be covered by this legislation and will have to disclose the information, even though on an individual basis it will not be considered to have the clout to make an impact on public policy. Yet the large companies in this country will have the budget to hire full-time employees to carry out lobbying, or government relations work, and will not be caught by this measure at all. I believe this is a gap in the proposal that must be considered.

I think it is clear that there is a sentiment in the House, which is reflected by the reference of this issue to a committee, that more must be done to identify those people and the people for whom they work, whose job it is primarily to try to influence government policy and have an effect on administrative decisions. While this consensus is emerging, I do not think it necessarily means that those in the House who form part of that consensus believe that the concept of lobbying is necessarily wrong or harmful. It is part of a free and democratic society that individuals or groups, on their own or through people acting on their behalf, should have the right to petition government and Members of Parliament to express their views about government policy or government administrative decisions. I suppose it is also recognized that this concept, which I believe should be a legitimate part of the political process, can go off the rails, be the subject of abuse and the subject of what may be an improper influence on government policy and decisions. We need a better system in place to deal with this problem.

I think the report is very useful. I do not often commend the Government for very much, especially these days, but I think the Government should be commended for making the time available for this debate. I hope my comments have contributed, not only to the debate but toward working out a valid and effective system to deal with lobbying. It should be a system which recognizes the right of people to approach government. We should not create something so cumbersome and detailed that it may catch tens of thousands of people and subject them to sanctions, when all they are trying to do is carry out their democratic right of approaching Government, while allowing very large firms that may be in a position to have an impact on Government that should be disclosed, to escape completely from the purview of a system of disclosure in the registration of lobbyists.

[*Translation*]

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to the consideration of Private Members' Business, as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--PUBLIC BILLS

[*English*]

NON-SMOKERS' HEALTH ACT

MEASURE TO ENACT

The House resumed from January 23, consideration of the motion of Ms. McDonald (Broadview—Greenwood) that Bill C-204, an Act to regulate smoking in the federal workplace and on common carriers and to amend the Hazardous Products Act in relation to cigarette advertising, be read the second time and referred to a legislative committee.

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I appreciate the opportunity

to speak today on this legislation. The whole thrust of this legislation, which is supported by the New Democratic Party, the Liberal Party, cancer societies and anti-smoking groups, is to create a smoke-free Canada by legislating smoking out of Canadian life. But have we forgotten the Charter of Rights, the freedom of choice, the right of the corner store to survive, where some 70 per cent of its income is from confections and cigarettes? Have we forgotten the rights of people to prosper, to work, to raise a family and to be proud? These are the rights of a group of people I would like to address today, the Canadian tobacco farmers. These are people who over generations have developed blow sand into soil and developed a healthy plant from a weed. In most cases they were immigrants who became the proudest of Canadians. No one faulted them back then. They received nothing but praise for their contribution to agriculture and to their country. Tobacco turned into a valuable commodity. Billions of dollars were made and billions of dollars were taxed but those billions of dollars were not for the farmer. Families from all over Canada came to work. Students paid their way through university working in the fields. Cigarette manufacturers developed empires. Wholesalers built businesses. Corner stores flourished, and vending machine operators haven't done badly either.

The industry employs some 62,000 people across Canada. Consumer spending provides over $6 billion to the Canadian economy. Federal and provincial Governments collect over $4 billion a year in taxes. But what about the farmer? He receives six cents out of a $3 package of cigarettes. We have now ascertained that smoking is a health risk. I do not think that finding is questioned any longer in Canada. However, we now have a group in society, once admired for their hard work, dedication, ingenuity, and perseverence, who have all of a sudden become outcasts. No one thought of this problem back then. Farms that at one time were worth $500,000 to $1 million cannot be sold. Their agricultural peers are downgrading these farmers. Society is shunning them. Governments are taxing and legislating them out of business.

In the tobacco growing areas of Canada we have bankruptcies, family breakdowns and suicides. What about those farmers? What about the 2,600 dedicated tobacco farmers in Canada? What does the legislation do for them?

The Minister of Agriculture (Mr. Wise) is attempting to help. If it had not been for his intervention, the 1985 crop would not have been sold. He provided $90 million in advance crop payments last year, many times what had been provided in the past, and he will be providing $65 million this year. The capital gains exemption, fuel tax rebate and rural transition program are welcome moves.

The Minister of Finance (Mr. Wilson) provided taxation to fund a REDUX program, some $30 million in last year's Budget. That was the first time the tobacco farmers' plight was ever recognized in a Budget Speech.

The Minister of Agriculture is announcing today the establishment of an alternate enterprise initiative program to assist diversification initiatives in the tobacco growing regions of Canada. It is a program to develop a co-operative approach towards increasing the production and marketing of alternate crops without causing significant disruption to existing Canadian primary production. This $15 million program will focus on the development of new crops, production technologies, marketing and processing opportunities. It is the first part of the $30 million tobacco diversification plan announced in the 1986 Budget. The results of discussions with the industry on the second part should be announced in the near future. I applaud this very positive step developed through co-operation at the federal grower level.

It is obvious that the inevitable is happening. The demand for this product is shrinking fast. Tobacco farmers have been told that their product is not wanted in Canada, but they are also being told, "We do not want you to export health risks to Third World developing nations either". Eighty-six per cent of Canadian tobacco exports go to developed nations headed by the United States, the United Kingdom and Germany. It is hard for the growers to understand why Canada will not support the export of a crop which some other country will then provide.

Alternate crops are being looked for, something to reduce the growers' dependency on tobacco. But what can one grow on 100 acres which will pay a $500,000 mortgage? At the present time much work is being done to research alternate crops, alternate crop processing, and alternate crop marketing. However, time and money are needed and these are two commodities of which they are short. Even with the assistance provided to date by the Government, more than was ever provided in the past, some 500 to 700 farmers will be forced out of tobacco production this year.

I offer, Mr. Speaker, first, that as long as Canadians smoke, let Canadian tobacco farmers have the right to grow the tobacco. Second, as long as we, society, the provinces, and the federal Government, tax and legislate tobacco farmers out of business, we have an obligation to assist them. If my colleague the Minister of Finance does anything with the special tax levied on cigarettes last year to assist these people, I hope he uses it to increase the funds available. Let us provide the tobacco farmers the needed time and money to alter their direction. Sure, they demonstrated and protested. They want to survive. They want the right to do what they trained for and what they do well. I ask my colleagues if they would not fight for their business, home, family, and future if the whole country seemed to be against them? I urge my colleagues on both sides of the House to consider this one comment; do not turn your backs on this group of proud Canadians.

• (1710)

Mr. Dan Heap (Spadina): Mr. Speaker, I am pleased to have an opportunity to speak to Bill C-204, which is a Bill to regulate smoking in the federal workplace and on common carriers and to amend the Hazardous Products Act in relation to cigarette advertising.

The Hon. Member who just spoke did so very eloquently. He spoke about the needs and, as he sees it, the rights of those 62,000 people who grow, manufacture and retail tobacco in Canada and whose product generates $4 billion in taxes.

Mr. Bradley: The rights of the growers.

Mr. Heap: The Hon. Member spoke about the rights in terms of the Charter. He does not give any clear direction as to what he wants to do with respect to the rights of people who are being adversely affected by the tobacco industry and the use of its products. He has suggested that there is an absolute right to grow, manufacture, sell and smoke tobacco. In fact, he seems to claim that that is a Charter right. I question his reasoning on that point. I do not think there is any such absolute right. There are very few absolute rights.

If we are to talk about rights I say that the right to health is much more fundamental than the right to be a tobacco farmer, a Member of Parliament, or the driver of an automobile which emits lead into the air which pollutes our cities. There are many activities which can be challenged for their effect on other people. The right to pursue them cannot be considered absolute without considering their effects on other people.

The whole reason for the campaign in the matter of smoking is the effect on other people. We are told about the number of people and the number of dollars reflected on the part of growers, manufacturers and retailers. But what has to be weighed against that is the fact that tobacco is associated with more deaths and illnesses than any other single product in our country. Some 35,000 people in Canada die every year from tobacco-related diseases. That is more than the number of people who produce tobacco. I hope the Hon. Member does not seriously argue that 26,000 farmers should be allowed to contribute to the deaths of 35,000 people. By making such an absolute claim to rights that is the logic he is putting forward.

The ill effects of tobacco smoke are a preventable health hazard. Some health hazards are not preventable but this one is. It is estimated that tobacco smoking costs the country $8 billion per year. That is to say, when we reckon the cost of health care for tobacco-related illnesses, the cost of supporting the disabled, the cost with respect to fire damage and the cost of forgone income, it has been estimated that it costs $8 billion to our economy. In other words, that figure is double the $4 billion that we collect in taxes. This figure does not include the costs of pensions to families of smokers who die prematurely from heart disease, lung cancer or emphysema.

I commend the work of the Government in using our tax dollars to assist tobacco farmers to move out of the tobacco industry. Likewise, there should be a move to assist the tobacco manufacturers and the retailers to move into other industries. However, I do not think that the manufacturers are very poor. I think they are among the biggest corporations, if not the biggest monopolies, on this continent, judging by the number of other industries, such as the beer industry, which they buy. I think there may be a need to help the growers, which is being done. There may be a need to help the retailers if, in fact, two-thirds of a retailer's business depends on tobacco, which is not exactly what the Hon. Member said but what he implied. To suggest, and he left this open, that we should hold back on the protection of the health of people is not a reasonable way to balance rights, the right to health against the right to follow a particular occupation which has, unfortunately, been shown to be harmful to other people's health.

What we have here is not a total prohibition of tobacco in Canada. It is not, as the previous speaker said, a smoke-free Canada Bill. It is a Bill to protect people in the workplace against being compelled to breathe other people's tobacco smoke. We have found through the medical evidence accumulated over the years that being compelled to breathe other people's tobacco smoke, second-hand smoke, is a very serious health hazard and causes sickness and even death. We are asking that workers be protected against that within the jurisdiction of the Government.

What we have is a Bill that would provide the following:

> No person shall smoke in any office or other work space provided by an employer, outside of a designated smoking room.

That does not mean no smoking. It means no smoking except where it is permitted by the employer. People who want to avoid smoke are then enabled to avoid it. People have the right to breathe non-poisonous air to the extent that removing tobacco smoke removes a very serious poison from the air.

The Bill goes on in Clause 5 to provide the same freedom on an aircraft, a ship, a railway car or motor vehicle operated under federal transportation legislation. That is to say if people choose to travel they should be able to do so without breathing poison from tobacco smoke.

If the tobacco industry can find customers elsewhere through legitimate means, not poisoning their neighbours at work or in travel, this Bill does not hinder it. However, the Bill does restrict the tobacco industry in one further way. It is in a way with which I have full sympathy. It would amend the Hazardous Products Act so as to forbid the advertising of tobacco. This is done for a very serious reason. Quite evidently, the advertising of tobacco is aimed primarily at young people. Older people are quitting smoking. The tobacco industry is busy recruiting young and inexperienced people by putting up very expensive and alluring ads in the knowledge that if they get a person hooked young he or she will find it very, very difficult to kick the habit in later years. A general finding is that the younger a person is hooked, the harder it is to kick the habit. The advertising is aimed at making it look fashionable, chic, smart and healthy. The industry has even tried to use some of the sports events to advertise the glories of smoking tobacco. That would be restricted by this Bill, and so it should. In other words, people should not be taking advantage, particularly of those who have not reached years of discretion, which is what is being done with tobacco advertising.

• (1720)

I hope that the Members of this House will consider the strong support that this Bill is receiving. The Hon. Member who just spoke referred to that, obviously with the feeling that that represents a danger to the tobacco industry. We should be more concerned in recognizing that that widespread support represents the possibility of health to tobacco smokers, the possibility that at last there will be the necessary public support to enable people to participate in the public life of this country, including work and travel, without being forced to inhale somebody else's tobacco smoke poison. It is a fundamental right that we are asking for all people of Canada to have the choice. If they wish to go away on their own and poison themselves with tobacco, it will still be possible. We are only asking that they should not be compelled to do that so that other people can make money. As it turns out, there are better ways to earn a living.

Mr. Girve Fretz (Erie): Mr. Speaker, I am grateful for the opportunity to speak to Bill C-204. Before I rose, I had a problem listening to the debate because of the hacking of a colleague who sits near me—obviously he has a smoker's cough. I wish to do everything that I can to encourage people not to smoke.

Second-Hand Smoke Hurts was the theme for this year's National Non-smoking Week January 15 to 21. National Non-smoking Week is an annual event whereby a nation-wide public education campaign on non-smoking is co-ordinated by the Canadian Council on Smoking and Health. Recent evidence has confirmed that it is not just active smokers who are harmed by tobacco smoke. Damage to health is suffered by all who share indoor space with smokers, particularly when they are exposed to smoke for long periods of time in the home, at work, or in the office. For example, a recent report from the United States' Surgeon General indicated that one hour spent by non-smokers in a smoke-filled room may be equivalent to someone smoking five to 30 cigarettes.

Tobacco smoke exposure presents serious special risks for our children. Parents can play a major role in ensuring a healthy smoke-free environment for their children and themselves by quitting smoking, if they smoke. This will also help to provide a positive non-smoking model for children which will encourage them to remain non-smokers as they grow to adulthood.

A survey conducted in the Department of National Health and Welfare a year ago indicated that more than half of the employees were bothered by smoke and, indeed, an overwhelming majority of those, including the smokers, supported the implementation of a smoking restriction policy. A departmental policy has been in effect for one year and has been enthusiastically received by Health and Welfare employees across the country.

In Canada as a whole, over 65 per cent of the workforce today are non-smokers. Increasingly they are asking for a working environment that protects them from the health hazards associated with involuntary exposure to tobacco smoke. Fortunately, a rapidly growing number of employers in both the public and the private sector are responding by taking steps to restrict smoking at their work sites. While these actions are a good start, much remains to be done to ensure that all Canadian employees enjoy a smoke-free workplace. Restriction of smoking in the workplace is one necessary component of a comprehensive approach to the problem of second-hand smoke.

This past November at an international conference on health promotion, held here in Ottawa, the discussion document *Achieving Health for All: A Framework for Health Promotion* was released by the Minister of National Health and Welfare (Mr. Epp). In that paper the need to create environments that are conducive to health through the advocacy and implementation of healthy public policy was emphasized.

A good example of this strategy is the work at the federal level to develop an integrated tobacco policy. All aspects of tobacco product marketing, including such matters as stronger more visible health warning labels and the possibility of restricting cigarette advertising, are under active review by the Minister of National Health and Welfare. The Minister has met with both Canadian tobacco manufacturers and health groups to discuss ways to strengthen or replace the existing voluntary code. This week on the news I heard that *The Toronto Star* is no longer accepting cigarette advertising. I believe this makes the fourth paper in Canada to do so.

The Minister of Agriculture (Mr. Wise) is studying options to reduce any economic hardships suffered by tobacco growers in response to the slowly declining demand for tobacco products. The Minister of Transport (Mr. Crosbie) has proposed federal regulations which would eliminate passenger smoking on commercial flights that last less than two hours. Public comment is being invited on these proposed regulations. Air Canada and several regional air carriers, as well as VIA Rail and several inter-city bus lines have recently acted to provide greater protection from tobacco smoke in their vehicles. I am optimistic that transportation companies will be making even greater efforts in this direction in the near future.

Municipal governments have succeeded in limiting smoking in public places in about 40 cities in Canada. Quebec has become the first to enact provincial legislation concerning tobacco smoke in public places. Other initiatives of groups such as the Canadian Heart Foundation, whose smoke-free space for kids program has encouraged more than 400 schools to become smoke-free, should be commended. The work of the Canadian Lung Association, the Canadian Cancer Society, and the Non-smokers' Rights Association in the promotion of smoke-free workplaces should also be applauded. The Canadian Council on Smoking and Health should be congratulated for bringing the important issue of second-hand smoke into public view during National Non-smoking Week.

A major national collaborative initiative to combat smoking is the national program to reduce tobacco use. This is a joint

effort of the federal, provincial, and territorial governments together with several major non-government oranizations, including the Canadian Council on Smoking and Health, the Canadian Public Health Association, Canadian Medical Association, Canadian Lung Association, Canadian Cancer Society, Canadian Heart Foundation, and Physicians for a Smoke Free Canada. The goals of this program which was launched in October, 1985 are to protect the health and the rights of non-smokers; to help non-smokers stay smoke-free; and to help smokers wishing to quit smoking to do so. These are laudable goals. The first stage of the program involved the launching of the youth oriented national advertising and promotion campaign using the theme, "Break free for a new generation of non-smokers".

A recent article in *The Ottawa Citizen* suggested that this campaign is not having an effect among Canadian youth. In fact, this campaign has achieved considerable success in reaching 12 to 17 year olds, the age group where major decisions are being made. Some of the findings from the 1986 evaluation of the campaign, which were misinterpreted in this article, indicate that 57 per cent of 12 to 17 year olds were aware of the campaign, which at the time of the survey had only run for about eight weeks. Furthermore, the intended messages of the campaign were clearly evident to youth who interpreted it as saying, stop smoking now, don't smoke at all, and don't start to smoke. The guide has been produced for use by program members and others at the local level regarding ways in which groups can become active in promoting this program. Initial steps have also been taken to involve the private sector in promoting the non-smoking message.

• (1730)

I got your signal, Mr. Speaker, and realize I only have 25 minutes more so I will hasten to conclude.

I am very pleased by the positive response from many of the companies approached to date, and I urge other businesses to get involved in their communities. Other program activities include the identification of several education programs ranging from prevention of smoking among teenage youth to smoking reduction in the workplace.

In conclusion, the attainment of a smoke-free Canada will be a triumph of Canadians everywhere. I am confident that by the afore-mentioned initiatives and other related activities this goal can be achieved.

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am glad to have an opportunity this afternoon to speak to Bill C-204. If I appear to be out of breath it is because I got here at the last minute to join in the debate, but I did want to take a few minutes to express support for Bill C-204 introduced by the Hon. Member for Broadview—Greenwood (Ms. McDonald).

[*English*]

I would like to congratulate the Hon. Member for Broadview—Greenwood (Ms. McDonald) for the effort she is putting into this Bill. I said this to the Hon. Member before, but I know she has, shall I say, much less tolerance for smokers than perhaps some other people do. She has a religious fervour of sorts for this measure she is proposing and I congratulate her for that. I know there are several of us who do not smoke and have smoke puffed in our face quite often. Sometimes, because we are in elected office, we do not dare say anything, but we should on occasion. I know that is not the case with the Hon. Member, so I am told by several people. I will not describe the kinds of meetings where she has told people to butt out, but I am sure some of her colleagues could attest to the fact there have been such occasions. At least so I have heard.

The important point is that we often hear on radio commercials dealing with this subject. I was listening to CKO this morning and there was a commercial from Health and Welfare Canada. It was very well done. It said that if someone was burning trash in their backyard and polluting everyone else, the municipal authorities would fine them. That is quite true in a number of localities. If someone was poisoning the air for someone else we would not put up with it. Yet at the same time many people are smoking and causing that kind of harm to themselves and others around them. The interesting point is that the commercial ends by saying "It is enough to take your breath away". Obviously it is, literally speaking.

[*Translation*]

Mr. Speaker, I quit smoking myself about fifteen years ago and I can assure you that the presence of smoke around us is becoming ever more difficult to accept despite the fact that some of us do tolerate it, even though we should not. Statistics make it obvious that similar efforts must be made to reduce the number of opportunities people have to smoke, not only to protect their own health but, more important still, the health of people around them.

[*English*]

There are some diseases which are almost totally and exclusively caused by the fact that people smoke. That is very unfortunate. On the other hand, some people tell us that Governments need the revenue which the tax on cigarette tobacco produces. With those who subscribe to that theory I have to disagree profoundly. First, the health costs associated with the diseases caused by smoking far exceed any revenue the Government could ever hope to generate from the tobacco tax. That has been proven so many times that we need not go into it now in further detail. The other fact is that there is really no price to be put on good health. All of us know, particularly those of us who have had family members get sick, or have been sick ourselves, that we do not know how well we are until we are sick. Then we know just how precious health is. Unfortunately, too many people who smoke do not always give this fact the kind of attention they should.

I have a few small concerns about the Bill. They do not in any way take away from my intention of supporting its general thrust. But I bring to the attention of the House that in my view there should be some sort of exception clauses to make it more realistic and suitable to circumstances. Let us say we are talking about a building with a designated smoking room. Perhaps because of the size of certain buildings there should be some exceptions. I am thinking that it would not be necessary to have a separate smoking area for two people working in an airplane hangar or something like that. There has to be some kind of practical adjustment to make the Bill a little more functional. I want to caution Members of the House that it may require some mild amendments like that, friendly amendments, but that does not take away from the fact that I intend to support the Bill.

[*Translation*]

Mr. Speaker, I would rather not use up all the time allocated to me today. One of the reasons is that I hope this Bill will be given second reading and sent to a parliamentary committee so that we might make a detailed study and propose certain amendments which might be necessary. In any event, I know other Members intend to express their views on this measure. Therefore I yield the floor to other Members who, I am sure, will also make an important contribution to this debate.

• (1740)

Mrs. Carole Jacques (Montreal—Mercier): Mr. Speaker, cigarette smoking is emerging as a major public health concern for many Canadians probably because smoking can cause illness and shorten our life expectancy and because it is a habit that is difficult to break and becomes addictive. The public is also increasingly aware of the fact that smoking is not only bad for smokers. The latest research has shown that smoke produced by others, known as sidestream or secondary smoke, may be the cause of low birth weight and fetal injury. It can also cause respiratory illness in children and lung cancer in subjects exposed to sidestream smoke for long periods, for instance in the home or at work. As a result of this growing awareness of the effects of smoking, the public wants action to be taken on several issues, including cigarette advertising and exposure to sidestream smoke in public vehicles and at work.

The Hon. Member for Broadview—Greenwood (Ms. McDonald) is to be commended for presenting a Bill whose purpose is to reduce tobacco consumption and protect the public from involuntary exposure to sidestream smoke. I support the spirit and the intent of the Bill, and I would like to start with a few comments on tobacco advertising.

The Association for Non-Smokers' Rights has documented numerous violations of the voluntary code that manufacturers of tobacco products have agreed to apply to advertising and promotion, including advertising tobacco products on billboards and in stores within less than 200 metres of school property.

In 1986, the "Tempo" cigarette ad campaign aroused public concern. In my view, the campaign was clearly directed at recruiting new smokers among Canadian youth, thus violating the voluntary advertising code. The new 15-cigarette Export A pack has also been cause for concern, since the cheaper price makes this product more accessible to young Canadians. Unfortunately, in a declining tobacco market we can expect an increasing number of these questionable advertising and promotion campaigns.

For some time there has been concern that a product as dangerous as tobacco should a subject of promotion and advertizing campaigns, especially since the ad associate tobacco with a healthy, exciting and glamorous lifestyle, make tobacco products more attractive to young people and generally legitimize tobacco use. In fact, a number of Canadian magazines and newspapers, including the Kingston *Whig-Standard*, the Brockville *Recorder and Times*, the *Globe and Mail* and the *Toronto Star*, are now refusing to accept tobacco advertising because they believe it is unethical to advertise a product that is so clearly hazardous and addictive, and they are to be commended for doing so.

Although voluntary commitments by the Canadian Tobacco Manufacturers Council have been successful in limiting tobacco advertising to a certain extent and have also included the printing of health warnings on cigarette packs and reducing tar and carbon monoxide levels produced by cigarettes, the violations of the Code prove that the self-regulating approach is not ideal. Without provisions for enforcement, manufacturers are under no obligation whatsoever to observe this Code.

The federal Government has met with representatives of the Canadian Tobacco Manufacturers Council with a view to taking stronger action on tobacco advertising and promotion. Of special concern are the issues of lifestyle advertising and promotion aimed at teenagers and adults, the effectiveness of current health warnings, and the effectiveness of current compliance procedures. A number of options are being considered for restricting tobacco advertising, and I am very sure, Mr. Speaker, that this Government will be introducing further measures in the near future.

Another major point is involuntary exposure to cigarette smoke. I think we should realize that more and more, Canadians are demanding smoke-free areas, especially at work, in public vehicles and other public places such as restaurants, hospitals and retail stores.

A good many public and private sector initiatives designed to establish smoke-free areas have made it possible to protect the Canadian public against the hazards of involuntary contact with the tobacco smoke of other people. We should all commend the efforts of Canadians who have taken such initiatives.

As to smoking on public transport systems, several major bus transport companies, including Greyhound, Gray Coach, *Voyageur*, Canadian Coach and Pacific Coach, now offer services reserved for non-smokers only on many routes. As well, most major cities have banned smoking on municipal

buses. Carriers such as Air Maritime, NorOntair, Time Air and Air Nova have flights for non-smokers and, for a few months now, most Air Canada Rapidair flights within the Toronto-Ottawa-Montreal triangle have been reserved for non-smokers. Last month, in response to public pressure, VIA Rail management decided to run cars for non-smokers on all but five of their routes, and all their coaches also have seats reserved for non-smokers. Better still, recently the Minister of Transport announced a proposed regulation to ban smoking on Canadian aircraft on domestic and transborder flights of two hours or less. Mr. Speaker, this measure marks another decisive phase in a series of concerted efforts to protect the travelling public against the hazards of involuntary exposure to sidestream smoke.

More and more employers are establishing policies which restrict smoking in the workplace. For example, Boeing, the Insurance Corporation of British Columbia and a variety of other companies have adopted as their goal a smoke-free workplace and are moving in that direction. Bata Industries Limited has already entirely banned smoking on the job. Municipalities such as the City of Ottawa are banning smoking at work stations and are working toward a complete ban on smoking in the workplace.

According to the Institute for Occupational Smoking Policy at the University of Seattle, employers who allow smoking in the workplace have much higher costs related to employee absenteeism, property damage and maintenance. Employees who smoke spend 6 per cent of their working hours on this ritual. Obviously, every employee who does not smoke on the job is a definite asset to the employer. Banning smoking from the workplace has other advantages as well. Some employers have observed that in addition to protecting their employees against the hazards of tobacco smoke and saving on maintenance costs, the restrictions imposed on smokers at work greatly improved employee morale.

Mr. Speaker, most major cities in Canada impose smoking restrictions in other public areas and gradually pass ever stricter by-laws in this respect.

This year Quebec enacted legislation to restrict smoking in various public places. It is a first at the provincial level. The Quebec legislation has two major aspects. First, smoking is banned or restricted to certain designated areas in government offices, hospitals, schools, public transit vehicles, and many other public buildings. Second, municipalities are authorized to pass additional smoking by-laws applicable to places under their jurisdiction. Quite a few municipal councils have taken this opportunity to adopt even stricter regulations which were not covered under the earlier provisions so as to restrict smoking in public areas, particularly places of work.

The federal administration has also made a special effort to designate rooms where smoking is prohibited in its offices. Considering that employee exposure to the tobacco smoke of others is not in keeping with the over-all objective, which is to maintain a healthy working climate, and that employees want to have much stiffer restrictions in that respect, a number of Departments have decided to restrict smoking in their offices. Among others I might mention the Office of the Auditor General, the Department of Regional Industrial Expansion, the Department of National Health and Welfare, Statistics Canada, the National Research Council, the National Library Catalogue Division, and the Public Service Commission. In addition, the National Joint Council, an employer-union organization, is now considering various ways to strengthen the policy governing the use of tobacco in federal workplaces. For example, Mr. Speaker, last week Petro-Canada management announced smoking restrictions in their offices and facilities. Thus the federal administration is making an effort to promote smoke-free workplaces and leading the way for employers who have not yet implemented this kind of policy.

Although the federal Government has already established policies and programs aimed at restricting tobacco use, we can expect to see much more comprehensive measures to protect the public against exposure to the smoke of others, as well as restrictions concerning current tobacco marketing practices.

• (1750)

[*English*]

Mr. Geoff Scott (Hamilton—Wentworth): Mr. Speaker, I rise this afternoon to say two things. First, I fully support Bill C-204 and I commend the Hon. Member for Broadview—Greenwood (Ms. McDonald) for daring to be the first elected representative in the history of this place to deal with a danger which has affected us throughout the history of Parliament. Second, let me assure my esteemed colleague and true friend in connection with this and other causes we share that I do not enter this debate as a result of her friendly but forceful persuasion. I support this Bill because of long, bitter and sometimes hilarious experience in the more than a quarter of a century it has taken me to realize that smoking can indeed be dangerous to one's health.

It will come as no staggering surprise to anyone who knows me that I enjoy a pipe. Hon. Members rarely see me without a pipe, unlit but always at hand, even in this Chamber, as a kind of crutch, a prop, or, as the late, great Prime Minister John Diefenbaker used to kid me, "It gives you that something, that sense of sobriety which isn't always present in the journalistic community". The former Right Hon. Member for Prince Albert was correct way back then.

As a Member of this House, I admit that the pipe may provide an image, though not for the reasons Mr. Diefenbaker mentioned. Indeed, as the Hon. Member for Broadview—Greenwood notes with horror at the commencement of every Standing and Special Parliamentary Committee on which we have participated, my pipe sits in an ashtray at the Chairperson's place and invariably she remarks, "You're not going to light that, are you, Mr. Chairman?" The answer has always been no and the answer here, Lynn, is also no.

I guess this is as good a time as any to recount an experience I had in a previous workplace, an experience which seemed very funny at the time to the distinguished person involved but

which almost proved to be extremely hazardous to me. The people involved in this episode were my friend, Bob Hull, former Ottawa Bureau Chief of the *Windsor Star*, myself, then President of the Parliamentary Press Gallery and Her Majesty, Queen Elizabeth II. The workplace on this occasion in 1973 was Government House. The occasion was an official reception for the media in honour of Her Majesty given by Governor General Roland Michener in the tent room at Rideau Hall.

As executives of the Press Gallery, Mr. Hull and I were among the first to be presented to the Queen and His Excellency and then we were ushered into the elaborately decorated tent room for drinks and chatter until the Royal Party joined us. Bob Hull and I were advised to station ourselves right next to the entrance to the tent room in order to welcome Her Majesty and escort her informally through the growing throng of media people.

Both Bob Hull and I were pipe smokers and, as we lit up and a waiter handed us our drinks, Bob only had time to get out the question, "Now that we've gone through the receiving line and we're all here informally, are we allowed to smoke and drink in front of the Queen? I mean, what do we do if she—" and she did, Mr. Speaker.

Out of the corner of my eye, I was aware that an elegant, diminutive lady, all by herself, was approaching the two of us. Three things happened all at once. I stiffened and whispered to Bob, "Stash it, she's here". My friend found a nearby shelf with an ashtray and was able to dispose of his pipe and his drink in time to fold his hands neatly and say hello to Her Majesty. I was not so lucky. I plunged my pipe into my coat pocket and whipped back my right arm with the drink in my hand and said, without looking, "Here, somebody please take this". Not exactly composed, I then proceeded to join in the conversation with Her Majesty. Suddenly she started to laugh. I know that the British and especially the Royal family have a great sense of humour but I did not recall having said anything that funny or looking particularly funny. And then I smelled it. By now the Queen was in near hysterics as aides materialized out of nowhere asking her if something was wrong. Queen Elizabeth could only get out, through her uncontrollable giggling, "No, not with me, but sir," she said to me, "will you please take that infernal pipe out of your pocket or you'll burn the whole place down". I stabbed my finger into the smouldering pipe bowl, and as the ever-present aide rushed up with a damp napkin to stifle the rising column of smoke, the Queen continued, "And now, look who you just handed your drink to". There was His Excellency, Governor General Roland Michener, standing with two drinks, his and mine, muttering, "It's all right, Geoff, I'm just a supernumerary around here when Her Majesty is around. It's just part of the job".

So many millions of Canadians regard smoking as just part of the job. A number of colleagues from all sides of the House have presented detailed and valid reasons to persuade Canadians to change the way that smoking is considered to be just part of the job.

The first charge that could be levelled at such a piece of legislation as Bill C-204 is that it tramples on the rights of individuals. In my view, this Bill is not interventionist and does not trample on the rights of individuals. The statistics fly in the face of any such argument. Statistics show that smoking is the greatest cause of preventable death. Smoking accounts for almost 20 per cent of Canadian deaths, killing more Canadians than alcohol, car accidents, violence, drugs, suicides and poisoning combined. Smoking kills 32,000 Canadians every year. Four million Canadians will die from the effects of tobacco products and each smoker will die, on average, eight years prematurely.

There is a growing awareness of the dangers of second-hand smoke. A recent Health and Welfare study found that one in five Canadians has a serious medical condition which is aggravated by second-hand smoke. Other Hon. Members have mentioned that those who have asthma, emphysema or heart disease, will substantiate that. Health and Welfare Canada also estimated that 1,050 non-smoking Canadians will die from lung cancer, perhaps one-half of them from second-hand smoke.

With regard to the economic costs of smoking, Health and Welfare Canada estimated that the cost associated with smoking is twice as high as the revenue from tobacco taxation. The Health and Welfare study pointed out that the economic costs of tobacco use in terms of mortality, disability, fire damage, direct hospitalization and physicians' fees is $7.12 billion versus $4.2 billion in economic revenue from the tobacco industry.

By debating this kind of legislation, we are not trampling on people's lives. We are trying to address the case of the majority. Two-thirds of Canadians do not smoke. We are only trying to minimize the effects of smoking on both smokers and non-smokers. I do not think any Canadian would object to that as long as the legislation allows those who wish to smoke to do so. No one is trying to remove that right from those individuals because we do live in a free society.

There is no question that passage of Bill C-204 and the proclamation of this law will be an immensely important signal to employers and to Canadians generally that an official new awareness has dawned concerning smoking in the workplace. The legislation will only be meaningful in the long run in the ways it is followed up in practice.

I wonder if the historic measure the Hon. Member for Broadview—Greenwood is hoping to pass in the very near future will not have achieved its main purpose initially by being simply a clear signal, a symbol, a beacon, if you wish, that employers had better start recognizing the problem of the non-smoker. Sometimes it does not take the force of law to bring about that kind of change, at least in some areas. We have found a simple answer in the Standing Committee on Secretary of State. We simply removed all ashtrays permanently. People do not mind stepping out into the hall to light up. I do not notice fewer passengers flying the one or two-hour non-smoking Air Canada flights since Transport Canada

brought in that regulation. Smoking on an aircraft has always been a crazy hazard anyway. Now I sense that folks are beginning to appreciate a smoke-free environment in the air.

In short, and in conclusion, the idea of a smoke-free environment is seeping into the minds of walking smoke stacks such as those we find in this very Chamber. Moments before entering the House I saw my colleague, the Hon. Member for Western Arctic (Mr. Nickerson), sitting all alone in the huge, leather-chaired lobby of the Confederation Building puffing away on his cigarette. He had just decreed a no-smoking rule in his office and had to abide by it with his lonely vigil of the sixth floor of the Confederation Building. If my friend from Western Arctic can respect other's wishes in this workplace, anyone can.

Again, I commend the Hon. Member for Broadview—Greenwood for presenting a basically sound Bill, one that I will be happy to support when this historic measure is brought to a vote.

[*Translation*]

Mr. Deputy Speaker: The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2) this order shall be dropped to the bottom of the order of precedence on the Order Paper.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

LABOUR RELATIONS—WORKER'S PAY CHEQUES—REQUEST FOR EXPLANATION CONCERNING CERTAIN DEDUCTIONS MADE AT SOURCE

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, last Friday on February 6, 1987, I stated before the House my concern about the NDP's funding sources. In raising this issue in the House, I referred to a 123-page judgment of the Ontario Supreme Court, handed down on July 7, 1986 by Mr. Justice John White.

In his judgment, Judge White of the Ontario Supreme Court referred to representations that were made before the Court at the request of a teacher at a college in Haileybury, Mr. Mervyn Lavigne. Mr. Lavigne's employer was deducting from his salary the union dues payable by all college employees, in accordance with the Rand formula.

The Rand formula obliges employees who decline membership in the union to pay the same dues as union members. The complainant in this case, Mr. Lavigne, did not object to the Rand formula as such but, under the Canadian Charter of Rights and Freedoms, he objected to the fact that part of his dues was not used exclusively for union business but for other purposes, including, and that is what is at issue today, contributions to the NDP. Mr. Speaker, it is common knowledge that the NDP gets a significant part of its funds from the unions.

Mr. Lavigne and his counsel argued the case before the Ontario Supreme Court and were able to prove to the satisfaction of the judge that under our Canadian Charter of Rights and Freedoms, unions could not use funds raised in this way from Canadian workers for purposes other than union business.

Mr. Speaker, considering that as a result of the decision by Judge White of the Supreme Court of Ontario, the NDP finds itself in a rather uneasy situation with respect to fund-raising, and also considering that this case will probably go to the highest court in the land, the Supreme Court of Canada, I want to ask today, on the floor of this House, that every Member of the NDP cease to use union funds contributed by Canadian workers to support their party's finances.

To be more specific, Mr. Speaker, I am not suggesting that the NDP pay back to the unions the funds they have in their treasury at this time, but I think party officials would be showing their good faith if they put in trust the funds derived from the contributions referred to in the decision by the Supreme Court of Ontario. These amounts should be held in trust, first to protect our workers, and second, to comply with the Canadian Charter of Rights and Freedoms.

If the leader of the socialist party, the Hon. Member for Oshawa (Mr. Broadbent), really wants to be honest and to maintain the reputation for clarity and credibility he wants for his Party, he should immediately explain his position and that of all his colleagues as concerns this illegal use of the money contributed by our workers. What will the socialist party do about this matter?

Mr. Speaker, I would like to draw a parallel between this issue and the fact that, when Canadians, and more particularly Quebecers, they put a deposit on an item which they plan to purchase later from a retail store, our laws require that this deposit be put in trust by the store, even if it is a national chain, to ensure that the consumer is protected. I would like to point out that the retailers comply with this legal requirement and respect Canadian consumers.

Will the socialist party, which, by its own definition, presents itself as a party devoted first and foremost to respect for the consumer, now have the honesty, the straightforwardness and the strength to comply with the ruling of Mr. Justice White of the Supreme Court of Ontario in the Lavigne case and to put the contributions of workers in a trust fund, and most important, not to receive additional amounts from this now contested source? We shall see in coming days what the members of the socialist party do to comply with this principle and the Canadian Charter of Rights and Freedoms and to remedy this situation. You can be assured, Mr. Speaker, that if they refuse to clarify their poisition before the Canadian

people and this House, we shall draw the inevitable conclusions and propose appropriate action.

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the question raised by the Hon. Member is important indeed. If the Members of the New Democratic Party are following the debate, perhaps they could themselves give their support to a reform of the current system of political party funding, and even consider my colleague's suggestion.

As the Hon. Member very well knows, the Government does not have the statutory authority needed to require labour unions to deposit the dues collected into a trust account. Only the courts may require that. Perhaps Canadian workers could ask that the percentage of their union dues that goes to a political party be deposited into such a trust account, until the courts have ruled on the issue that has been referred to them in Quebec.

• (1805)

[*English*]

REVENUE CANADA—WORD PROCESSING WORK. (B) DEPARTMENT'S SECURITY MEASURES

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I am rising as a result of a question that I asked of the Minister of National Revenue (Mr. MacKay). It concerned reports in the Winnipeg newspapers that Revenue Canada was considering an experiment in contracting out word processing work that, in the opinion of the employees of the Tax Data Centre in Winnipeg, was confidential in nature. They brought this to my attention and the attention of the media. I met with them on Friday, February 6, at which time I learned about the Department's plans to experiment with this contracting out.

Subsequent to some attention being paid to this issue in *The Winnipeg Free Press*, particularly, there were reports that the Department backed down on its plan to experiment with contracting out. I asked the Minister to confirm that this was the case, which he did. It is a case where, at least in part, one received the answer one was hoping for. In this case, the Department had second thoughts about this kind of experiment. The official reason given was because of the effect on employee morale and the obvious degree to which this experiment was upsetting current employees of Revenue Canada.

I agree with that sentiment. I was dismayed to see that Revenue Canada would not only consider contracting out this kind of work, but would even entertain the idea.

I also raised the question of enhanced security measures at Revenue Canada. It is well known as a result of recent events, including the recent incident in Toronto involving microfiche, that there has been concern about security at Revenue Canada. I do not fault the Government for its concern, but I understand the concern of employees that the new policy, which I understand has been implemented, involves checks on elements of their personal lives about which they obviously feel sensitive.

There is a question of widespread fingerprinting, credit checks, as well as background searches for criminal records and other histories. If these checks must be done, they should be carried out with a great deal of sensitivity, particularly when one considers that many of these employees have worked for Revenue Canada from 10 to 20 years or more. They are concerned that any information that might be gathered in the course of these reliability checks could in fact be used against them when seeking a promotion or other appointments.

It is when they are appointed or promoted to a new position that these checks will come into force. It would be ironic—and I think this is one of the things we are concerned about—if a reliable employee for 10 or 20 years did have something in their past which, according to the new security guidelines, made them a risk, when we already know from their work history they are not, their chances then for promotion or for continuing employment are put at risk. That should not be so because of something which obviously has not had an effect on their reliability and on their trustworthiness as employees. Therefore, I can certainly understand, in the kind of example I have given, about the kind of concern employees may have.

We should also be concerned, even if there is an element of necessity to it whenever Governments feel they have to go to these kinds of measures, which are unprecedented really, to tighten up security. It is certainly regrettable that these kinds of things even have to be thought about. I wonder if the Parliamentary Secretary, or whoever is responding for the Minister, might also indicate on behalf of the Government whether this is part of a larger plan to have this kind of reliability or security check done in all government Departments.

• (1810)

There was also some concern expressed by the Public Service Alliance local with which I met that this was the beginning of a larger plan to do this in all government Departments. If that is the case, what we are looking at is "Big Brother". I know it is 1987, but 1984 is still the symbol of that Orwellian world we all want to avoid.

I would think it would be a Conservative Government, most of all, those who have raised concerns in the past about big Governments and Governments knowing everything there is to know about people, which ought to be more sensitive than perhaps previous Liberal Governments about that kind of information gathering, about widespread fingerprinting and about the kinds of things about which I think the Public Service Alliance people are so rightly concerned.

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I would like to thank the Hon. Member for his comments. I am sure he knows, as I do, that the Minister takes his comments very seriously. The Hon. Member raised two questions during Question Period on

February 11. I will deal with the first question which concerned the proposal by Revenue Canada to review the feasibility of contracting out some word processing functions. The Hon. Member expressed concern that sensitive and confidential taxpayer information would be placed in jeopardy. First, as stated by the Minister, and referred to by the Hon. Member, as a result of further internal review and departmental investigation, the Department is not proceeding with the pilot projects. Second, no plans would have proceeded unless it could be assured that security of taxpayer information is maintained.

In his supplementary, the Hon. Member expressed concern about the Department's change in personnel security screening procedures which include fingerprinting, criminal record checks and credit checks. Revenue Canada has not departed from the government security policy. On the contrary, Revenue Canada fully supports the Government's policy, which was issued in June of 1986. It was the first Department to implement this new policy concerning personnel screening.

The purpose of the Treasury Board policy is to prescribe a security system for the Government of Canada which will effectively protect classified information and other assets sensitive to the national interests from unauthorized disclosure, destruction, removal, modification, or interruption. The policy is also intended to prescribe safeguards for other valuable assets and sensitive information such as tax returns. This is particularly important to Revenue Canada as its declaration of taxpayers' rights states that taxpayers: " have a special right that personal and financial information you provide to National Revenue Taxation will be used only for purposes allowed by law".

Because of the importance of confidentiality concerning taxpayer information, Revenue Canada decided to implement the new policy at an early date. This early implementation did follow consultation between Treasury Board and all Departments and between Taxation and the taxation component of the Public Service Alliance of Canada. Taxation employees were then provided with information concerning the personnel screening part of the Government's security policy.

This program requires all candidates appointed from outside the Department, as well as current employees, when they are promoted, transferred, seconded or assigned positions for more than six months, to be subject to a basic or an enhanced reliability check. This screening program does not apply to employees in their current jobs.

• (1815)

A basic reliability check includes verification of personal data, educational and professional qualifications, and employment, as well as a name check of criminal records. An enhanced reliability check, valid for five years, requires a credit check and a fingerprint check in addition to the elements of a basic reliability check. The type of reliability check or security clearance required for a given position is based upon the level of sensitive information to which the position provides access, and the degree of that access as determined by departmental management. Any information obtained through this process is kept in the strictest confidence by the Department's security directorate.

It should be clear that this policy is not intended to be unfair to any employee. If a reliability check contains any adverse information, the employee will be given an opportunity to explain. If employees are denied an appointment as a result of a reliability check, they may use the current grievance process. A fair balance will be struck between the need to assure the Canadian public that their confidential tax information is protected by loyal and trustworthy staff and the desire to recognize the rights of employees.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.17 p.m.

HOUSE OF COMMONS

Friday, February 13, 1987

The House met at 11 a.m.

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

THE ADMINISTRATION

DRUMMONDVILLE CONTRACTS—NEED FOR PUBLIC INQUIRY

Mr. Don Boudria (Glengarry—Prescott—Russell): Yesterday in my office, Mr. Speaker, the Hon. Member for Shefford (Mr. Lapierre) and I had the visit of the Deputy Minister of Public Works who came, so it seemed, to bring us up to date with these 3,000-odd sheets of information concerning the Drummondville contract. I should like to share the contents of one of the letters contained in this kit. The letter is dated April 24, 1985, relates to a visit to Drummondville, and thus ends very briefly:

Chances are very good that the lease will be renewed at the same place. However, there is political pressure. Manon Lafleur was about to draft her submission to Treasury Board when her boss stopped her because of the aforementioned pressure.

This is one of the documents concerning the Drummondville case which was handed to me yesterday by the Deputy Minister of Public Works.

Mr. Speaker, a public inquiry is needed to shed light on this whole affair and on the scandals of the Conservative Party.

* * *

• (1105)

[*English*]

CANADA WINTER GAMES

OFFICIAL OPENING IN CAPE BRETON

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, on behalf of the people of Cape Breton I want to extend an invitation to all Canadians to attend the Canada Winter Games to be officially opened Sunday, February 15. The Prime Minister (Mr. Mulroney) will be in Cape Breton Sunday to officially open the 1987 Winter Games. These games will be the best ever. Ski events will be held on the slopes overlooking the Atlantic Ocean and adjacent to the beautiful Cabot Trail, which is also in my riding. Other events will be held in industrial Cape Breton.

Cape Bretoners are looking forward to welcoming their Prime Minister to the most beautiful part of Canada. The Canada Games provide a national forum for Nova Scotians to display their cultural richness, uniqueness, and hospitality.

On behalf of the people of my region I congratulate the Minister for Fitness and Amateur Sport (Mr. Jelinek), the Minister of National Revenue (Mr. MacKay), and the Prime Minister, for their continuing support of all Nova Scotians and, in particular, the people of Cape Breton.

* * *

EDUCATION

ASSISTANCE FOR OVERSEAS STUDENTS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, Canadians pride themselves on their educational institutions and their commitment to international aid, yet somehow these two concerns do not get together. Canada gives only 1,500 scholarships to students from developing countries, which is less than 1 per cent of our ODA budget. Britain, by comparison, gives 20,000 scholarships.

Of the limited aid we do give, little goes to students from the poorest countries. For those students who do get to come here, there are bureaucratic hassles to endure over visa renewals. Groups assisting international students suggest we could do much more by providing up to 10,000 scholarships, for example, and simplifying bureaucratic procedures.

Most of the non-Canadian students at Canadian universities and colleges are not on scholarships but are paying their own way, aiding the Canadian economy by doing so. Surely we could be doing more to making our post-secondary institutions accessible to those who cannot afford the fees and, in the meantime, winning friends for Canada and partners in our development.

* * *

HISTORIC EVENTS

ANNIVERSARY OF INDEPENDENCE OF LITHUANIA

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, on February 16, 1918, Lithuania became an independent democratic nation. Lithuania lost that treasured status in 1940 when the Soviet Union invaded the Baltic States.

Freedom has always been an important aspect of Lithuanian life. In the 1890s, the first Lithuanians to arrive in Canada

were refugees from Czarist Russia. In 1945 Lithuanians were fleeing the ravages of two occupiers, the Nazis and the Soviets. Both waves of immigrants from Lithuania have made a significant contribution to the growth and development of Canada.

When at times we take for granted the many freedoms we enjoy in Canada, we need only recall the adversity and strife suffered by Lithuania to appreciate our good fortune as Canadians. It was the promise of freedom and justice which brought Lithuanians to Canada. It is the fulfillment of that promise which makes them proud to be Canadians.

Let us join with them in marking this day as one of special significance for all who value freedom and the pursuit of liberty and justice.

* * *

[*Translation*]

THE ADMINISTRATION

ETHICS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, this Government has now been in office for two years and a few months and I think that the only conclusion one can reach is that it has been a series of scandals. Scandals to various extent, be they incidents of corruption, appointments of friends, contract awards, nepotism, or even in cases of major decisions. For example, Hyundai in Quebec, with a $50 million grant which people were unable—

Mr. Speaker, the situation is such that people even call us to know whether they should fill in Statistics Canada forms because they say: Considering this Government and everything that is going on, should we fill in these forms?

I think it is important and even imperative that the Prime Minister take immediate action to put an end to this series of scandals in an attempt to improve the image of his Government. He has two options: either he gets rid of the incompetent and minor-league people around him, or he simply hands in his resignation if he cannot make people in his Party respect a code of ethics.

* * *

• (1110)

[*English*]

HUMAN RIGHTS

U.S.S.R.—DEATH OF CANCER PATIENT GRANTED EXIT VISA FOR TREATMENT PURPOSES

Mr. Bill Attewell (Don Valley East): Mr. Speaker, Inna Meiman, one of several Soviet Jewish cancer patients whom Montreal physician Dr. Gerald Batist has championed, was finally allowed to leave the Soviet Union after years of trying. She was allowed to leave for treatment purposes only, having to leave behind her husband and son. But the exit visa for treatment purposes really came too late.

Inna Meiman died on February 10, 1987, in hospital in Washington. Her funeral will be held on Tuesday. Her husband and son are still in the Soviet Union.

Benjamin Charny, on behalf of himself and other refusnik cancer patients, sends this message:

> We grieve the loss of Inna Meiman and express support for her husband Naum. The tragedy here is not only Inna's death, but that she had to struggle for so long just to leave the Soviet Union. It seems as though the Soviet authorities waited until her condition became hopeless. We hope the same is not true of us.

The harassment and persecution of prisoners of conscience are serious human rights violations. Denying exit visas to refusniks is also a flagrant abuse of human rights. But it is nothing short of deplorable to deny exit visas to cancer patients seeking medical treatment in the West which is not available in the U.S.S.R.

* * *

FISHERIES

PACIFIC INTERNATIONAL HALIBUT REGULATIONS

Mr. Jim Fulton (Skeena): Mr. Speaker, in March of 1985 a joint committee of Parliament brought to the attention of the Minister of Fisheries and Oceans the fact that the international Pacific halibut regulations were illegal. He did nothing.

The committee called on the Minister on February 6, 1986, to revoke the regulations and have them legally drafted. The committee pointed out:

> We also wish for a formal assurance that, pending the formal revocation of the Regulations, fishery officers will be instructed not to enforce them and that no one has or will be charged for a breach of the Regulations.

Again, the Minister did nothing.

Article III(2) of the Convention as passed by Parliament confers the regulation-making powers on the commission, not on the Minister. *Regina v. Feraco*, 1965, confirms that regulations made by the Minister in their present form mean that they are null and void.

The Minister has been and is as of this date breaching an international agreement with the United States. From 1959 to 1984 the regulations were passed legally.

Since part of the B.C. halibut fishery begins in two weeks, I call upon the Minister to put in place legal regulations to protect the fishery and the rights of B.C. commercial and sports fishermen.

ENVIRONMENTAL AFFAIRS

AGREEMENT TO CLEAN UP NIAGARA RIVER TOXIC POLLUTION

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, I am pleased to say that on February 4 the principal U.S. and Canadian government agencies responsible for environmental protection signed an agreement for the clean-up of the Niagara River. The agreement calls on the four participating agencies to report to the public every six months on the progress being made to reduce toxic chemicals from entering the Niagara River. Most important, it calls for a target reduction level of 50 per cent for loadings of persistent toxic chemicals from sources on both sides of the Niagara River by 1996. This is a tremendous step forward. I congratulate all parties to the agreement but, in particular, our federal Minister of the Environment (Mr. McMillan) for his leadership.

My constituents will be particularly pleased because, for 20 years, they watched while the federal Liberals did absolutely nothing for the toxic chemical clean-up of the Niagara River. They know they did nothing. That has now changed under this Government.

* * *

[*Translation*]

NUCLEAR ARMAMENTS

AGREEMENT DESIRED BETWEEN UNITED STATES AND U.S.S.R. ON COMPLETE BANNING OF NUCLEAR TESTS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, we are receiving an increasing number of letters and comments on nuclear testing.

As we all know, Canada is against the use of nuclear arms and the testing of such arms on its territory, and this position has been very well received.

Recently, the Soviet Union announced its plan for a moratorium on nuclear testing, for an indeterminate period, which is a step in the right direction.

Unfortunately, and this is the concern raised by my constituents, the United States has not reacted positively to the moratorium proposed by the Soviet Union and is continuing its tests.

In the light of this concern, I sincerely hope that both superpowers will agree on a temporary moratorium on nuclear testing and eventually on a complete test ban.

S. O. 21

[*English*]

SCIENCE AND TECHNOLOGY

ESTABLISHMENT OF NATIONAL ADVISORY BOARD

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, the Prime Minister (Mr. Mulroney) announced yesterday that the first meeting of the National Advisory Board for Science and Technology will take place next Monday, February 16. The establishment of this board was one of the major initiatives in the October Speech from the Throne. I was a proponent of the creation of such an advisory board and am delighted to see the board become a reality.

The board will be chaired by the Prime Minister. It is comprised of a wide range of qualified scientific, business, labour and professional people. The board will advise the Government on science and industrial technology priorities, and on how such priorities can be implemented.

The creation of this board reflects the Prime Minister's recognition of the strategic national importance of science and technology to the economic future of Canada and to my constituents in Nepean—Carleton.

In my role as Chairman of the Standing Committee on Research, Science and Technology, I look forward to assisting the board in attaining the Government's objectives for progress in science and technology in Canada.

* * *

• (1115)

CANADA POST CORPORATION

PROVISION OF SERVICE IN RURAL AREAS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, postal service is a vital link for rural communities in Canada. Rural communities consider access to stamp purchase, money orders, parcel service, et cetera not only a right but an absolute necessity. Green boxes only offer a receptacle for incoming mail, and ignore the necessary service required for outgoing mail.

Recent announcements by Post Office Ministers of the Government to give 90 days for rural residents to be surveyed concerning their options are not real consultation, but an information and public relations exercise to let people know what the predetermined new lowers levels of service will be. The options are either green boxes or complete abandonment of the postal point altogether.

There has been no change in post office policy in rural areas. The existing policy continues. Rural residents served by small postal stations receive no reassurance from the Government's actions and policy on the Post Office.

S. O. 21

HEALTH

AIDS DISEASE—LACK OF TESTING OF PROSPECTIVE IMMIGRANTS

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, at the present time anyone suffering from AIDS is not admissible as an immigrant to Canada. Equally, no mandatory testing for AIDS is required of anyone applying for admission to this country. AIDS is a highly infectious disease, and there is great public concern over it. Many provinces are implementing educational programs. Twenty-three per cent of the cases of AIDS in Ontario have involved people originating from outside Canada.

Surely it is reasonable to expect that the Department of National Health and Welfare, and the Immigration Medical Review Board take another look at the requirements for admission to Canada, and assure the public that every reasonable step is being taken to exclude this disease from our country.

* * *

ENVIRONMENTAL AFFAIRS

OZONE LAYER—NEED FOR PROTECTION FROM CHLOROFLUOROCARBONS

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, the ozone layer in the atmosphere protects us from ultraviolet sun rays and possible skin cancer. Chlorofluorocarbons, or CFCs, are substances which remove ozone from the atmosphere, and therefore are dangerous. CFCs are used as propellants in aerosol sprays, in foams for insulation, fast-food packaging, coffee cups, in solvents, in cooking sprays, and in medicating sprays. They are released when foam products decay, and when refrigerants are released in the environment.

The reduction in the ozone layer could increase the rate of skin cancer, reduce production of food crops, and enhance the rate of global warming. Canadians should press the Government to ban the use and importation of products containing CFCs. In the meantime, to be part of the solution of the problem, consumers should stop buying foam products containing sprays which use CFCs, and press manufacturers to stop using CFCs in their products.

* * *

CANADA WINTER GAMES

SASKATOON VENUE IN 1989

Mr. Don Ravis (Saskatoon East): Mr. Speaker, this weekend the opening of the Canada Winter Games in Sydney, Nova Scotia, will unite young athletes from all corners of the country. The event will give the residents of Nova Scotia, and visitors to the Games, an opportunity to experience first-hand the outstanding sportsmanship of young Canadians.

In 1989 the City of Saskatoon will have the opportunity of hosting Canada's Summer Games. It too will be a super event. All three levels of government have contributed $2.5 million toward this project, which will not only boost tourism, but it will subsequently inject $20 million into the economy of Saskatoon.

All volunteers in Sydney and Saskatoon, as well as the Minister of Fitness and Amateur Sport (Mr. Jelinek), should be condemned for their efforts in making such events possible. The best of luck must be extended to our athletes in Nova Scotia who share the common characteristic of dedication, and who strive for excellence in their performance. See you in Saskatoon in 1989!

[*Later*]

Mr. Ravis: Mr. Speaker, I want to retract something I said this morning under Standing Order 21. I want to assure the volunteers of Sydney and Saskatoon, as well as the Minister of Fitness and Amateur Sport, that I commend them, not condemn them. I apologize for that.

Mr. Speaker: It is certainly an intervention on behalf of civility.

Some Hon. Members: Hear, hear!

* * *

BANKS AND BANKING

POOR PERSONS' LACK OF ACCESS TO SERVICES

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, banks and other mainstream financial institutions seem to go out of their way to avoid dealing with poor people, according to a study by the National Anti-Poverty Organization. Low-income Canadians are finding that their access to financial services is restricted. Because they are poor, they are unable to obtain services that moderate and upper-income Canadians take for granted. This is not referring to services that could be considered luxuries, but basic services like having social assistance cheques cashed in order to buy food for your family, or obtaining a small loan to replace a refrigerator which has finally given up the ghost.

Mainstream institutions are wary of cashing government cheques, because they fear fraud. Most poor people cannot provide the identification that is needed. The Government should investigate this situation, and make sure all Canadians have equal access to these institutions.

• (1120)

HOUSE OF COMMONS

RECITAL OF SOVIET ARMY CHORUS AND DANCE ENSEMBLE

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, I wish to extend to you, on behalf of all those present, our thanks for allowing us to hear a most entertaining and moving performance by the Soviet Army Chorus and Dance Ensemble.

As you said yourself, Mr. Speaker, in the presence of our esteemed Minister of Veterans Affairs (Mr. Hees), "it was significant that this event took place in the Hall of Honour beneath the Peace Tower".

You have done more for *rapprochement* and understanding by allowing this event than those with myopic political views.

[*Translation*]

We never heard Gilles Vigneault's *Mon pays* sung with so much warmth and emotion, such sensitivity and rythm. We say: Thank you, to their director, Mr. Anatoly Matlsev and we ask him to accept, on behalf of his group, our very best wishes.

Some Hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*Translation*]

THE ADMINISTRATION

ETHICS—INQUIRY WHETHER PRIME MINISTER TELEPHONED MINISTER TO OBTAIN CERTAIN EXPLANATIONS

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister. Last night, the CBC's English network revealed some troubling facts involving another Minister. This time it was the Minister of State, the Member for Joliette, who allegedly attended a fund-raising party where guests paid $5,000 a head, in the hope they would get government contracts. I would like to know whether the Prime Minister has called his Minister since last night. If he did, is he still satisfied that the Minister may keep his seat in the Conservative Cabinet? And if he did not call him, why not?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, as far as these allegations are concerned, a number of facts were brought to my attention early in January 1986. I immediately passed on the information to the Secretary to the Cabinet with instructions to ask for a full police investigation by the RCMP. This investigation was conducted and, if I am not mistaken, has led to number of complaints, one concerning a Member of this House. The RCMP is still investigating, and what transpired meanwhile is public knowledge.

PRIME MINISTER'S RESPONSIBILITY TO ASK FOR EXPLANATIONS

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the Prime Minister has given us some information, which is quite welcome, but he failed to answer my question. I asked him whether he had been in touch with his Cabinet colleague since last night's broadcast, because Canadians saw this program, Mr. Speaker, and they are all concerned about the integrity of this Government. Is the Prime Minister telling us that he would have acted responsibly by failing to call his Minister to find out exactly what his involvement was in this matter, to find out what happened from the Minister himself?

Right Hon. Brian Mulroney (Prime Minister): The allegations in last night's broadcast are nothing new. These are certain facts that have been investigated, if I am not mistaken, by the RCMP. I decided to call for an investigation after being informed of a number of facts that I found troubling. I immediately gave the information to the Secretary to the Cabinet, with instructions to request a police investigation that I assume included some of the allegations reported last night. This is not new. These were some of the reasons for requesting the investigation.

[*English*]

REQUEST FOR PUBLIC INQUIRY

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the last revelations are that in July, 1985, a year and a half ago, a number of businessmen were invited to dish out $5,000 apiece to get on the gravy train. That is what we learned last night. Certainly the Prime Minister cannot tell us that there is nothing suspicious about that. Is this not one more reason why there should be a public inquiry, a full public inquiry, into the way the Government is conducting business? Why would the Prime Minister not grant this, if he has nothing to hide?

• (1125)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend asks if we have anything to hide. Perhaps I would ask him to examine my conduct and that of the Government faced with allegations to which he refers having taken place in July, 1985. Whatever transpired in July, 1985, the allegations concerning that were conveyed to me in very early January, 1986. That was a few months later. As these matters surfaced they were brought to my attention.

Immediately these matters to which the Hon. Member refers, which were reported last night, which had taken place, were brought to my attention, I immediately spoke with the Clerk of the Privy Council, Mr. Tellier, and instructed him immediately to order a police inquiry into the allegations to which my hon. friend presumably refers. That full police inquiry initiated by me as soon as I was apprised of the allegations was thorough and exhaustive, as the RCMP always conduct inquiries, and has resulted in a number of criminal charges being laid, including charges against a Member of this House. Therefore, that matter is presently before the courts. Surely in the light of that my hon. friend will agree that the

Prime Minister and the Government acted swiftly and properly in the interests of justice.

* * *

CAPITAL PUNISHMENT

CONDUCT OF DEBATE IN PARLIAMENT

Hon. Bob Kaplan (York Centre): Mr. Speaker, I want to turn to the subject of capital punishment and ask the Prime Minister to set the record straight on a statement made yesterday in British Columbia by the Minister of State for Science and Technology, who clearly said that an agreement had been reached with the Official Opposition about the way in which the capital punishment debate would be conducted. Would the Prime Minister confirm that there has been no such agreement and that this is nothing but an attempt to implicate the Opposition in the Government's campaign promise?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not aware of the precise statement that the Minister of State for Science and Technology was alleged to have made. I can only say that there is a motion that will be introduced. I will be making a statement later on this day with respect to it. I can indicate to the Hon. Member that there has been no agreement with opposition Parties with respect to the timing of the debate or the way in which it proceeds. The resolution will be introduced. It will be there for members of all Parties to examine and, indeed, for the public to examine, after which we will embark upon a debate.

TIMING OF DEBATE

Hon. Bob Kaplan (York Centre): Mr. Speaker, my supplementary question is for the Prime Minister. He has said on a number of occasions that the capital punishment debate would be brought forward at an appropriate time. What is appropriate about this time to bring forward the debate, other than the fact that the Government is perhaps on death row?

Some Hon. Members: Oh, oh!

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Here we go again, Mr. Speaker. The Hon. Member raises a very important and serious question but he cannot even put it in a serious vein without attaching sleaze and a bit of innuendo to it.

[*Translation*]

THE ADMINISTRATION

MORAL RESPONSIBILITY OF MEMBER FOR JOLIETTE—PRIME MINISTER'S POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister and has to do with the situation of the Hon. Member for Joliette. The Prime Minister indicated a few minutes earlier that, as Prime Minister, he was made aware of this situation one year ago. At the time he had decided to ask the RCMP to investigate. However the Prime Minister can fully appreciate that it is also a question of morality. I should like to ask the Prime Minister if, at the time, he had inquired of the Hon. Member for Joliette concerning his moral responsibility in this field.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I said to my friend that this question which had been raised by another Member is now before the courts. It is therefore very important that we proceed with caution in the comments we make here. I can tell my friend that once the facts had been brought to my attention I immediately referred the whole matter to the Secretary to the Cabinet with instructions to launch a full and immediate police investigation. This investigation led to certain charges being laid. All other persons who might have been involved in this have been, I presume, the subjects of RCMP investigations. Since no charges have been laid against other individuals, I assume that the behaviour of all other Canadian citizens has been considered to have been in accordance with the law at all times. If my friend is referring to another aspect, he is aware of my position and of the statements I made, and he knows what I always expect from my Ministers in this field.

• (1130)

[*English*]

USE OF PATRONAGE—STATEMENT ATTRIBUTED TO FORMER MINISTER OF PUBLIC WORKS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I am indeed dealing with another aspect of it and that is the moral responsibilities of Ministers of the Crown which the Prime Minister has said on other occasions must be totally beyond reproach. The Minister in question, said not too long before the conversation he presumably had with the Prime Minister a year ago, said the following:

> Patronage—was a tool that was used by the Liberals during their tenure in office and I don't intend to pass up our opportunity.

Those were the words of the Hon. Member for Joliette defending what I would call the lowest form of patronage practice in contracts. He was defending it then as a Minister of the Crown.

Since the Prime Minister has now told us that he was aware in January, 1986, of the allegations made on television last night, did he as Prime Minister ask the Minister at that time if

he was living up to his moral responsibilities as a cabinet Minister in the Government of Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend can assume that absolutely. In regard to the statement he made about me being aware of allegations made on television last night, I was travelling last night and I can only assume that the information that was imparted last night on television was in fact related to the matters that gave rise to the police inquiry. I have no reason to believe anything but that. If anyone has any allegations at variance with that, I would be happy to hear them. In regard to the first question, however, obviously.

PAYMENTS ALLEGEDLY REQUESTED FROM BUSINESS PEOPLE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, there are allegations that involved the Minister of the Crown taking part in meetings in which $5,000 was requested from business people, without receipts, clearly including the possibility of influence-buying to put it in its most direct form or, perhaps, in the less legal sense, possibly implicating the Minister in more wrongdoing of the worst kind. When will the Prime Minister speak to the Minister directly about this and report back to the House? When, finally, will he clean up the moral act of this Government?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend says that there were allegations made last night against the Minister. First, I understand that those allegations were denied by the Minister. Second, they would have been completely investigated by the RCMP. As a result of that investigation, certain specific charges were laid against individuals and certainly not the Minister.

Surely the Hon. Member is entitled, as we have discussed in the past, to some degree of presumption of innocence. There has been a formal denial by him. There has been a formal police inquiry by the RCMP. Can we not assume that someone is innocent until proven guilty?

This matter is before the courts. It would be completely improper for me to go beyond that except to give my hon. friend the full assurance that (a), on the question of morality, or (b), on the question of illegality, when the facts were brought to my attention, I did not wait for anything. I immediately initiated a full police inquiry which resulted directly in charges being laid. That is the way the Prime Minister of Canada and members of the Government should conduct themselves.

AWARDING OF PUBLIC WORKS CONTRACTS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is for the Prime Minister and concerns the same subject. The Prime Minister said that all this is not a new revelation. Indeed, on April 8, 1986, I first asked a question in the House concerning the Public Works contracting procedures which later resulted in the RCMP investigation referred to last night on the television report.

First, does the Prime Minister agree with a statement attributed to the same Minister of May 15, 1986, which is the following: "I certainly don't mind showing my gratitude to people who deserve it." He was referring to the awarding of Public Works contracts. Can the Prime Minister also tell us what bearing this whole affair had on the subsequent removal of that Member of Parliament, the Hon. Member for Joliette, from the Public Works portfolio?

Hon. Stewart McInnes (Minister of Public Works): Mr. Speaker, we have had considerable dialogue about the awarding of Public Works contracts and we have focused on Drummondville. Perhaps the Hon. Member would like to restate the question when he has knowledge that Hana was sole sourced the Drummondville contract originally in 1973, and again there was a renewal of the contract in 1980 without tender, those affairs being under the conduct and direction of that administration.

Mr. Boudria: Mr. Speaker, if the Minister wants to speak of the Drummondville contract, I would have half a dozen questions to ask him about that at the moment, but we are sticking with this issue. Perhaps he could limit his answers to the subject which is the most embarrassing for his Government rather than weaseling his way out.

[*Translation*]

INQUIRY IF RECEIPTS WILL BE ISSUED FOR ALLEGED FUNDING CONTRIBUTIONS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, so far, neither the Prime Minister nor the Minister of Public Works have answered questions about the possible involvement of the Hon. Member for Joliette in mysterious fund-raising parties. Could the Prime Minister inform the House whether he has any confirmation that these events did in fact produce the kind of contributions that were mentioned last night? Where did the money go? If part of it went to the Conservative Party, will receipts be issued as required by law?

[*English*]

Mr. Speaker: These are important matters, as the Chair has said. The Chair is a little troubled by the question. I think, if the Chair heard it correctly, the Hon. Member, who has been asking specific questions in a tightly controlled way, for which the Chair is grateful, was getting very close to charging that the Minister was involved in some wrongdoing. I think he used the words: "the possible wrongdoing of the Minister".

There is a proper provision under the rules of this place if a charge is to be laid. The Chair is concerned that in matters of this gravity, all Hon. Members on both sides of the House should strain mightily, if I could put it that way, to respect the fundamental rule of this place, and that is that if an accusation is to be made, then there is a formal way to make it.

The Hon. Member is asking what the Prime Minister did when the Prime Minister may or may not have heard certain things. In the view of the Chair, that is certainly completely legitimate but I would ask, please, that every respect be given

to the rules and to all Hon. Members in this place so that a question does not amount to a charge, no matter how veiled.

[*Translation*]

Mr. Boudria: Mr. Speaker, I will rephrase my question. Since according to an article by Canadian Press, the Minister in question admitted he attended the parties that were held to collect $5,000—contributions without receipt, could the Prime Minister inform the House whether the Conservative Party drew any benefit from these funds and if so, will he, as the Prime Minister, take steps to ensure that receipts are issued as required by the legislation with which all Members of Parliament are expected to comply?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Prime Minister can assure the House that, as soon as he received information that was the least bit troubling on this matter, he made the right decision, I think, by giving immediate instructions to Mr. Tellier, the Secretary to the Cabinet, to ask for a full police investigation. Following this investigation, charges were laid, and today, these matters are before the courts. If there have been any further troubling or unlawful or doubtful occurrences, the RCMP will no doubt inform us accordingly.

* * *

• (1140)

[*English*]

THE ADMINISTRATION

CONDUCT OF BUSINESS

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Prime Minister. More and more Canadians are beginning to believe the Government is out of control.

Some Hon. Members: Oh, oh!

Mr. Young: The Government may not like it but it is a fact.

Mr. Speaker: The Hon. Member is using a preamble to lead to a question but the preamble is so far just a statement of opinion which the Hon. Member has stated as fact. I ask Hon. Members to be careful in preambles. Lay the groundwork for the question, but there is no particular reason to start with an obviously provocative statement.

Mr. Young: I will put it another way. Recent opinion polls have indicated just what I said.

Last weekend the Prime Minister suggested he had some specific proposals that he wanted to bring forward to reassure Canadians that the Government was in control of the situation. On Monday my Leader asked the Prime Minister if he would be prepared to bring those proposals forward in the next two weeks. When can Canadians expect to see these proposals which he indicated last weekend he was willing to bring forward?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I have dealt with that very fully in my responses to questions put by other Members. My hon. friend says he believes the Government is out of control and certain consequences will necessarily follow. I know he presumes that, but I should tell him what my mother used to say, that presumption is a mortal sin.

ALLEGATIONS MADE AGAINST MINISTERS—GOVERNMENT POSITION

Mr. Neil Young (Beaches): Mr. Speaker, whether or not the Prime Minister wants to agree that Canadians are concerned about this, I think he should listen to the questions being asked. The question is when can we expect the Government to bring forward proposals which will finally, we hope, give some direction toward ending the kind of allegations made against Ministers of the Crown so that in the future Canadians can expect half-decent Government here rather than the kind we are getting?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I do not know when the allegations against Ministers and members of the Government will cease, based as they are in many cases on rumour and unsubstantiated facts. I will point something out to my hon. friend and perhaps ask for his advice in this regard. Here is an article in *The Toronto Star* of February 11 and the headline says:

RCMP probe allegation top Tory aide sought payoff

After advertising this to, I assume, about 700,000 of their subscribers, the article then says down at the bottom:

Based on the strength of the ministerial denial—

Because it was denied by the Minister:

—and an inability to substantiate the allegation, The Star has decided not to identify the Minister alleged to have been involved.

Some Hon. Members: Oh, oh!

Mr. Broadbent: I agree with you.

Mr. Mulroney: In other words, "we will accuse the entire Ministry but because we have found out it is unsubstantiated and may be absolutely false we will not name the poor bugger we are accusing. We will invite you to smear everyone and assume everyone is guilty"!

Some Hon. Members: Hear, hear!

EXTERNAL AFFAIRS

ETHIOPIA—IMPRISONMENT OF ROYAL FAMILY FOR PAST 14 YEARS

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, my question is directed to the Prime Minister. The Royal Family of Ethiopia have been in prison for almost 14 years. They are aging and some of them are ailing and in poor health. Chairman Mengistu has promised to release them but has taken no action. Canada has provided a good deal of help for the Royal Family should they be released. Would the Prime Minister use his good offices to urge Chairman Mengistu to release the rest of the Royal Family so they can enjoy their remaining years in freedom?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I thank the Hon. Member for raising that question. It is helpful that Ethiopian authorities know this is a matter of concern not simply to the Government but to Members of the House of Commons. We are making representations and will continue to do so. If it appears that it would be helpful to intensify those representations, we will intensify them.

* * *

NUCLEAR ARMAMENTS

INTERPRETATION OF ABM TREATY

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I am pleased to have the Secretary of State for External Affairs back in the House and we look forward to a statement on his trip, as well as to a statement by the Prime Minister on his trip to southern Africa.

I want to ask the Minister about statements by Mr. Shultz to the effect that allies should not be criticizing the broad interpretation the U.S. administration wants to put on the ABM Treaty of 1972 in order to permit extensive testing of the star wars technology. Can the Minister confirm a report I have seen that he has written to the U.S. Government with regard to the interpretation of the Treaty and said that his Government, as do we in the Opposition, believes in strict adherence to that Treaty? Would he be good enough to publish that letter so Canadians will see the strong stand Canada should be taking *vis-à-vis* a treaty affecting the future of all mankind?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I can confirm that I have written to the U.S. Secretary of State indicating the very grave importance Canada places on the U.S. continuing to adhere to a restrictive interpretation of the ABM Treaty. The Hon. Member will know there are certain conventions regarding the publication of letters which require agreement by both sides. I am not sure that would prevail in this case, but in any event I have just indicated to the Member, the House, and the public, the tone and content of the letter to Mr. Shultz.

[*Translation*]

INQUIRY WHETHER GOVERNMENT CAN CONFIRM FUTURE SPACE STATION WILL SERVE NO MILITARY PURPOSE

Hon. Donald J. Johnston (Saint-Henri—Westmount): I appreciate the answer, Mr. Speaker. But speaking of Star Wars, there were talks yesterday in Washington about Canadian participation in building a space station.

Could the Minister confirm to the House now that he is satisfied the space station will not be used for military purposes?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I am not satisfied with the answer we got from the U.S. authorities. As I said before the Committee, the Canadian Government will insist on the interpretation that was given by the United States Administration when the project was announced. Use for defence purposes was supposed to be very minimal.

* * *

[*English*]

THE ADMINISTRATION

ALLEGATIONS MADE AGAINST MINISTERS

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. When allegations were made which might involve the Minister of State for Transport the Prime Minister properly began an RCMP investigation and fired the Minister. The case of the Hon. Member for Joliette came to the Prime Minister's attention in January of 1986, but he did not suspend or fire the Hon. Member for Joliette. What is the difference between the two cases?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the difference is that the facts are fundamentally different. I was obviously confronted with two different situations. The response in one was the response I initiated which led to charges being laid against a Member of the House and others. In regard to the second matter, it was my judgment that the action I took was the kind of action which should be taken given the facts brought to my attention. My hon. friend will understand that because of the police inquiry and the possibility of charges I can go no further at this time. However, I think he would agree with the celerity and thoroughness of my response.

• (1150)

DECISIONS MADE BY PRIME MINISTER

Mr. Jim Fulton (Skeena): Mr. Speaker, what I am asking the Prime Minister in terms of conflict of interest is whether he would make clear at what point he makes a judgment in these kinds of cases? In the case of the Minister of State for

Transport, the Prime Minister undertook an RCMP investigation, had discussions with the Minister, and fired him. I assume he held the same kind of discussions with the Member for Joliette. Will he tell us and the people of Canada what the difference is in these cases, because both involved RCMP investigations and very serious allegations?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the question is: when do I make the judgment in regard to these matters? As soon as the facts are brought to my attention. The instant they are brought to my attention I try to assess them and respond immediately with the Secretary of the Cabinet, and the appropriate law officers of the Crown get involved in the matter. I believe that is what a Prime Minister should do and it is certainly what I do.

* * *

[*Translation*]

FOOTWEAR INDUSTRY

REQUEST FOR REINSTATEMENT OF QUOTAS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Minister for International Trade, and I would remind her that, when her Government did away with footwear quotas 14 months ago, the Government stated that this decision would not lead to layoffs, that it would even benefit all Canadians since footwear prices would drop in this country. Can the Minister explain why, 14 months after this decision, the footwear industry has lost 1,400 jobs and Canadian consumers are now paying higher prices for shoes?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member raises a point that has been occupying me in my representations from the footwear industry this week. Let me point out to him that when the policy was introduced it was anticipated that there would be a surge of imports. We expect that surge to moderate. We are undertaking consultations with some of the countries which supply footwear to ensure that they are being prudent in their exports. However, may I tell the Hon. Member that the weight of the representations made to me by this industry, particularly by the import and retail part of the industry, is that they want us to maintain the present policy. That is our intention.

[*Translation*]

GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, spokesmen for the footwear industry felt quite let down after their meeting with the Minister. Is the Minister prepared to admit today that the decision to abolish quotas is a failure for consumers and Canadian workers in that industry? In addition, could she tell us what she intends to do to stop this hemorrhage, because next year 2,000 more jobs will be lost, footwear imports will flood the market, and prices will keep rising? What will her Government do to stop this haemorrhage in the footwear industry?

[*English*]

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have already established that we are in consultation with some of the countries which supply footwear to ensure that the surge is not extended. May I point out that the retailers and the importers, and some of the footwear producers themselves, are asking us to maintain the present policy. They are pointing out that there is expansion in the industry, new jobs being created over-all, and that Canadian consumers are entitled to a wide range of products, particularly lower cost items.

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EXTERNAL AFFAIRS

ARMS SALES TO CENTRAL AMERICA

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. I want to welcome him back to the House and say that I, as I am sure all Members, appreciate his travels on behalf of Canadians.

Some Hon. Members: Hear, hear!

Mr. Waddell: I will not let him off the hook, though, and will come back to my question. It concerns Trans World Arms, the Canadian company in Montreal. A few minutes ago I talked to our ambassador in Lisbon, Mr. Francis, who told me that if a Canadian came to Portugal, a known arms centre, and brokered arms there, it would have nothing to do with the RCMP since it was not breaking Canadian law. Will the Minister reconsider his announcement yesterday of an RCMP inquiry—surely a growth industry in Canada—and seriously consider a parliamentary inquiry as a better vehicle to study Canadian arms sales to Central America?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, there is an RCMP inquiry because we have reason to believe that there are aspects to this transaction which would require an RCMP inquiry. I am sure the Hon. Member would not want us to take any action that would prevent that from happening. He has made certain allegations in a letter to me that I am prepared to pursue if that pursuit would not interfere with the RCMP inquiry. We are trying to determine that fact.

He has made a suggestion of a parliamentary inquiry. That also may be affected by the ongoing RCMP investigation. Again, I am prepared to look at that, in a reasonable way, and perhaps it might be helpful if the Hon. Member and I, sometime next week, could meet to discuss what we both know about the circumstances.

REQUEST FOR PARLIAMENTARY INQUIRY

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, since CBS News in Washington is carrying this Canadian arms connection as a major story, it affects our foreign policy and reputation in the United States. CBS News claims that Mr. Emmanuel Wiegensberg of Montreal, President of Trans World Arms, refuses to answer their questions, specifically the question of the connections of the Canadian firm with Secord-Hakim and Lieutenant-Colonel Oliver North. Will the Minister not agree that a parliamentary inquiry could issue a subpoena and ask Mr. Wiegensberg the key question of who contacted Trans World Arms and whether that person was representative of the U.S. Government in some capacity? Is he prepared to supplement the RCMP inquiry with a recommendation to the powers that be here for a parliamentary inquiry so that the key questions can be answered?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, first, I am not inclined to take an action which would limit the effectiveness of an RCMP inquiry. Second, I have some doubts about the propriety or the wisdom of the precedent of the Parliament of Canada establishing a committee of this Parliament to look into answering questions that Americans want answered but cannot get answered through their own processes. Third, I repeat my willingness to meet with the Hon. Member to discuss what we both know about the circumstances and determine whether there is a view that it might be worth while to pursue some other form of investigation.

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EDUCATION

POST-SECONDARY EDUCATIONAL FUNDING

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is directed to the Prime Minister. It concerns the subject of post-secondary educational funding. He will know that this year Established Programs Financing has been limited from the rate of increase of about $700 million. Furthermore, the Canadian Jobs Strategy Program has been disastrous for the funding of community colleges. Third, the Canada Student Loans Program is heaping debts as high as $20,000 on the backs of Canadian students. Why is the Government allowing the serious decline in first-class Canadian universities through this inactivity? More particularly, why is he denying a decent future to young Canadians through government inactivity in this area?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, as the Hon. Member knows, the Government announced a number of months ago major increases with regard to EPF financing. I believe that for the first time in history the federal Government is convening a major forum to discuss the whole problem of post-secondary education, to bring together all of the interested participants. That is the way to approach this, rather than acting unilaterally.

ESTABLISHED PROGRAMS FINANCING

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, I thank the Minister for that answer, but will he give an undertaking that Established Programs Financing will be on the agenda of that forum, which I hope will be held soon? Will he give an undertaking that the Government will accede to the recommendation of the Canadian Federation of Students and make the Canada Students Loans Program less of a loans program and more of a grant program? Will he give that undertaking?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I don't believe it is appropriate for the Government of Canada to decide unilaterally on the agenda. It will be worked out with all participants. However, I will take those suggestions into account.

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SHIPBUILDING

POLAR 8 ICE-BREAKER CONTRACT—TIMING OF ANNOUNCEMENT

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Deputy Prime Minister. Hundreds of shipbuilders are without jobs in British Columbia. Yesterday Versatile Shipyards laid off 28 management personnel because they have no new contracts. I have asked the Deputy Prime Minister before, and will ask him again when he and his Government will award the long awaited contract to build a Polar 8 ice-breaker, as has been promised? Is the Minister just going to sit there and let our shipbuilding industry die? When are we going to hear the announcement?

• (1200)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am sure the Hon. Member is aware of the restructuring which is taking place within the Versatile organization. That process is still taking place, and until such time as it is concluded, the Versatile Pacific shipyards are not really in a position to undertake this. However, I would hope that in the next two weeks or so many of those elements might be settled and it will then be in a position to make a firm proposal with regard to the building of the Polar 8 ice-breaker. In fact, the Government still remains firmly committed to it.

Mr. Speaker: I would ask Hon. Members to keep their questions short. We are running out of time.

GOVERNMENT POSITION

Ms. Margaret Mitchell (Vancouver East): It sounds very much like the kind of delays we had from the Liberals who also delayed on this Polar 8 ice-breaker.

In 1984, the Prime Minister promised to revitalize the industry. What is he going to do to start on this promise? Is there not something he can do to expedite this? We had the same answers the Minister just gave us several months ago.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): The Liberals were in office for 25 years and all they did was study the prospect of building a polar ice-breaker.

Ms. Mitchell: That is all you are doing.

Mr. Mazankowski: We have made a firm commitment, and I am sure the Hon. Member would understand and realize that, in spite of my desire to move in with both hands to resolve the restructuring, there is a certain process it has to go through. I would ask the Hon. Member to be patient and allow that to take place.

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REFUGEES

PLIGHT OF REFUGEES IN SOUTH LEBANON

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Two and a half years ago Canada inspired the world by going to the aid of Ethiopians facing the spectre of starvation. People around the world now seem to be helpless as we see the plight of hundreds of thousands of refugees in South Lebanon. What can Canada do now to help these people find life? What can we do to help the UNRRA supplies get through to them?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the situation of the inhabitants of those camps is appalling. There are limits on what Canada can do. What we are doing is approaching the Amal militia to request them to allow food and health supplies through. We are also approaching the Government of Syria, asking it to use all the influence available to it, to allow health and food and other supplies to go through.

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CANADA POST CORPORATION

RETAIL SERVICES—TRANSFER TO PRIVATE SECTOR

Mr. George Baker (Gander—Twillingate): Mr. Speaker, door-to-door mail delivery has been reinstituted but on Parliament Hill only. Last night all Members of Parliament received a hand-delivered letter from Canada Post in which it said:

> Canada Post will be placing the majority of its retail services into the hands of the private sector. The change will—greatly reduce the cost of maintaining its retail network.

Does the new Minister responsible for Canada Post agree with this privatization, this cut-back of service, which will mean a closure of rural post offices?

Some Hon. Members: No.

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): I think the honeymoon is over, Mr. Speaker.

On the general question of whether privatization can be beneficial or not, my feeling is definitely yes. In fact I would generally support what has been the view, as I understand it, of many committees of Parliament which have looked at the matter over the years, that in fact through privatization we may be able to have significant increases in service to the public, all the while saving money.

Mr. Baker: Mr. Speaker, the Prime Minister has changed the wrapping on the postal package with the appointment of this new Minister, but the contents remain the same, and we say the contents are unacceptable for delivery and should be returned to sender.

LEVEL OF SERVICE

Mr. George Baker (Gander—Twillingate): Does the Minister really believe that a part-time businessman can provide the same level of service which our dedicated postmasters and postmistresses do in rural Canada?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am surprised at the Hon. Member's interest in the Post Office. I thought for sure he used voice communications for all purposes no matter what the distance.

Yes, I think it is very possible to have improved service if we have a retail postal outlet in a corner store which stays open 12 hours a day, as opposed to a service in a dedicated post office which shuts at 5 o'clock in the afternoon. I think it is very possible to have improved services all the while contracting to the private sector.

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NATIONAL DEFENCE

UNITED STATES LOW-LEVEL TRAINING FLIGHTS IN CANADIAN AIRSPACE

Mr. Dan Heap (Spadina): Mr. Speaker, my question is directed to the Minister of National Defence. As the Minister knows, Canadian civilian pilots have been warned to beware of U.S. war planes which are scheduled to start on March 8 low-level flight training from just above treetop levels and upward in Ontario between Sault Ste. Marie, North Bay, and Wawa.

When the request was received, did the Government obtain noise impact and environment impact reports, and did it consult with relevant civilian air service and pilots before giving approval, or was this all left to Major Donald Marsh?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, this is the reactivation of a route which was in service for many years. As a consequence, we already have data with respect to it. There was full consultation with the Department of Transport.

TRAINING OF AMERICAN PILOTS

Mr. Dan Heap (Spadina): Mr. Speaker, will the Minister tell the House whether this training of American pilots for low-level flight over Canadian terrain, hilly, wooded terrain, as an extension of the routes they use in the United States, is part of the deep strike policy of NATO of attacks into the Soviet Union?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, this is part of the training which is necessary for the U.S. Air Force in order to provide for the defence of the West. I am surprised the Hon. Member would feel that Canada should not shoulder its fair burden of the defence of the West. This is something which is very much in our interests.

Mr. Speaker: The Hon. Member for Don Valley East. The last question.

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REGULATORY REFORM

REVIEW OF NIELSEN TASK FORCE RECOMMENDATIONS

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is directed to the Minister of State for Privatization, responsible for the status of women and regulatory affairs. The Nielsen Task Force was the most comprehensive review ever undertaken by any Government to assess the size, cost, and efficiency of the federal bureaucracy. Several months ago recommendations emanating from a review of approximately 1,000 programs were assigned to the appropriate committees of the House. Since action on these recommendations was to create a much more efficient Government and significant cost savings, could the Minister give this House a progress report on the results achieved thus far?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I would be very pleased to give a progress report to the Hon. Member because I think this is one of the most noteworthy achievements of any Government in the history of Canada with regard to government management.

There are a number of elements I would like to point out about regulatory reform. First, this has now commanded ministerial attention, and the attention of a cabinet committee, so it has very strong control because there is a very strong political will to ensure the regulatory environment improves. We have published, as well, a Citizen's Code of Fairness which, I think, is very important. My predecessor, the Minister of Justice, was responsible for introducing that publication.

There are 43 specific reform initiatives, including a working group on drug submissions, reform of the Combines Investigation Act, and there is a publication of a federal regulatory plan. The first one came out on December 15. I know that every Hon. Member of the House has read it from cover to cover.

• (1210)

ROUTINE PROCEEDINGS

[*English*]

CAPITAL PUNISHMENT

STATEMENT BY DEPUTY PRIME MINISTER—FREE VOTE—PROCEDURE

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise today to inform Members of the House that yesterday I filed with the Clerk a Notice of Motion with respect to capital punishment. The wording of the motion is available to Members on today's Order Paper and Notices. I would like to make it clear at the outset that the introduction of this motion does not indicate that the Government supports or opposes the reinstatement of capital punishment.

The intent behind the motion is to permit a full parliamentary debate to be concluded by a free vote on the capital punishment issue. By a free vote I mean that all Members of the Progressive Conservative Party will be free to vote according to their individual wishes and will not be bound by party discipline.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Of course, the opposition Parties can similarly release their Members if they so choose.

Furthermore, the vote will not be considered a matter of confidence by the Government. If the motion is defeated the Government will not consider it a vote of non-confidence.

The Prime Minister (Mr. Mulroney) made a commitment to Canadians that a free vote would be held on capital punishment during this Parliament. The Government has examined a number of ways of bringing this question forward. We want an open debate and a truly free vote, and a question formulated in a way to leave all stages of disposition in the hands of Members of the House, outside of the restrictions of the Standing Orders on Private Members' Business.

This issue is a matter of national importance and one that a majority of Canadians want Parliament to consider. It should be debated openly and voted upon in a free manner without

impeding the independence of Members of Parliament. We believe the motion introduced today meets those goals.

It is our intention to permit the motion to stand on the Order Paper for a period of time to allow those interested parties in the public to make representations to their Members of Parliament. Indeed, I would expect all Canadians to make their views known through letters, briefs or meetings, or any other form of representation to Members on all sides of the House.

The motion seeks the opinion of the House with respect to the reinstatement of capital punishment. If the motion is defeated, then the matter will end there. If the motion is supported, then the motion will establish a parliamentary committee to prepare and introduce appropriate legislation. While such a practice is permitted under Standing Order 107, it is clearly not a common one. I would remind the House that the McGrath Committee in recommendation 4.12 of its third report stated:

> We recommend wider use of parliamentary committees to review draft legislation, to conduct general inquiries when policy choices have not yet been made, and to bring in draft Bills.

In keeping with that recommendation, the motion has been drafted to ensure that all Members of Parliament have the opportunity to have input into the legislation, should the House choose to support reinstatement. This goes to the heart of our efforts to increase the role of the private Member with respect to public policy issues.

As one who has participated in a previous debate on this important issue, I recognize that it is a most difficult and emotional question. I trust that all Members will accept the importance and seriousness of this issue and approach the matter in a thoughtful and reasonable manner. The Government wishes to have a frank debate, a full debate, and a constructive debate. I trust that all Members will examine the question in that spirit.

The motion as presented is amendable. The Government has presented a motion which we feel will leave the House free to shape its decision. The motion now belongs to the House and its Members. The issue is theirs to decide.

Some Hon. Members: Hear, hear!

Hon. Bob Kaplan (York Centre): Mr. Speaker, capital punishment is indeed an important and serious issue. We in this House and in the country have been expecting the Government to act on its commitment to introduce a debate on which there will be a free vote with respect to this subject. There is great interest in it. There is also passion.

There are those who feel strongly that the sanctity of life prevents the use of capital punishment by any Government. There are others whose concern with crime and social order lead them as passionately to believe that capital punishment should be reinstated. I call upon both these groups on both sides of the issue to recognize the extent to which they are being manipulated and abused by this callous and hypocritical Government which introduces this motion at this time.

Mr. Gauthier: For two-and-a-half years you did nothing!

Mr. Kaplan: To take an issue as important and serious as this and introduce a motion at this time marks a new low in the performance of the Government. I hope that Canadians will not forget that.

The Government has indicated that the vote is to be a free vote. Yet the motion put forward in the name of a Minister of the Crown supports the principle of capital punishment. I know that in places in the country where the Government can advance its interests by putting this issue forward as a motion of the Government, that is what it is; it is a motion of the Government which supports the reinstatement of capital punishment.

Like the Deputy Prime Minister (Mr. Mazankowski), I participated in a number of debates on capital punishment. They are not cool, rational or dispassionate discussions. I object strongly, as do members of my Party, to the establishment of a committee which will travel and hear public opinion, which every Member of this House believes has already been heard. Members have made up their minds on this question. The establishment of a committee with a mandate to travel only indicates the attempt of the Government to divert attention from an issue about which opinion is largely settled. No good purpose will be served by the creation of such a committee, other than to create passion, emotion and pressure on all Members of Parliament to vote in one way or another. In any event, this will only distract attention from the most incompetent and perhaps immoral Government in the history of Canada.

Some Hon. Members: Oh, oh!

Mr. Kaplan: The Government has hit a new rock bottom with the timing of its motion and the method by which it proposes to proceed.

Some Hon. Members: Hear, hear!

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, it is certainly interesting to see the Government promoting the possibility of greater importance for private Members. It is astonishing to see that the Government does not want to take any leadership. It does not even have an opinion on this most crucial question of life and death which is involved in the issue of capital punishment.

One wonders why capital punishment should be treated as a moral issue, as if there were not other moral issues that we have been addressing, such as poverty and environmental pollution. These are also moral issues. I do not see why this moral issue should be treated in a different fashion from other deeply moral issues that we consider from time to time in the House.

The Government is keeping a promise it made in the election campaign. I remind the Government that it also made promises to the arts community with respect to funding, and to students with respect to education, not to mention the sacred trust regarding social programs. The Government promised scientists funding for basic scientific research. These were some of the promises it made.

Yet what is the Government's priority? The Government wants to keep its promise in an area which it knows is highly charged and at a time when its own credibility is sorely at risk. The Government does not look good on account of influence peddling, corruption charges and investigations. But it certainly looks good when murder and capital punishment are being discussed. This is a cheap way for the Government to make itself look good when its own reputation is very much at stake.

• (1220)

The questions as put in the government order are loaded questions. They do not deal with the real issues. If we must have a debate on this subject, I would prefer that the real questions at stake be those before us, namely, the morality of the state in taking life, the effectiveness of capital punishment as a deterrent, the effects in other countries after the elimination of capital punishment, the number of mistakes made in the execution of innocent persons wrongfully convicted of murder and the establishment of the impact upon society generally if capital punishment is reinstated.

I would prefer to see this subject put in a more positive way, if the Government feels it has to keep this promise, of all its promises. Canada has abolished capital punishment, with other enlightened countries. Why not put the question in a positive way, that we will continue this enlightened policy of abolition of capital punishment, and let those who wish to return to the dark ages vote against enlightenment.

Mr. Caccia: Mr. Speaker, I rise on a point of order. I understand that in reply to a statement there can be the recognition of more than one speaker from each Party. I wish to participate in this series of interventions.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): I regret that there is not unanimous consent.

Ms. Mitchell: That's free speech, that is what you are advocating!

INTERPARLIAMENTARY DELEGATION

PRESENTATION OF THIRTEENTH REPORT OF CANADIAN NATO PARLIAMENTARY ASSOCIATION

Mr. Bob Hicks (Scarborough East): Mr. Speaker, pursuant to Standing Order 101, I have the honour to present to the House the thirteenth report in both official languages of the Canadian NATO Parliamentary Association.

The report pertains to the participation of the Hon. Member for Northumberland—Miramichi (Mr. Jardine) in meetings of the North Atlantic Assembly's Sub-committee on Defence Cooperation of the Political Affairs Committee.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

[*Translation*]

COMMITTEES OF THE HOUSE

STRIKING—TWELFTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, I have the honour to present the twelfth report of the Standing Striking Committee. If the House agrees, I intend to move concurrence in this report later this day.

[*English*]

PRIVATE MEMBERS' BUSINESS—SECOND REPORT OF STANDING COMMITTEE

Mr. Bill Kempling (Burlington): Mr. Speaker, I have the honour to present the second report of the Standing Committee on Private Members' Business in both official languages.

This report deals with a selection of votable items pertaining to the second draw which took place on January 27, 1987.

Pursuant to Standing Order 36(1)(b) this report is deemed adopted and laid upon the Table.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

PETITIONS

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have approximately six petitions from constituents and visitors to the national capital who wish to present a grievance.

[*Translation*]

With respect to what is known as the Rideau Hall grounds, these people say that the decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the Royal Canadian Mounted Police and the office of the Governor General without prior notice;

that the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud; and that area residents from the entire national capital region who have used and enjoyed the grounds of Rideau Hall, recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120-acre park to public access.

Wherefore the undersigned petitioners humbly call upon Parliament to open the decision for consultation with citizens' representatives of the large and growing opposition in order that a *modus vivendi* be created that would satisfy the Government and the public.

[*English*]

CANADA POST—OPPOSITION TO REMOVAL OF LETTER BOXES

Mr. Dan Heap (Spadina): Mr. Speaker, it is my honour and duty to present a petition, which has been duly approved by the Clerk of Petitions, from a number of residents of North Vancouver, Burnaby, and other areas of British Columbia. The petitioners are concerned about the cost-cutting measures of removing letter drop boxes that people use to mail their letters. This began in Toronto, but it is now being implemented in other cities. The petitioners of Vancouver are protesting against this measure. They point out that it causes a great inconvenience, particularly to the elderly and to young children. Therefore, the undersigned petitioners humbly pray and call upon Parliament to ensure that Canada Post replaces the mailboxes that have been removed, and that it consult with the residents of the affected communities before it removes these boxes, and other services in future.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): I have a further petition from many residents of Vancouver, and other areas nearby. The petitioners object to the Government's proposal to change the Patent Act regarding prescription drugs. The petitioners believe this will raise the prices of prescription drugs, and it will bear particularly hard on people of low or fixed income. They believe it is a mistaken example of Canadian concessions to the United States in the free trade negotiations. Therefore, they call upon Parliament to reject these proposals on the ground that they will increase drug prices for Canadians with no compensating benefit.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Finally, I have a petition from residents of Vancouver, and areas nearby regarding the low-level flight training of pilots of NATO countries at the Canadian Forces Base in Goose Bay, Labrador. The petitioners say that it disrupts the way of life of the people, it is not the most satisfactory available form of industry for earning a living and it is a provocative and aggressive war-fighting action that tends to endanger world peace. Therefore, the petitioners call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) will end all the low-level flight training at the Goose Bay Canadian Forces Base, and cease negotiating with NATO for the establishment of a larger base.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I have two petitions to present. The first petition is signed by a number of people from my home constituency of Prince Albert. It calls upon the Government to ensure that it knows what it is doing as far as the increase in prescription drug prices is concerned. The petitioners call upon the Government to reject the proposals which would increase prescription drug prices for Canadians.

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Stan J. Hovdebo (Prince Albert): The second petition is a plea from people of Canada to pray and call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at the Goose Bay Canadian Forces Base, and cease negotiations with NATO for the establishment of a larger base. The petitioners do not recognize the low-level flight training as a defensive measure in Canada, and recognize it as endangering world peace.

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, I have petitions from residents of Canada pointing out that the low-level flight training of pilots of NATO countries at the Canadian Forces Base at Goose Bay, Labrador disrupts the way of life of many of the native people living there. Hunting, fishing, tourism and mining can provide more stable, healthy, and peaceful employment than can the Goose Bay Canadian Forces Base. The petitioners therefore call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at Goose Bay, and cease negotiations with NATO for the establishment of a larger base.

* * *

• (1230)

STRIKING

CONCURRENCE IN TWELFTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, if the House gives its consent, I would move that the twelfth report of the Striking Committee, presented earlier this day, be concurred in.

The Acting Speaker (Mr. Paproski): Does the Hon. Member have unanimous consent of the House to move the motion?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

AGRICULTURE

REFERENCE TO STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties, and I think Your Honour would find unanimous consent to pass the following motion:

That, pursuant to Section 39 of an Act to facilitate financial arrangements between farmers and their creditors, Statutes of Canada, 1986, C.33, the Standing Committee on Agriculture be the committee to review the Act.

The Acting Speaker (Mr. Paproski): Does the Hon. Parliamentary Secretary have the unanimous consent of the House to move the motion?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would ask that all questions be allowed to stand.

The Acting Speaker (M. Paproski): Is it agreed?

Some Hon. Members: Agreed.

[*English*]

The Acting Speaker (Mr. Paproski): Before recognizing the Hon. Minister of State for Privatization (Mrs. McDougall), I wish to inform the House that because of the ministerial statement Government Orders will be extended by 11 minutes beginning at 1 p.m.

Teleglobe Canada

GOVERNMENT ORDERS

[*Translation*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ESTABLISH

Hon. Barbara McDougall (Minister of State (Privatization) and Minister responsible for the Status of Women) moved that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be read the second time and referred to a legislative committee.

She said: Mr. Speaker I welcome this opportunity to introduce the legislation respecting the reorganization and divestiture of Teleglobe Canada, the international telecommunications carrier, authorizing the Government to sell the Crown corporation to Memotec Data Inc. in Montreal.

The transaction is particularly exciting because the dynamic entrepreneurship of Memotec is thus allied with Teleglobe's experience, technology and market access. The resulting combination will certainly attract the attention of the Canadian business world in the years to come.

[*English*]

The privatization of Teleglobe is an important milestone for the Government's privatization process which is itself an integral part of our plans to ensure more prudent management of the whole public sector, including both government Departments and Crown corporations.

Better government management has been a central element of our agenda for economic renewal, an agenda described in the November 1984 document, *A New Direction for Canada.* The agenda is pragmatic, coherent, and responsible. It is working and it is working well, to the benefit of Canadians.

Our policy recognizes that Crown corporations have played a central role in Canada's economic life. In the main they have served Canadians well, but few Canadians understand just how extensive our network of Crown corporations has become. In 1984 we inherited a vast collection of corporate holdings. Together they employed over 200,000 people, almost as many as in the federal Public Service.

Our policy is to manage better all Crown corporations, to wind down those entities which are no longer required, and to privatize on a case by case basis those Crown corporations where the public interest can be better served through private ownership with public regulation as and when required. This policy is consistent with Canada's traditionally pragmatic approach to public ownership.

We are all prepared to use public ownership when we see it as the best way to serve the public interest. We should all be equally willing to move away from public ownership when that too is in the public interest.

Therefore the Government's approach is sensitive and pragmatic. It is evident that many of the leading spokespersons

on the other side of the House are still wrapped up in the ideology of the 1950s and 1960s and are not aware of how far we have progressed since then.

Essentially the legislation places Teleglobe Canada on the same basis as CP Rail, Bell Canada, CTV, CHUM, or any other of our privately owned, publicly regulated companies.

Some have said that Teleglobe is profitable, a crown jewel, and because it is profitable we should not divest the company to the private sector. Our answer to this plea for the *status quo* is a simple one. As the late David Lewis once reminded doctrinaire socialists, "you don't have to own an industry in order to have some control over it". Crown ownership is not necessary for Teleglobe to serve the public interest.

In many ways Crown ownership is inhibiting to corporations. For example, Teleglobe is a well managed and profitable company, but it is extremely restricted in what it can do. It cannot be entrepreneurial. It cannot move into new ventures built around its own technological sophistication and its link to international markets. This synergy is precisely on what Memotec proposes to build to develop new products, expanded markets, new exports, and ultimately more jobs for Canadians.

[*Translation*]

Mr. Speaker, the Bill before the House is only a means to an end. That end is a privatized, dynamic and growing Teleglobe. The means are perhaps less exciting but just as important. The Bill describes the structure of the transaction, clarifies policies, identifies employee benefits and authorizes the sale.

[*English*]

Clauses 1 through 3 of the Bill are simply definitions. Part II, Clauses 4 through 6, is more substantive. These clauses provide for the creation of a new company organized under the Canada Business Corporations Act. The new Teleglobe will take over the assets of Teleglobe in exchange for securities. The securities, including shares representing 100 per cent of the new Teleglobe, will be sold to Memotec. The only major asset not to be transferred to the new Teleglobe will be the cash on hand in Teleglobe at the time of the sale. This is expected to be approximately $102 million.

We also believe it is sound public policy to ensure that Teleglobe remains Canadian owned and Canadian controlled. Accordingly, foreign ownership will be limited in Part II of the legislation. Non-resident ownership of Teleglobe will be restricted to 20 per cent. Non-resident telecommunications carriers will be totally excluded from Teleglobe's ownership now and in the future. Subsidiaries and affiliates of such non-resident telecommunications carriers will be similarly excluded with specified exceptions.

In addition, limitations are established on the extent to which domestic telecommunications carriers can own shares in the new company. This is designed to prevent the carriers from acquiring effective control of the new company.

[*Translation*]

The third section of the Bill, clauses 7 to 12, provides that the new corporation has an obligation to provide public telecommunications services such as co-ordinating telecommunications services between Canada and places outside Canada with the telecommunications services of other countries, making use of developments in cable and radio transmission or reception for public telecommunications services between Canada and places outside Canada, and conducting research and development for the purpose of improving telecommunications services.

• (1240)

[*English*]

Teleglobe will be designated to represent Canada in international agreements such as Intelsat, Inmarsat and the Commonwealth Telecommunications Organization, and under Section 15 of Part IV it will also be subject to Government policy directives for a narrow range of national security, foreign relations and international communications policy considerations. But perhaps more important than what the company must do is what it may do. It will not be restricted as to its mandate. It will in the future be free to pursue new business opportunities. This section also designates that the headquarters of the new company shall be located in Montreal.

Part IV of this Bill deals with Teleglobe's regulatory framework by empowering the CRTC to regulate its telecommunications business. By bringing the company under the jurisdiction of the Canadian Radio-Television and Telecommunications Commission, we will ensure that rates and other conditions will be both fair and reasonable into the future for both users and Teleglobe itself. Consumers will benefit from average reductions on overseas telephone charges exceeding 13 per cent in 1988. That will be good news for those many, many Canadians with relatives overseas. More important, the consumer interest will be protected into the future by the CRTC, a protection not present now under Crown ownership.

Later sections of the Bill, namely sections 28, 29 and 30, provide for a transitional regulatory regime to be established immediately. It is under this regime that the Government will require Teleglobe to reduce its rates, and will establish the rules by which rates will be regulated until the end of 1991. The Government will also ensure that Teleglobe remains as Canada's "single-interface" for overseas telecommunications for at least five years. This does not, of itself, provide complete protection for Teleglobe. Some critics have suggested that the telephone companies might attempt to route overseas traffic by way of the U.S. to bypass Teleglobe. However, even if they were to do this, those under federal regulation would require CRTC approval of their actions. It is the policy of our Government that, to the greatest extent feasible, overseas telecommunications shall be provided over Canadian-owned and Canadian controlled facilities. I should say, in fairness as well, that the telephone companies have said publicly that it is not their intention to bypass Teleglobe.

Part V, Sections 19 through 22, provides for the sale of Teleglobe. Let me clarify once again the financial implications of this. As Hon. Members know, the gross proceeds of the proposed sale to be received by the Government are $608.3 million, composed of $488.3 million from Memotec, an estimated $102 million in accumulated cash in Teleglobe at the time of the sale, and a special dividend of $18 million in December, 1987. Direct costs are estimated at $7 million, and a contingency reserve of $10 million has been created.

On the accounts of the Government of Canada, the only entry with respect to Teleglobe is a loan for approximately $2 million. Therefore, the impact on the deficit, on the consolidated revenue account, will, in total, be $608.3 million, minus the costs, the contingency reserve and the loan, for a final total of $589.3 million.

Some Hon. Members: Hear, hear!

Mrs. McDougall: Let me also take this opportunity to clarify some further misconceptions that have arisen with respect to this sale. The securities to be sold to Memotec will, at the date of closing, be on the books of Teleglobe—and I do hope the Hon. Member for Vancouver—Kingsway (Mr. Waddell) is writing down these numbers—at a value of approximately $378 million. Therefore, the sale price represents a premium of $110 million. That is not, by anybody's measure—even the Hon. Member for Vancouver—Kingsway—a fire-sale.

Mr. Waddell: It is being sold for $350 million.

Mrs. McDougall: But the Opposition is correct in one respect. We could have structured this transaction to get a higher sale price, but only if we had been prepared to sacrifice the interests of Canadians by allowing higher overseas telephone rates, or allowing the new buyer to charge monopoly rates, or if we had been prepared to allow foreign bidders who might have bid higher. The Opposition may want Canadian consumers to pay higher phone rates to support monopoly profits, they may want foreign ownership, but this Government does not, Mr. Speaker.

The final substantive part of this Bill is Part VII, Sections 24 through 33. I have already described the interim regulatory regime. Much of the rest of this part is concerned with the provisions we are making for employees.

[*Translation*]

In legal terms, these clauses provide that all collective agreements will remain in force and they also provide for the transfer of pension plans.

A number of benefits and numerous guarantees are included in the sale of Teleglobe to Memotec, more specifically:

continuity of bargaining agreements;

creation of a new pension plan for present Teleglobe employees that is comparable in every detail to the plan now in force in the Federal Public Service;

within six months, the opportunity for Teleglobe employees to purchase five per cent of Teleglobe's shares at 90 per cent of the price paid by Memotec, through interest-free loans repayable over five years;

a long-term share purchase plan at a later date;

eligibility of the employee share ownership program for the purposes of the Quebec Stock Savings Plan, if possible;

and maintaining the corporation's headquarters in Montreal, as I mentioned earlier.

[*English*]

This is yet another item to add to the mounting pile of evidence that all points to the fact that privatization is a good deal for employees as well as for everybody else. Take, for example, the sale of de Havilland to Boeing. We all remember the cries of anguish from the Opposition benches during the sale of de Havilland to Boeing and the Opposition's predictions of doom and gloom and the sky falling in. But we hear nothing now from these particular "Chicken Littles" because the sale has been good for de Havilland. It has been good for the Canadian aircraft industry. It has been good for Canadian workers. The sale has been held as a natural partnership by industry experts around the world.

Mr. Waddell: Maybe we should have sold this to a foreign company. Be consistent.

Mrs. McDougall: Consistency is the hobgoblin of little minds, Mr. Speaker.

Some Hon. Members: Oh, oh!

Mrs. McDougall: Some may ask why the Government did not choose a broad public share issue as a vehicle for Teleglobe's privatization. It is a valid question that certainly deserves an answer. The answer is that we are pursuing privatization on a case by case basis. An in this case, it was our judgment that a strong and dynamic major shareholder will help guide the company during its transition from public ownership to private ownership with regulation. We believe that Memotec will ensure an exciting future for this company. The public interest will be better served by having Memotec establish how it will operate Teleglobe and then go with a public share issue which is already part of its permanent refinancing plan. While a strong majority shareholder is desirable in the case of Teleglobe, public share issues directly by the Government may well be more appropriate for other privatization candidates.

• (1250)

Of course, we fully expect opposition Parties to say otherwise about the benefits of privatization, to take all positions and, like Stephen Leacock's famous horsemen, to ride madly off in all directions. For example, Liberal Members will conveniently ignore the fact that when they were in Government they presented legislation to privatize Teleglobe. I invite Canadians to compare their current rhetoric with their position

while in office as enunciated by the former Minister of National Revenue when he introduced Bill C-25, the Bill respecting the Canada Development Investment Corporation, the holding company for many Crown corporations, on May 28, 1984. At that time, the Liberal Government adopted the following position:

> A second function of CDIC is to privatize... In its divestment activities, CDIC is to ensure that sales are made according to commercial standards, so that the public realizes a fair return from assets which are sold. CDIC has made initial assessments of the prospects for commercial sale of certain of the assets including consideration of market conditions and timing factors.

Despite these intentions, it was not until this Government came to power that any action was taken. Let Canadians judge the current credibility of the Official Opposition in light of its own statements.

Of course, there is always the NDP. According to the Hon. Member for Vancouver—Kingsway, the NDP is, "Not necessarily against privatization. The NDP are not saying that in every case we should not privatize; we are saying you have to have sound economic reasons for it". Of course, in this case, we have sound economic reasons.

[*Translation*]

Mr. Speaker, in the light of these official positions, this Bill should rally the unanimous support of all Parties.

[*English*]

A privately owned, publicly regulated Teleglobe will be able to meet public policy objectives even better than a Crown corporation. Not only will we continue to enjoy first-class overseas telecommunications, but this sale will bring additional benefits to Canada through greater consumer protection, broader business opportunities for Teleglobe and the freeing up of scarce public resources to do the things that Canadians want this Government to do. I look forward to the support of the entire House in proceeding with this legislation.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I was listening with great interest to what the Minister said. I just want to make sure that I address some of those issues.

It is a pleasure for me to speak to Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada.

[*Translation*]

Nonetheless I find it regrettable that the Minister, giving her views in the speech she has just made before us in the House, would imply that the sale of Teleglobe was in our best interest and because a Crown corporation cannot operate in a certain financial circle from which society can profit. The proof is that it is a corporation which has always been profitable—

Mr. Lanthier: Not enough.

Mrs. Finestone: I regret that the Hon. Member for LaSalle (Mr. Lanthier) does not believe it was profitable, because figures indicate that it is a very profitable corporation, well managed, managed by Canadians here in Montreal. And I think we do have some pride at home.

The reason why I am disappointed , and I even think that the remarks of the Minister are somewhat shameful, is that the sale was made for ideological principles, not on the basis of the sound operation of a corporation, because if it were in the interest of all Canadian men and women the Government would have kept this magnificient small corporation in the public sector as a source of funds paid every year into the public treasury. It did not cost us a cent, Madam, and it is very important to understand that. Indeed, it was built with the money of Canadians, for Canadians, and in the interest of all Canadians.

An Hon. Member: That again.

Mrs. Finestone: No! No! It is somewhat different. I hope, because if she accused us, as Liberals, of having projects in May 1984 to privatize certain Government instruments, it is true, but we are not—

[*English*]

—frozen in the philosophy of Conservative thought that wants to sell at any price. One should sell when it is indicated that something is well worth selling.

Some Hon. Members: It is.

Mrs. Finestone: Yes, you need good economic reasons and you didn't have any. Teleglobe is a very good Crown corporation that produces well and is well administered. That is what we need. We need annual profits going into the general revenue fund of Canada from this corporation.

Teleglobe was established as the Canadian Overseas Telecommunications Corporation, the COTC, in 1950, with a legislative mandate to provide overseas telecommunications services for Canada and to participate on Canada's behalf in various international communication organizations such as the CTO, Intelsat, Inmarsat and ITU. The facilities the corporation took over were those of the Canadian international operations of Canadian Marconi Limited and Cable and Wireless Limited.

Two purposes were alluded to in the parliamentary debates on the Act which established the COTC. The first was that Canada had made a commitment during the 1945 Commonwealth Telecommunications Conference to public ownership of the providers of overseas telecommunications services. Second, it was felt that national security related overseas telecommunications facilities would be promoted by public ownership. Here, rather than promoting through public ownership, we have sold the furniture to pay for the rent.

Since 1950, international telecommunications demands have expanded enormously because of the economic growth and rapid technological developments which have resulted in higher quality and lower priced services. Teleglobe has also grown rapidly and profitably. Nevertheless, the corporation, with over $200 million in annual revenues, remains a relatively

small player in the Canadian telecommunications scene, accounting for only approximately 3 per cent of the Canadian market.

Financially the corporation gives an impression of strength and security. It has assets of $574 million and profits of over $40 million per year. The corporation has benefited from the policies of the Government which, until recently, required minimal dividends although corporate income taxes have been paid. The result has been that retained earnings have been rather large in proportion to the fixed capital stock of the company as compared to other telecommunications companies.

I would like to give an over-view of the attempts to sell Teleglobe. To date, the Government has engaged in a series of unco-ordinated initiatives and conflicting statements in its attempt to sell off Teleglobe Canada. The Government's actions with respect to this privatization can be summed up in one word, bungled. Permit me to review the Government's actions to date.

The former Industrial Expansion Minister was an early proponent of privatization. Remember his list of fire sales, Nordair, Northern Transportation Company Limited, Canada Development Corporation, de Havilland Aircraft of Canada Limited, Pecheries Canada Incorporated, CN route, Canadian Arsenals Limited, Canadair Limited and Nanisivik Mines Limited. The total Crown assets sold amounted to $883 million.

• (1300)

As I said before, we sold most of those corporations and many of them could have been profitable right where they were. While I am pleased some of them were sold, to say the least, we have to judge them case by case. I was pleased to hear the Minister say that, and that she might plan to do it that way in the future. It is too bad she did not use that yardstick in this particular instance.

Teleglobe Canada was the apple of the eye of the former Minister responsible for industrial expansion. It was a Crown corporation about which very few Canadians knew anything. It is said that in the fall of 1984 the Minister invited the former Minister of Communications and a senior official in his office to dinner. Somewhere, so the story goes, between the fish and the meat the Teleglobe sale was proposed. Immediately the official protested. There was no policy framework in which the sale could take place, he said. Without a national telecommunications policy debate, which was being planned, he said the whole bidding process was bound to get fouled up. Maybe he was thinking back to a report commissioned by the Conservatives when in opposition, although never released, which advised that Teleglobe should only be sold after a White Paper on telecommunications policy had been debated. The official must have had a crystal ball because he was certainly right. We have no national telecommunications policy and we are still in the process of meeting with our provincial counterparts to build one; co-operative federalism and national reconciliation.

Let us take a few moments to review what has happened in the two and a half years since that meeting. On August 1, 1985, then Minister of Regional Industrial Expansion announced that the Government was proceeding immediately with the privatization of Teleglobe. He stated that the bidding procedure put in place on that date was designed to provide all serious potential purchasers a fair opportunity to acquire Teleglobe. By letter dated September 9, 1985 Dominion Securities Pitfield, the Government's financial advisor, wrote that all bidders would be advised by October 30, 1985 whether their respective offers were acceptable and that an agreement of purchase would be signed by December 15, 1985.

In a subsequent letter dated September 11, 1985 the date for advising bidders of the acceptability of their offers was changed and they were told an agreement of purchase for Teleglobe would be signed by January 15, 1986. That was great financial management and certainly gave the businessmen a sense of confidence.

If that was not enough confusion for prospective purchasers, Dominion Securities issued a further letter dated November 12, 1985 stating, "The timetable for the sale of Teleglobe has been delayed by the temporary unavailability of the Minister responsible." As a result, they were compelled to advise that the date for the sale was being pushed back once again.

All through the spring of 1986 rumours persisted that the Government would be announcing the successful bidder for Teleglobe, but no such announcement was ever made. Then in November, 1986, almost one full year after the deal was supposed to close, what does the Government announce? It said the bidding process for Teleglobe will start all over again with new rules. Is that what the former Minister meant when he said the Government would proceed immediately with the sale of Teleglobe? Was that government policy and was it changed en route? Is that what the Minister meant when he said the bidding procedure would be fair to all parties? I suggest the Government not only changed the rules in the middle of the game but also changed the game itself.

How can we expect taxpayers to have confidence in the Government given the behaviour it has demonstrated in its management? It is no wonder that newspaper headlines in *The Globe and Mail* read, "Teleglobe Canada sale is act first, think later", or that *The Financial Post* labelled its headline, "Bidding chaos for Crowns", or most recently an *Ottawa Citizen* story was headed, "A privatization shambles".

The Minister alluded to the fact that the sale of Teleglobe would free up funds for other government activities. I find that rather strange in light of the fact that Teleglobe paid money to the Government every year and it certainly was not costing the Government any loss of revenue. What was the price to be paid for Teleglobe? The Government points out that the sale will result in a one-time reduction of the federal deficit. What the Government fails to indicate is that in 1985 Teleglobe wrote a cheque to the Government of Canada in the amount of $108.1 million. I call that a rather sizeable sum. I would not mind a

cheque like that to help us move forward. Then what happened? In 1986 the company issued another cheque for $80 million. Can you tell me how that is costing the Government money? That is a very nice return to the people of Canada for the faith they had in investing in a well organized and well run public corporation. Teleglobe has been a profit generator for the Government in the past and there is every indication that that pattern would have continued in the absence of privatization.

I do not think privatization at any cost or keeping a company in the public sector at any cost is the right philosophy. We need a middle of the road, well balanced point of view which is not ideologically frozen to the left or right. That is why the Liberals were good Government and why we saw this country grow and prosper.

Mr. Beatty: That is why you were thrown out.

Mrs. Finestone: Certainly there has been enormous expansion in the telecommunications field over the history of our Government. I wish I could say the same for the present Government. Had we wanted Teleglobe to develop its research and development, manufacturing and marketing, it could easily have been done through enlargement of its mandate.

You have indicated the House will now recess for lunch, Mr. Speaker. I will return and further address my ongoing concerns over the privatization of Teleglobe. Let me just say that, despite the ideological bent of the Government and its decision to sell Teleglobe, I am pleased to see that Memotec Data of Montreal was the winner. It is a Cinderella story and I am pleased they were able to prevail. I compliment the Minister and CDIC on their choice. I will finish my remarks after lunch.

The Acting Speaker (Mr. Paproski): I will look forward to that. The Hon. Member will have 23 minutes left when we come back at 2 o'clock.

At 1.10 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

The Acting Speaker (Mr. Paproski): Order. When the House rose at 1.10 p.m., the Hon. Member for Mount Royal (Mrs. Finestone) had the floor.

Mrs. Finestone: Mr. Speaker, when the House rose for lunch, I believe I was reviewing the chronology of this divestiture. On November 19, 1986, the Minister of State for Privatization (Mrs. McDougall) and the Minister of Communications (Miss MacDonald) announced that the final bidding stage for Teleglobe Canada would take place. Bidders were asked once again to submit bids by January 9. On December 19, the Minister of State for Privatization tabled in the House draft legislation for the divestiture of Teleglobe. On December 30, the Government rejected a proposal from the telecommunications companies Bell Canada, BC Tel and others, which would have allowed them to purchase 40 per cent of Teleglobe Canada.

On January 9, the last day for the receipt of bids, CDIC had seven bidders for the purchase of Teleglobe. On January 19 a story appeared in *The Financial Post* about the bidders for Teleglobe. Included in that list of bidders is Memotec Data Incorporated. On January 27, the CDIC board met with the various bidders and, at the conclusion of that meeting, the management of CDIC was instructed to correspond through Dominion Securities with each of the bidders to allow them to reconsider their bids.

On January 30, Mr. David Torrey of Dominion Securities sent a letter regarding the revision of bids with particular reference to by-pass, pursuant to a directive from the board of CDIC. It is interesting to note that not all the bidders changed their bids.

It should be noted that on February 2 there was no significant activity on the Toronto stock-market and some activity on the Montreal stock-market. Tuesday, February 3, was the due date for revised bids for Teleglobe Canada.

On Thursday morning, February 5, the CDIC board conducted a telephone conference call to consider the revised bids. In a memorandum to the Minister dated February 5, the board stated that it had considered all the bids for the sale. Following the conference call, it sent a very detailed letter to the Minister advising her that the bids it considered acceptable were from *Caisse dépôt*, City Financial Corporation, Gordon Investment Corporation, Intercity Gas Corporation, Memotec Data Corporation, and Power Corp. of Canada. The summary of the bidders' material was attached to the letter. The board also acknowledged that the bid from Canadian Telecom Carriers was determined to be non-compliant with the terms and conditions and their bid was conditional upon modifying three conditions of the government guidelines for the divestiture of Teleglobe Canada. Therefore, that bid was rejected.

Finally, the board suggested to the Minister that of the three highest bids received, Memotec was the first at $488.3 million. The CDIC board unanimously recommended Memotec Data as the proper company to be considered for the divestiture, or privatization, of Teleglobe. There was a halt of trading of Memotec shares on the stock-market.

A very interesting article appeared in *The Toronto Star* on Feburary 6. It reported the previous day's activity on the Toronto Stock Exchange and questioned why some concern had been manifest on Thursday, February 5.

Late in the afternoon of February 10, the Minister of State for Privatization informed Memotec that it was the successful bidder. All that activity on the stock exchange took place the week before the successful bidder was advised late in the afternoon on February 10.

The Minister announced at a noon hour press conference on February 11 that Memotec was the successful bidder for Teleglobe Canada. Trading in the stocks were halted for a short period of time. Philosophically I did not agree with the sale of Teleglobe, because I think it was a good and substantial company producing well with fine management, good employees and an ability to give money back to the federal coffers. Nevertheless, I did rejoice in learning that this small company had beat out some of the giants. It seemed like a very happy Cinderella story. Therefore, it was quite sad that an unfortunate cloud had now come over the head of the successful bidders.

I asked some questions in the House. At one point the Minister of Consumer and Corporate Affairs (Mr. Andre) decided not to answer my question, but answered a question outside of what I was asking. I particularly wanted to know if the Minister would conduct an immediate investigation into who in the Government, in Crown corporations or on the ministerial or departmental staff knew the name of the successful bidder and when did they know that? The Minister was as concerned, I think, as I was about this particular matter. However, what she was not able to explain was that when she knew the successful bidders, and when she knew there was some unusual activity in the stock market, why she did not stop the announcement of the sale of Teleglobe until that matter had been cleared up. I am sorry that did not take place. It would have been much better had that been done, and she could have then put her own investigation into place and this would never have become the kind of public issue which puts a cloud over this exciting moment in terms of the history of this company.

• (1410)

I was not happy that we have another blunder in the ongoing saga of the selling off of our Crown corporations. You must remember, Mr. Speaker, that the Canadian Development Investment Corporation is an agent of the Government and is part of the procedures which have to be taken into consideration as well, and it did send the very important letter to the Minister on February 5.

The Minister talked about the price to be paid for Teleglobe. I think I said to the Minister that because we had such a profitable company, the question of the dollars was not significant. It is a one-shot deal to wipe out a part of the deficit which the Government is well intended towards reducing. However, is that the best way to reduce it? If the Government intends to sell off its Crown jewels to reduce the deficit it will soon run out of assets. I think that is very serious. Frankly, what we are looking at seems to me to be sales which will yield short-term gain at the cost of long-term pain to our federal Treasury. Therefore, I am not particularly pleased about that and I think we are going to have to look into it a little further.

With respect to the tariffs to which the Minister alluded and the fact that she has directed, through the memorandum of sale, that there be a reduction of 13.5 per cent, it had been suggested that Teleglobe's tariff was too high, and that was the prime reason for the privatization. In a brief presented to the Minister of Labour (Mr. Cadieux) in August, 1986, by the Teleglobe Technical Supervisors Association, Local 1653, and the Canadian Overseas Telecommunications Union, quite the contrary was revealed. The brief stated:

> Our tariffs are a matter of bilateral international agreements and we must often acquiesce to the traffic structure of the overseas partners, the foreign administrations, even though Teleglobe is capable of operating profitably with lower rates.
>
> In the case of telephone traffic, Telecom Canada receives an average of 50 cents on a dollar per conversation-minute. However, this and other problems can easily be resolved by making Teleglobe subject to CRTC regulations. Privatization is certainly not necessary to accomplish these ends.

With respect to those rates, on November 19, 1986, when the Minister of State for Privatization and the Minister of Communications announced that the Government would be proceeding with the final bidding stage in the privatization of Teleglobe Canada, it was suggested to Canadian consumers that, as a result, rates would be reduced. The Minister of State for Privatization said:

> Canadian consumers and business users will benefit through reductions in overseas phone rates of at least 13 per cent on January 1, 1988, with further rate reductions likely in subsequent years. Telex charges would also fall by 10 per cent on the same date.

But this was a planned reduction. It was going to happen anyway. We did not need the privatization and divestiture for this rate reduction which will enable all Canadians to make long distance phone calls to their aunts, uncles, or friends at reduced rates. Canadians love to phone across the world because we are such an interesting mutlicultural society and come from so many areas of the world. This reduction could and would have been in place and did not require selling off this asset in order to accomplish that goal.

The Standing Committee on Communications and Culture was told when Mr. Jean-Claude Delorme, the President of Teleglobe Canada appeared before us that:

> The corporation was giving consideration to a plan that consisted of a number of phases. We were considering collection rate decreases of the order of 10 per cent in 1988.

When asked whether there were further projected declines for 1988 into 1989 and 1990, the President indicated yes, but would not elaborate on what those planned reductions were. Therefore, the question of rates would have been resolved in any case.

Let us look at the monopoly status. In Bill C-38, as well as when the Minister of Communications and the Minister for Privatization announced the final round of bidding at that marvelous press conference, we were told that Teleglobe would have a monopoly staus for five years. After that date there would be no assurances that Teleglobe would continue to have such status. I must say, I am concerned about that.

When Mr. Delorme appeared before the Committee on Communications and Culture he said:

> If Teleglobe is not a monopoly under the present circumstances, its viability is in serious jeopardy. By that I mean we receive our traffic and therefore our

revenues from two pipelines: The Telecom Canada Pipeline, which is basically the telephone pipeline, and the CN-CP pipeline, which is telex and telegraph. We do not have access to the subscribers.

Therefore, if it were to become permissible tomorrow for anyone to operate a network similar to or in competition with that of Teleglobe, then I believe the existing carriers would probably be the first candidates. And obviously, and naturally, they would seek to route their traffic via their network rather than ours. That is the reason why I say that without the protection of what we have called, in our jargon, "the single interface policy", Teleglobe's viability is in real jeopardy.

This is not me, Mr. Speaker, and it is not the Opposition who are telling the Government. This is the President of Teleglobe Canada giving a report to the Standing Committee on Communications and Culture, and he has serious questions. If the Government is such a good consulting mechanism, why does it not listen to the President who has had years of experience in developing a profitable company which brings very fine revenue into the coffers of this country, and recognize that without a regulated monopoly the potential for the development of this company may be seriously in jeopardy? I will examine this issue with the Minister very carefully when the Bill gets into committee. I believe this to be one of the two major flaws in the Bill, and I really regret that decision.

With respect to by-pass, because that also relates to the fact that this may not be a regulated monopoly five years down the road, if we look at November 19 of last year, when the Minister of State for Privatization reopened the bidding process for Teleglobe Canada, I indicated at that time that there did not seem to be any method by which we could prevent carriers from by-passing the Teleglobe system and by transmitting information to our neighbour to the south, the United States, and then using the American systems, which are considerably cheaper for transoceanic communication. There is the theory of the magnitude and economies of scale which come into play in terms of the American scene. The population of Canada is one-tenth the population of the United States. I think we do well, given that consideration.

• (1420)

The Government has taken some steps to demonstrate that carriers will not be able to by-pass the system. Under the Radio Act, the Telegraphs Act and the Railway Act the Government, we are told, will exercise its existing powers to ensure that Teleglobe remains the sole Canadian operator of facilities to provide Canada—overseas telecommunications services for a period of at least five years.

As well, under Section 64(1) of the National Transportation Act the Governor in Council is given statutory authority to vary or rescind any order or decision of the CRTC. I hope that will be enough. However, we can re-verify that when the Bill is considered in committee.

The participation of the carriers leads me to another concern, that is, the lack of participation of the telecommunications carriers in the ownership of Teleglobe. We have been told that the Memotec bid makes no provision for the domestic carriers to own a portion of Teleglobe. I find that particularly distressing as these same carriers supply 70 per cent of Teleglobe's traffic. The November 19 guidelines for bidding provided that no more than 40 per cent of Teleglobe could be owned by telecommunications carriers. On December 29, 1986 CDIC received a bid for 40 per cent of Teleglobe from Canadian Telecom Carriers International Incorporated. It was determined to be non-compliant because it was conditional on modifying three conditions of the government guidelines for the divestiture of Teleglobe.

Having been rebuffed in their initial efforts, the telephone companies joined the bidding group that included the Caisse, other pension funds and Spar Aerospace Limited of Toronto. That bid also failed. I sincerely hope that some way will be found by the new owner, Memotec, to integrate part of the telecommunications carriers into the new Teleglobe.

My last point deals with the workers. It must be remembered that since 1979, when privatization was first advocated by the short-lived Conservative Government, all employees have been living in an atmosphere of fear and uncertainty. They operate under the continual stress of adapting to the volatile technological change that is always present in the telecommunications industries. But being asked to assume this additional stress over the last seven years can easily be perceived as indicative of the insensitivity of the present Government toward the employees of Teleglobe. I have been told that many employees have opted for early retirement, more out of fear and uncertainty than from personal desire.

Over the past year I have been in constant contact and have had the opportunity to meet and come to know many of the employees of Teleglobe whom I found to be highly organized, articulate, informed and sensitive to the important issues surrounding the privatization of a company in which many have invested their whole lifetime. I strongly believe that if it had not been for their strong voice, their futures might be less secure than they are today.

Clause 15 of Bill C-38 gives the Governor in Council, on its own or at the request of the CRTC, the power to give policy direction concerning any matters within the jurisdiction of the CRTC, and the CRTC shall give effect to the policy directives which are issued by Order in Council. I hope that these issues will be addressed in what will be an amicable way around the table as we sit down to discuss them in the legislative committee. I am looking forward to the study of Bill C-38 at which time we will examine it more closely, with particular reference to the conditions of sale and the valuation studies for the deal.

I take this opportunity to congratulate the Minister of State for Privatization for her handling of the sale. I sincerely hope it will go well. It certainly has been the best of the procedures to date in terms of the divestiture of our assets.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I rise as the NDP's privatization critic, the only male critic in this area. I mention that because the tone of the debate thus far has been so good and so positive. I hope I will not spoil it.

Since we have become so complicated in our analysis of this Bill I would like to state what the Bill is all about. We are

dealing with Bill C-38 which deals with the privatization—the selling by the Government—of a Crown corporation called Teleglobe Canada. Teleglobe has the responsibility for all overseas telecommunications entering and leaving Canada. So if one phones one's grandmother in Scotland or one's grandmother in Italy the calls must go through Teleglobe. These communications include telephone, telegraph, cable and telex communications. Teleglobe is a joint owner of submarine ocean cables and telecommunications satellite systems. Thus Teleglobe has an effective monopoly in Canada on all overseas telecommunications. In what a great Canadian, Marshall McLuhan, called the global village, overseas telecommunications are really very important. That is to say, the world has shrunk and we all live in the same village. That is why this is an important Bill.

I will not mince words. I think that the Government is selling off a crown jewel to a little known private company at a reduced price, a fire sale price. I think that the deal is bad.

[*Translation*]

Mr. Speaker, the Government of Canada is going to sell a very profitable company to a small little-known company. I did not hear . . . Memotec, a small Montreal company.

[*English*]

That is not to say that it is a bad company, but it is a small company. It is like a minnow swallowing a whale.

The Minister anticipated my speech by saying that I wanted to maintain the *status quo*. In this particular case I admit that I am for the *status quo*. In British Columbia we have an expression which I believe was borrowed from Saskatchewan farmers. There are many retired farmers from Saskatchewan who live in British Columbia. It is 10 degrees or 12 degrees above zero in British Columbia today while it is 40 degrees below zero here with the wind-chill factor. The expression is, when something works, why fix it?

In the Minister's own words at the press conference she held the other day she said that Teleglobe had good management, that it is a well run corporation and making money. Then why sell it? In 1983 Teleglobe had profits of $53.23 million. This is money that went into the coffers of the Government of Canada. In 1984 the profits for the company were $41.17 million, while 1983 was a better year with profits of $54.6 million. This is a company which made $53 million in profits. It has good management, according to the Minister, and it is well run because of its good employees. It also has a good reputation. Why are we selling it?

• (1430)

An Hon. Member: Because we have a deficit.

Mr. Waddell: An Hon. Member states it is because we have a deficit. One way to pay the deficit would be to take the $50 million profits for the next few years and apply it to deficit reduction. The profits could be used in the company. Do not sell the company at a fire sale price for a short term cash amount to temporarily reduce the deficit. In the long run the deficit could be reduced by keeping the company. I again ask why the Government is selling this company. The answer is that it is an ideological decision. The Government is following the trend of the Reagan administration and the Thatcher Government to privatize, sell off Crown corporations, and deregulate.

When the Government in the United States deregulated nursing homes it produced scandals in the treatment of older people. The deregulation of the airlines produced problems with respect to service for consumers. When transportation was deregulated, it was not the ordinary person who benefited, but big business interests and usually friends of people in Government. Everybody knows that this particular Government has a lot of strange friends in the business community. This decision is ideological, it is based on a theory and not on practicality.

The Minister quite rightly said that we in the NDP are not against privatization *per se*, but there must be a practical reason for selling a Crown corporation. For example, if there was bad management in the Crown corporation, it did not have sufficient money, or there was no public policy reason for keeping the corporation, then maybe it could be sold to the private sector. We are not being ideological about this and blanketly saying that it should not be sold, but there has to be a good reason for selling it.

I wish to give an example of what I mean by public policy. Everybody knows about Petro-Canada, the government oil company. It seems to me that when a company is out there with the big sharks, the international companies, or the oil industry, scrambling around to find energy security and supplies in a world oil crisis—we had two crises in the 1970s and we will have another one in the 1990s—there should be a window on the industry, and a government corporation in place like Petro-Canada. It would be foolish to sell off Petro-Canada and the role that it plays in the exploration of oil. For example, if we need to explore the tarsands the Government could direct that company to develop the tarsands, or Hibernia. It does not have to be done alone, it could be done in co-operation with private Canadian companies. That is a public policy purpose for having a Crown corporation.

The Government spent $886 million to buy the Gulf gas stations for Petro-Canada. I have not heard all of the arguments on this issue, so I am not coming to a firm conclusion. But one might argue that it is not a matter of public policy for the Government to own gas stations, that it may be better for small business people, community people, co-ops, or a small city. For example, in Flin Flon, Manitoba the co-ops took over gas stations. There may be no public policy argument for the Government owning gas stations. It may come as a surprise that someone from the NDP would be saying that, but it has to be looked at in that manner. In my view, there are public policy reasons for keeping Petro-Canada as an element in finding oil, and the oil plays in Canada.

What is the public policy argument for selling this corporation? Before I try to answer that, I wish to say that I think the onus is on the Government to show us why it is selling a company that is well managed, profitable, and which is giving good service. Another way it could be advanced is by saying that from a public policy point of view we believe that it should be in the hands of the private sector. What are some of the most important areas of life in the modern world that Canada must deal with? I would think that energy is important, and we have Petro-Canada. Transportation is important, and we have Air Canada. Communications are vital, and we have Teleglobe. Do we want the control of all of our communications to be given up to the private sector? My answer to that is no. So from a public policy point of view it should be kept in the public sector.

I wish to reiterate what I have stated. I do not think that all companies need to remain in the public sector. There could be room for privatization. The argument has to be made, and the onus is upon the Government. It has to tell us whether it is a practical reason. I do not see it here. Is there a public policy reason? I cannot see it here.

As the Minister has said, we can regulate. We will sell it to the private sector and we will regulate the company by using one of our regulatory agencies, like the National Energy Board, the Canadian Transport Commission, or the Canadian Radio-Television and Telecommunications Commission. In looking at the history of regulation, the problem is that the regulators have not been very strong. They tend to get in bed with the regulated. As a lawyer, I have appeared before every regulatory agency in Canada, and in my view there is not a strong regulatory system. As a matter of fact, the companies that are being regulated are pushing the regulators around, or there are weak regulators. The cable industry is a good example. So it is not good enough to say that we can regulate.

The Minister said that Crown corporations had a central role, and they have served Canada well. I ask again, why sell this corporation? I listened to the Minister's speech very carefully. It was a good speech. This Minister is a good speaker, and a good debater.

Miss Carney: A good Minister.

Mr. Waddell: Well, we will see if she is a good Minister. The proof of the pudding will be in the eating and we will see whether she can do her job successfully. So I will suspend my judgment in that particular matter, for what it is worth.

I followed the Minister's speech very carefully, as I am sure you did, Mr. Speaker. The Minister said that Teleglobe was well managed and profitable, but it was limited. Why is it limited? She did not say why it was limited. If it is limited by law, the law can be changed. If it is limited by a mandate that has been given to it, the mandate can be changed. We should be looking at the mandate given to Crown corporations. They should be given a specific mandate, and then made accountable to Parliament and the Canadian people. But that is a reform of a Crown corporation, not a reason to sell it.

The Minister finally said it was the synergy. I notice that this was the same word that was used at the press conference the other day by Mr. Mackenzie, who is the President of Memotec, the company that is buying Teleglobe. I thought that was the key, so I asked a page to get me a dictionary. Being a traditionalist, I got it from the former Hon. Member for Winnipeg North Centre, Mr. Knowles, who is at the table today. He sent me *The Oxford Illustrated Dictionary*, an older dictionary. I looked up the word "synergy" in that dictionary, and it defined synergy, synergetic or synergism as co-ordination in the action of muscles, organs, or drugs. I do not know how drugs could get into the debate, so that could not have been the definition.

• (1440)

Then I thought, given that the Minister is a trendy person from Toronto, that it was one of these new Toronto yuppie words and that I had better get a modern dictionary. Therefore I got the *Webster's Thesaurus*—

Mr. Dick: Are you filibustering?

Mr. Waddell: No. I looked at the word "synergy", and it listed: "co-acting, co-active, coefficient, conjunct, synergetic". That did not help me. Finally I went to the *Webster's Dictionary*.

Mr. Dick: Do you want me to send over *Winnie the Pooh* for you to read?

Mr. Waddell: I suggest that the Hon. Member should look at Webster's. I looked in it for the word "synergy" and discovered that it came from the Greek word *synergos* which meant working together or, broadly speaking, combined action or operation. I concluded that it was magic, that the Minister was hoping that this synergy or this magic in the private sector would somehow work. That does not make much sense. There is no reason for the Government to sell the company other than pure Conservative ideology.

The company is being sold to Memotec Data Incorporated which is a small Montreal-based data processing communications company. The Government claims to have sold the company for $608.3 million. However, when we analyse the sale carefully we find that the most Memotec will pay is $488.3 million for the company. Memotec is to pay $488.3 million to the Government for Teleglobe, and the Government is to get $102 million in accumulated cash out of the company, plus an $18 million dividend, for a total of $608.3 million. The latter payments cannot be considered part of the purchase price because they represent funds already in government hands, held by the Crown corporation.

It is also understood that as part of the $488.3 million purchasing price Memotec has said it will assume Teleglobe's debt liabilities which amount to $143 million. If this is the case, and it was not denied by the Minister in her speech—indeed, she confirmed it—the Government will only receive $345 million for Teleglobe, as no actual funds will be paid for

the debts. In other words, the company will pay $345 million and will assume the debts. That is private sector accounting, and I challenge any Tory Member to refute that. If the Government is to become involved in privatization or the private sector, let it use some of the accounting methods of the private sector.

They do not have to take money out of their pockets to pay for the debt, they just assume it. The company is in fact paying $345 million for Teleglobe. I would suggest then that the Minister start out her career as privatization Minister by telling us the truth and telling us what is the actual sale price.

Miss Carney: Mr. Speaker, I rise on a point of order. The Hon. Member for Vancouver—Kingsway (Mr. Waddell) has just accused the Minister of State for Privatization (Mrs. McDougall) of not telling the truth, which is unparliamentary. I would ask him to withdraw that totally unparliamentary remark, which is unusual for a Member of his character to use.

The Acting Speaker (Mr. Paproski): If the Hon. Member said it directly, I wish he would withdraw it.

Mr. Waddell: Of course I would withdraw it, Mr. Speaker, if it fell to the ears of the Hon. Member for Vancouver Centre (Miss Carney) that I was in any way suggesting that the Minister of State for Privatization was trying to do this, perhaps inadvertently. I would certainly withdraw that totally, if that were the impression left.

Let me suggest that the figure is $345 million. Let me also suggest that it is a leverage buy-out, as it is called on the stock exchange. This minnow which swallowed the whale—Memotec which swallowed one of the crown jewels of the Government, the company being privatized, Teleglobe—in fact used what is called leverage buy-out. In other words, it went to the National Bank of Canada and borrowed $345 million, and then it will give it to the Government to buy Teleglobe.

How will it pay back its bank? It will use the revenues from Teleglobe, that $50 million per year. That is called a leverage buy-out. There is nothing behind Memotec. To put it more accurately, there is not that kind of money behind Memotec. It is risky business to do that, in my view. As long as the cash flows keep coming, there is no problem. However, what happens if there is a strike or some problem with telephone companies? What would happen if telephone companies suddenly found ways to reroute calls through the United States? In that event the new Teleglobe, the privatized Teleglobe, could go belly-up. The Government should not assume that particular risk. I am informed that $345 million has been confirmed by the President of Memotec and that the debt has been assumed. I think my figures are right. It is a leverage buy-out and it puts the company at risk. Quite frankly, it is a serious matter.

The Minister said that it was good for the employees.

[*Translation*]

Recently in this House I asked a question to the Minister of Labour (Mr. Cadieux) concerning the employment situation at "La Cité" in Montreal—I think it was "La Cité", a co-operative housing unit in Montreal—the Government of Canada sold this building to private sector interests and two days after the sale some employees lost their jobs.

[*English*]

I think they were janitors and they were simply canned or laid off. How soon the Minister forgets. The case of "La Cité" is conveniently forgotten. I know the Minister of Labour (Mr. Cadieux) is trying to remedy the situation. I give him credit for that. He told me that he had a meeting with Louis Laberge, President of the Quebec Federation of Labour, and that he was trying to remedy the situation. It was a privatization situation, and the employees were thrown out on the street.

I have some concern that the employees in this particular case be protected. I am concerned that their pension plan be protected. Apparently it will be, but perhaps the pension plans of new employees will be different or will not be as good as the pension in the public sector. I point out that the record of the private sector in employing and dealing with women in terms of certain benefits is not as good. I ask the Minister of State for Privatization, who is also responsible in the Government for the status of women, to consider these questions in terms of privatization.

In the documents provided with the Minister's package announcing the sale no reference was made to the book value of Teleglobe. The company's book value is reported to be anywhere between $300 million and $450 million. Furthermore, its sale value is much higher, as it has an extremely good profitability picture.

When the Hon. Member for York—Peel (Mr. Stevens) was the Minister responsible for the sale of Teleglobe, British Telecom reportedly made a bid of $750 million for the company. That is a heck of a lot less than the $345 million selling price. I know the Minister of State for Privatization could say to me, "Well, would the Hon. Member for Vancouver—Kingsway (Mr. Waddell) want us to sell Teleglobe to a foreign country?" She is proud that Teleglobe is not going to a foreign country. But then the Minister cites, in about the next paragraph of her speech, the fact that de Havilland was sold to Boeing and it is doing great. She cannot have it both ways.

• (1450)

I cite this figure of $750 million to show British Telecom's projections that the company was worth a heck of a lot more than the Government sold it for. The Government, by all analysis and by all accounts, thought Teleglobe would bring in at least $600 million, and it was expected that that price would be achieved. Sadly the Government has let the company go for almost half of that $600 million. The $600 million mark also explains why the Government has tried in its press kit, and

press bumph, to create the impression that the company has been sold for $600 million. I said, and I will say it again, that that is not an auspicious start for a Minister who showed such great promise in the area. In my view, we should have more accurate figures.

We are completely opposed to the sale of Teleglobe because the company has been a consistent money maker. It is a monopoly and it will continue to be one. It occupies the field of communications where there is a legitimate public policy interest to be protected. It adds insult to injury to receive the paltry sum of $350 million for such a lucrative company, so valuable to the people of Canada. This is a fire-sale. Memotec is a company with reported revenues in 1985 of just under $17 million. Compare this to the revenues of Teleglobe—I am not talking about profits, I am talking about the revenues—which were $678 million in 1985. A minnow is swallowing a whale and there are some risks to it.

Mr. Lanthier: You used to say that about Bombardier.

Mr. Waddell: I do not think Bombardier is a minnow.

Mr. Lanthier: It was.

Mr. Waddell: We will see.

Mr. Lanthier: Yes, we will see.

Mr. Waddell: The Government of Canada should not put Teleglobe at risk. That is a real problem.

There is another problem, Mr. Speaker. Memotec's purchase has been clouded by the possibility of trading irregularities in its shares. On February 5, the day that Paul Marshall, Chairman of the Canada Development Investment Corporation, advised the Minister that Memotec had won the bid, its stocks jumped by $2.38 a share to a value of $13 a share on the Toronto Stock Exchange. Shares had previously sold for $10.60 a share. Not a bad little coup for some people who made money on those shares.

Share trading was halted that day but resumed the next day. More than half the number of the total number of shares traded in 1986 were traded in the next two days. People have asked whether insider trading took place.

I phoned a journalist in British Columbia from *The Vancouver Sun* and asked him to make some comments about Teleglobe. I had a lot of information, but there were only two comments from the journalist. First, "We are not really interested in the sale of Teleglobe in British Columbia". I found that strange. British Columbia is still in Canada. It may be because *The Vancouver Sun* is the only major newspaper without any correspondent or columnist here in Ottawa. I consider that a real shame for my city.

The other comment, and I will pass it on to Hon. Members, was, "Did the Prime Minister's friends have any access to the shares? Did they have consultants", and there is no evidence of that and I am not alleging anything. But it is sad that people have that reaction.

There are some problems with the sale of the shares and we should not be debating this Bill today. It is too soon to bring the Bill before the House. We do not have the proper documentation and the circumstances concerning the sale are being examined right now by the Toronto Stock Exchange. We should be waiting, because there is no great hurry on this Bill, until we get the report from the Toronto Stock Exchange. Since the company is going for $350 million and the debt has been restructured, we should be waiting until we get better and more accurate figures from the Government. We will have something to say about that later on.

There has already been debate by my friend in the Liberal Party on monopolies and the by-pass matters. I will not go into that, just to say that the Government is not doing the consumer any big favour, and it could be doing damage.

Canada does have international obligations. We are party to the Intelsat Treaty of 1964 which deals with telecommunications satellite traffic. My speech is being heard and seen in my office in British Columbia. It is being beamed out to space then coming back. I hope nothing is lost in the transmission.

Some Hon. Members: Oh, oh!

Mr. Waddell: Teleglobe is part of that. I am worried that the Government is privatizing part of its responsibility for international affairs. I say that seriously and I will pursue that part in committee. Teleglobe will now represent Canada on the Board of Governors. I know there are provisions in the Bill to deal with that, but this is a very strange situation with Canada giving up part of its foreign affairs in a crucial area. Australia, New Zealand, France, West Germany, Italy, Norway and Sweden all have Government controlled overseas telecommunications systems. In the United Kingdom, even the British Government, after having done a major privatization of British Telecom, has retained just slightly under 50 per cent ownership with a controlling interest. That is not the case in Canada.

Let me summarize matters, Mr. Speaker. Teleglobe has proved itself to be an effective money maker. That is undeniable, and the Minister had admitted that. It has proved itself to be among Crown corporations what one calls a crown jewel. Why sell it? Teleglobe has proved to have good management. Why sell it? It has proved itself to have given good service to Canadians. Why sell it? Other countries have either controlling interest or full ownership of international telecommunications systems. So why sell? Teleglobe has been sold for about half of what we thought it would sell for. Why sell it for half? What is the hurry? What are the real reasons for selling the company? I am looking, but I cannot find the reasons. I am not saying ideologically that we should not sell the company because it is a Crown corporation, but give me the practical and the public policy reasons. We are selling it because it is synergy—man! What is this synergy, this magical term? Will it increase the profit? What is it? Maybe some Conservatives Members will deal with it in their speeches. I would like to nail

this synergy down and find out how magical it is to convince a Government to sell a company.

The long range outlook is that the company will stay a monopoly beyond the five-year guaranteed monopoly. There is simply not a demand in Canada to have another overseas telecommunication service. The company effectively is a utility, like Ontario Hydro. Therefore, it should remain in public hands, in my view.

• (1500)

Despite the fact that under the sale, the Government will be able to give directives to Teleglobe for a narrow range of national security, foreign relations and international communication policy considerations, in a broader sense Teleglobe will be in a conflict between the broad policy international objectives of the Government and the profits of its shareholders, both of which are quite legitimate interests. This company will now be a hybrid and will be in a position of conflict.

There are inherent contradictions in the act of selling the company. Because it is a monopoly service, the Government does not want to sell it to the telephone companies and increase their already existent monopolies. By not selling it to the telephone companies, the company decreases its market value due to the spectre of the bypass of calls through the United States raised by the telephone companies. The upshot is that a lucrative, world-class Crown corporation is being sold for a song to a private company that will be able to maintain it as a cash cow in a guaranteed and protected monopoly environment.

What kind of business sense does the Government have? Why is it selling this corporation? I can find no public policy reason for it and I can find no practical reason for it. That is why we in the NDP will oppose this Bill.

The Acting Speaker (Mr. Paproski): The first three speeches have now been completed. Under Standing Order 55(2), we are now entering the third phase which provides for 20-minute speeches plus 10 minutes of questions and comments.

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, I am delighted to be able to speak in support of the privatization of Teleglobe Canada, the latest transaction in the privatization process. The Hon. Member for Vancouver—Kingsway (Mr. Waddell) spoke of the criteria for the sale of Crown corporations. I think those criteria were put very plainly in a document dated August 18, 1986, which stated the following:

> The May Budget outlined the basic principles the Government is following to carry out its privatization initiative: to be sensitive to the concerns of management and employees in corporations considered candidates for sale; to consider the impact of privatization on consumers and market competition; to consult with provincial Governments; to avoid selling at distress prices for the sake of privatization; to follow commercial objectives when considering stages of privatization where there may be periods of mixed, private and public ownership; and to examine all related policy and financial considerations on a case-by-case basis before considering the privatization of any given corporation.

I think that that is very plainly and well put. As the Minister stated, the Government is proceeding on pragmatic case-by-case basis to privatize Crown corporations for which Crown ownership is no longer necessary to achieve a public policy purpose, and it is structuring these transactions in a way that maximizes future benefits for taxpayers, employees and the companies themselves.

The Opposition's tactic is to criticize these initiatives as ideological obsessions. However, Canadians know better than to believe this kind of rhetoric. The Canadians who most support privatization are those with knowledge of the performance of companies that have already been sold.

The Hon. Member for Vancouver—Kingsway asked over and over: "Why sell it, why sell it, why sell it?" Let us talk about why we want to sell Crown corporations and let us see what a review of past privatizations reveals.

Crown corporations that have been privatized are doing much better in the private sector than they were under government control. Benefits have accrued not only to the corporations *per se* but also to the management and the employees, and that was one of the Government's stated objectives. Commercial benefits can be identified because of greater freedom to compete, easier access to financial markets, and expansion of markets internationally and through joint ventures. Privatization has given these corporations the opportunity to provide better and more services to customers, to attract new customers and, in certain circumstances, to lower the cost of services.

New alliances of parent corporations and Crown corporations have enhanced technological know-how. For example, de Havilland has benefited from privatization in terms of its commercial orientation. With less bureaucratic red tape, management has become more aggressive and more private-sector oriented.

Happily, in a number of cases, the employees are the ones who are benefiting the most from privatization. Again, I would return to the question of the Hon. Member for Vancouver—Kingsway: "Why sell it, why sell it?" I know the Hon. Member is very interested in workers, and if privatization will benefit the employees, that should be a good reason to sell it.

Let us take a look at some specific cases. As Hon. Members know, the Northern Transportation Company Limited was mandated to provide reliable and comprehensive marine transportation and related services on a profit-oriented basis in the North. The Government sold this company in July of 1985 to an Inuit development corporation and it is, of course, run by the Inuit. The purchase price was $27 million. More important is what has happened since that time.

I believe it is true to say that the Northern Transportation Company Limited was well run before privatization, but it was not as aggressive as it could have been. Even though the corporation's mandate was to provide economic, reliable and comprehensive marine transportation and related services on a profit-oriented basis in northern Canada and the Arctic, the

Government was careful not to compete in other activities related to marine transportation in the North. Now, the new owners of the corporation see some possibility of expansion in the offshore and in eastern Arctic supply work. As they become more involved in northern development, the corporation will be able to diversify its activities. Presently, it intends to take a lead role in the north warning system.

Very often the Government will restrict the operations of a Crown corporation in order that it does not get into direct competition with other corporations in the same sector. This was true for NTCL which has now been given more freedom to compete more aggressively. The corporation is now transferring its services in the eastern Arctic area and is also entering into joint venture for the north warning system. The new flexibility given to the corporation by the privatization will serve to make it more efficient. Wider services are provided in more areas and the corporation is more able to meet local concerns. I also understand that the corporation is exceeding its own business plan. Why sell? Privatization has been good for this company, and I am sure Hon. Members are interested to know that it has been very good for the native people of the North.

What about de Havilland? Hon. Members will recall the political posturing of opposition Parties during the debate on the privatization of de Havilland to Boeing Corporation, a Seattle-based company with plants in Winnipeg and Arnprior. We have heard little since from Members of the Opposition because they do not want to bring de Havilland's success to the attention of the public.

The purchase of de Havilland Canada by Boeing has been hailed as a natural partnership by industry experts around the world. The Boeing Company has customers all over the world and more foreign customers are now looking at de Havilland products. As regional carriers become more sophisticated and solidify their links with larger airlines, the new alliance is expected to create opportunities for both companies to meet the needs of a broader base of customers in a rapidly changing and evolving market-place.

On a personal note, the regional airline on which I travel, Air Ontario, has eight Dash-8s on order. Soon I will be flying back and forth on Dash-8s. Of course their order book is so heavy we will have to wait a while for ours.

• (1510)

The new partnership has enhanced de Havilland's ability to compete in a highly competitive market and provided some joint venture possibilities. The company recently signed an agreement with Short Brothers PLC of Northern Ireland, a maker of small commercial planes, to explore collaboration on a new short-haul aircraft to add to their line.

These are all very good signs, of course. Yet even better news is the fact that the major beneficiaries have been the employees. The previous speaker asked, why sell? Not only do the employees have better job security but their number has increased since the acquisition from 4,005 in January, 1986, to 5,204 in October, 1986. The privatization of de Havilland has meant jobs and more jobs in Winnipeg and Downsview. As a matter of fact, some 800 new jobs. That is why there is good reason to sell.

Let us look at the record of another company, a holding company for the fish processing corporation, *Les Pêcheries Cartier Inc.* As Members know, that holding company was sold for $5 million to the Prudel Agrifood Corporation in April of 1986. The privatization of that company gave it greater commercial freedom by allowing it to enter into contracts with foreign enterprises. For example, a contract has been signed with Danish and English companies for the distribution of fish products. The corporation will also be expanding its marketing into the U.S. The privatization has given more freedom to the corporation and access to more and better fish markets. *Pêcheries Canada* was able to negotiate a line of credit one week after the agreement was signed. Before privatization it had been struggling for months to increase its line of credit. With privatization it was able to lower the cost of service through cost control, particularly administrative costs. On the other hand, the company has responded better to the needs and expectations of its customers, and its employees have once again benefited a great deal. Why sell? Because it is good for the employees. They now have better job security and longer periods of work because of the greater demand in this very seasonal industry for fish products.

Those are three case studies on privatization, three very different companies handled on a very pragmatic, case-by-case basis, by this Government. They are proof that privatization means more jobs and a bright future for the employees, not to mention the taxpayer or the companies themselves. I am confident that history will repeat itself in the case of Teleglobe under the leadership of Memotec.

I would like to spend my few remaining minutes today to talk about the specific issue before this House this afternoon, the sale of Teleglobe to Memotec. Teleglobe is an important company in the Canadian telecommunications industry. Through Teleglobe our principal communication links with countries outside North America have been assured. These services are vital today and will become even more so as Canada's dependence on foreign trade continues to grow. As well, the social importance of Teleglobe cannot be ignored. The company provides the Canadian people with communication links with the rest of the world. For the many thousands of new Canadians this link with family and friends back home cannot and must not be ignored. Consequently, the Government of Canada is using this legislation, policy statements, regulatory powers, and other mechanisms to ensure the continuation of Teleglobe's vital service.

We will not allow the made-in-Canada telecommunication functions of Teleglobe to be altered or challenged. Given Teleglobe's international responsibilities this legislation will allow the Government of Canada to issue policy directives to the company within a narrow range pertaining to national

security, foreign relations and international telecommunication policy matters. Teleglobe will continue to act as a signatory to Intelsat, Inmarsat, and the Commonwealth Telecommunications Council. Our Government will retain its responsibilities and obligations as a party to these agreements. As well, the legislation subjects Teleglobe to federal regulatory authority given the vital importance of the industry to all Canadians.

The Government is committed through this legislation to ensuring that telecommunication services to all parts of Canada be provided by Canadian-owned and controlled companies as much as possible. Our Government will exercise its powers under existing legislation to ensure that Teleglobe remains for at least five years the sole authorized Canadian company in the provision of Canada-overseas telecommunications. We will ensure that Canadian domestic and international telecommunication traffic be routed through Teleglobe facilities. It is a long-standing policy of this Government that Canadian domestic and international telecommunications be carried on Canadian facilities.

As Teleglobe is a vital and viable company, Crown ownership is no longer considered necessary for the achievement of public policy purposes. The best possible terms have been found, private ownership combined with public regulation will provide significant benefit to all Canadians. Rate reductions are one of the first benefits. Overseas phone rates will fall by at least 13 per cent in January of 1988, with further reductions likely. The benefits to Teleglobe and its employees are immeasurable. The company will now have new opportunities to expand and grow through an ability to pursue new business opportunities. Given the history of past privatization efforts by this Government we have every reason to expect that many new jobs will be the result of this sale. Additionally, tax dollars used for Teleglobe will now be freed up for other priority initiatives of our Government.

In the bidding process a number of restrictions were put on interested companies. First, provision was put into place to ensure effective Canadian control at all times. Total non-resident ownership is restricted to 20 per cent. As well, to restrict domestic telephone companies from gaining control of Teleglobe they are restricted to acquiring a maximum of 40 per cent of the company initially. It was essential that some company shares be made available to employees through a share purchase plan. As well, after a period of adjustment for the new owners, the Government will take steps to ensure that some shares in the company will be sold publicly. It is nice that the employees can participate in this very successful company and own a piece of it. That is another reason that it is so very good for employees. As well, any successful bidders had to ensure that employee concerns would be addressed. Memotec has met and in some cases exceed the Government's expectations with respect to the future of the employees.

Memotec has agreed that the headquarters of Teleglobe will remain in Montreal, and it has agreed to continue existing collective agreements. It has agreed not only to provide pension coverage which meets existing industry standards for new employees, but to continue coverage for existing employees in a plan equivalent to what they now enjoy as federal government employees. In addition, the employee share purchase plan to which Memotec has agreed exceeds our requirements. The company is offering employees a 5 per cent share in the company at 90 per cent of the relevant purchase price with a five-year interest-free loan. What more could be asked to ensure the security of these employees?

• (1520)

The Government has made every possible effort to ensure that the sale of Teleglobe does not interfere with the national telecommunication network which our Government realizes is of such importance to all Canadians. Teleglobe cannot cease business or amalgamate without the approval of the House. CRTC approval is necessary for transfers of effective control or the disposition of substantive amounts of assets of this company. If Teleglobe contravenes these conditions, the CRTC has the authority to force the disposition of the offending shares.

Along the same lines, the Government has taken special care to ensure that telephone communication companies will never be in a position to control Teleglobe.

Since they are compatible industries, it is obvious that telecommunication companies of Canada must be represented on the board of directors of Teleglobe. This legislation guarantees them a continued representation proportionate to their holdings, but is limited to a maximum of one-third of the total membership of the board. Additionally, as a further precaution, officers of Teleglobe cannot be officers of either the telecommunication companies or their affiliates.

Please do not get the idea that Teleglobe will have its hands so badly tied that it cannot move. The Government has set down minimum requirements. These requirements are essential if they are to ensure that all Canadians have access to the same levels of service they are currently enjoying. Beyond these, Teleglobe is free to enlarge, expand, and grow as its own business interests dictate.

Clearly the sale of Teleglobe is a good deal. These are enormous benefits. This sale will provide enormous benefits to everyone.

Mr. Ravis: Mr. Speaker, I enjoyed the speech given by the Hon. Member for Sarnia—Lambton (Mr. James), in which he made a number of interesting points. I want to comment on his speech as well as that of the Hon. Member for Vancouver—Kingsway (Mr. Waddell) with respect to why Crown corporations should be sold.

I come from Saskatchewan where Crown corporations have been plentiful over the years. I believe the people of Saskatchewan have learned a very interesting lesson about Crown corporations. During the last provincial election in Saskatchewan the CBC conducted a poll of 1,600 people. It asked their opinion of Crown corporations and whether the Government should be involved.

Teleglobe Canada

Since Saskatchewan has had a number of socialist Governments in the past, I expected that the number of those opposed to Crown corporations would be low. However, 76 per cent of those questioned responded that they did not wish the Government to be involved in Crown corporations. Furthermore, in a poll conducted during the last federal election in 1984, a large percentage—I believe 50 per cent or 60 per cent—had the same opinion. I suggest that a consensus is beginning to develop against the Government investing in these activities where there is a major risk to taxpayers' money. Perhaps the best example I can give is the Potash Corporation of Saskatchewan which has hundreds of millions of dollars at risk in a market that is very volatile at the moment. In fact, that corporation is losing literally millions of dollars every year. I believe these risks should be left to the private sector.

I am sure there is a cross-section in the Hon. Member's riding that is representative of all three Parties and the people of Ontario. Do his constituents believe that the Government should be involved in this kind of activity which risks their funds, in spite of the fact that this Crown corporation was making money, as indicated by the Member for Vancouver—Kingsway? I suggest that regardless of whether it is making money we should not be risking public funds.

Mr. James: Mr. Speaker, I thank my colleague for his support. When I have talked to my constituents about the objectives of the Government and our principles on the privatization initiative, I have found them to be very supportive. I began my speech by mentioning those principles, and I believe the majority of my constituents support privatization.

I come from an area that is very private enterprise oriented, in which there are multinationals in the hydrocarbon energy field. Privatization is very beneficial to employees in my area because of the operations there. I believe this is a good deal about which they would be very positive. I am sure they are applauding it at home this afternoon.

Mr. Waddell: Mr. Speaker, perhaps you can help me. I can comment on the Member's speech, which was very good and thorough, but I cannot comment on a comment. However, considering that the Hon. Member followed with a reply to the comment, can I comment on his comment?

The Acting Speaker (Mr. Paproski): I would appreciate it if the Hon. Member would stop trying to confuse the Chamber and would ask his question or make his comment. Then we can settle it at that point. It has been a great Friday the thirteenth, and it is almost Valentine's Day. Let us not confuse the whole issue.

Mr. Waddell: I am sorry, Mr. Speaker, I did not realize that it was Friday the thirteenth. Now I am worried. I would offer you a valentine but I do not want to be misinterpreted since you are a Member from Alberta.

Canadians may say in a public opinion poll that they favour privatization. However, if they are asked if they favour reduction of service, they will say no. If they are asked if they favour bad health standards, they will say no. If they are asked if they favour poor deals for the employees, they will say no. If they are asked if they favour giving Crown corporations to big business so they can make a big buck, they will say no. My point is that it depends on the question.

I did not ask the Hon. Member for Sarnia—Lambton (Mr. James) why the Government wants to sell all Crown corporations. I wanted to know why it is selling this Crown corporation, since it is profitable, well managed, and has a good service. I do not see any reason why the Government is selling it, other than for ideological purposes.

The Hon. Member mentioned the employees. Is he aware that Fred Pomeroy, President of the 40,000-member Communications and Electrical Workers of Canada, says that the sell-off serves the interest of neither taxpayers nor employees. How can the Member say that the employees believe this is a benefit?

• (1530)

Mr. James: I thank the Hon. Member for the question on Friday the 13th. I think the Hon. Member will know that TPF&C limited did an evaluation, and in connection with the pension plan—and I know the Hon. Member is very interested in that—the company proposes:

> —to provide a pension plan which is identical in all respects to the Public Service Superannuation Act (PSSA). This design is not typical of the industry. Contributory plans exist in the industry but the PSSA differs in two respects: it has a higher employee contribution rate and full automatic indexation.
>
> The value of the plan, in terms of employer provided pension, is at least equal to the industry norm. In the context of higher inflation, it would have more value.
>
> A last point: if a PSSA type of plan were adopted, this would obviously minimize the transition and implementation tasks.

The evaluation speaks very highly of the pension plan and it was done by a reputable company. It is the ideology of the Government to privatize, and this has been substantiated by many people. It is said that Government does not do very well in the business of the private sector and that Government cannot run things as well as the private sector. Privatization, we think, will reduce the size of Government. I know the Hon. Member would like to see that happen. We have talked about making more room for private sector initiatives. We think that taking these corporations out of government hands and into private initiatives will allow the private sector to grow and become more competitive. I think the Hon. Member would have to agree that any time the Government is involved, there are a million rules and regulations and bureaucrats who are always asking for 14 or more reports. Any time Government has any part of business, it tends to make it less flexible. What the Hon. Member wants is the very same thing I want, more jobs, better working conditions for employees, more opportunity for advancement and all of those good things.

Mr. Baker: Mr. Speaker, I have just a very short question. I would like the Hon. Member to answer the question put by his colleague a few moments ago. Does the Hon. Member for Sarnia Lambton (Mr. James) agree with the same principle of

getting rid of Crown corporations when the Crown corporation we are talking about is a very profitable one? Does the Hon. Member think that the same principles he enunciated a moment ago would apply whether the Crown corporation was profitable or whether it was a drain on the federal Treasury? Could the Hon. Member address that question?

Mr. James: Mr. Speaker, I think again we have to go back to the principles we have set out as a Government, and I enunciated them previously. It has nothing to do with whether or not the company is profitable. Certainly, we would be suspect in trying to sell a company which was not very profitable. I think someone could then say it was a fire sale or looked like a fire sale. It is important that the company is profitable and doing well so we can get the best price possible. Some people have quoted $750 million when they did not have to be too serious and it was a foreign investor. That is easy to say. It is the same as the New Democrats being in Opposition, they can say all sorts of things because they do not have to follow through. The same goes for the Liberals.

The Acting Speaker (Mr. Paproski): I regret but the Hon. Member's time has expired. The period for questions and comments has now terminated. Debate.

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I join in this debate on the matter of the privatization principle itself and, of course, the specifics of the sale of Teleglobe which is proposed and is up before Parliament for approval, and the bargain basement rates which have been permitted in this sell-out of a very important Crown corporation. I would like to quote the Communications and Electrical Workers of Canada as they look at this issue. It has an Ottawa by-line:

> For sale: One world class telecommunications company. Provides a vital Canadian presence in international communications. An impressive track record of efficiency and productivity. Consistently one of the most profitable corporations in the country.
>
> Must sell quickly as present owner getting out of business. Will sell to highest bidder. No preconditions. Contact Mulroney and Company, House of Commons, Ottawa.

This is not quite the advertisement the Minister put in the newspapers, but I think it is very much the sense of the approach of the Government to the sale of Teleglobe. If we look at the concerns of the employees, the people who have made this a very profitable company, we find that in this case the Communications Workers of Canada have urged that any privatization decision be put on hold until the completion of the former Minister of Communications announced review of the national telecommunication policy. The suggestion is, and I think it is very reasonable, that the privatization of a particular company in the telecommunication field should not be looked at alone, but should be looked at in the context of a national policy on telecommunications, a national policy which we do not have at present, and is a question of some speculation.

[*Translation*]

Teleglobe Canada is a Crown corporation whose responsibility is to ensure the transmission of international telecommunications in Canada. These telecommunications are made mostly through telephone, cable distribution, and telex transmissions. Teleglobe is active co-owner of intercontinental submarine cables and satellite communications systems. Throughout this country, overseas telephone calls account for 85 per cent of its revenues.

Teleglobe Canada had demonstrated its obvious profitability. Why should we sell such a Crown jewel? That is the question which a good many Canadian men and women are asking.

In the long run Teleglobe will probably remain a monopoly beyond the five years it will be guaranteed. The demand in this area of overseas telecommunications is simply non-existent. This company is not just a profitable concern but it should remain part of the public sector.

Although the Government will provide directives for tightening national security in connection with external relations and for international telecommunications policies, Teleglobe Canada will to a considerable extent be in a conflict between policy-dictated objectives on the one hand and the normal considerations of a business that is supposed to make a profit, on the other. That is the case at Intelsat.

There are some very definite contradictions, down to the actual conditions of sale. Just because this is a public service that has a monopoly in its field, the Government did not want to sell to another telephone company, claiming that this would further enhance an existing monopoly. However, not selling to another telephone company means the market value of the company drops, owing to fear that the company's further development could be delayed. This puts downward pressure on the sale price. In the final instance, a profitable Crown corporation with an international reputation has been sold for a song to a private company that can use it as a source of funds to protect it against other monopolies on the market. What kind of deal does the Government think it is making?

[*English*]

Teleglobe has always been a money-maker. Its profit has improved considerably over the years. With respect to its profits, its net income after taxes in 1985 was $53.2 million. In 1984 the company's profit was $41 million-plus. In 1983 the profit figure was $54.6 million. In 1982 it was $47 million. In 1981 it was $36 million. In 1980 it was $35.9 million. In 1979 it was nearly $20 million. In 1978 it was $14.5 million. In 1977 it was $14.9 million. In 1976 it was $12 million, and in 1975 it was $11 million. The company has had consistent and sizeable profits over the years. In recent years its profits have been substantial when one takes into consideration the size of the company. It is known as the jewel of Crown corporations.

Teleglobe Canada

• (1540)

In their original approach to privatization the Conservatives' idea was to make a package of companies, including some that they wanted to get rid of because they were not doing well. To sweeten the package the idea was to include Teleglobe because it is such an attractive company. That was the first reason for putting Teleglobe on the block. We have now gone by that point. The other companies have not been sold, or they will be sold separately. In this case Teleglobe has been put on the block by itself.

The Government wishes to sell Teleglobe to Memotec Data, a small Montreal-based data processing and data communication company. The Government claims that the sale price is $608.3 million. Estimates of the company's worth are certainly around that amount. Given its continued profitability some people might think it is worth even more. However, no one is suggesting that anyone is paying too much by having to pay that amount of money for the company. The figure of $608 million is an exaggeration. It makes the price look a lot better than it is in fact. When one looks at the terms of the sale more carefully the total begins to diminish. It goes down to a considerably more modest sum.

Memotec is to pay $488.3 million to the Government for Teleglobe. The Government will receive $102 million of accumulated cash from the company, plus $18 million in dividends. That is what brings the total up to $608.3 million in total. However, the figures with respect to the dividend and the money in the accumulated cash account are not really part of the purchase price since this is money which the Government already has. It is money already in the hands of Teleglobe. This is a sort of a buying-out of oneself. It is not a genuine transfer of money from a private company to the Government. It is not looking after the interests of taxpayers by getting a good price for this jewel of Crown corporations.

As part of the $408.3 million purchase price Memotec has said that it will assume Teleglobe's debt liabilities which amount to $143 million. If this is the case then the Government will only be receiving $345 million for Teleglobe, since no actual funds will be paid for the debt. Memotec has said that it plans to raise $345 million through a loan. It will borrow $225 million from the National Bank and raise the additional $125 million through an issue of debentures to institutional investors. This is a situation of a very small company buying a much larger company with not very much money. It is borrowing some of the money and getting the rest out of the accumulated funds of the company. It is not in any sense an infusion of new money from the private sector to purchase and pay a fair amount of money for this going concern.

In the press the sale of Teleglobe has been described as a minnow swallowing a whale. It is remarkable how this very small company should be able to proceed in this fashion. We are all concerned with some of the irregularities that appear to have occurred in terms of the share trading in this stock. There are too many coincidences with respect to the value shooting up very quickly. That has to be a matter of concern as well.

One improvement the Government has made as a result of a criticism of the Bill and its original intentions in selling Teleglobe has been to give better protection to the employees of the company. They have been very clear. Several of their unions have made strong representations with respect to protection of the employees, especially with regard to pension funds.

The employees of Teleglobe have had the benefit of Public Service pensions. It is a good pension plan. The Government's initial position was that the employees of the new corporation would have to accept what the going pension benefit package was in that industry, whereas in fact they had a superior one. I am glad to see that the Government has agreed to ensure that existing employees at least will continue with the superior benefits which they have. Pensions are certainly important for people. We would like to see people have better pension plans, not reduced pension entitlements, especially for those who have fought for them and who have obviously given up collective bargaining to get good pensions. We would rather see more people getting good pensions than fewer. Unfortunately, this will not hold for any new employees of the company. We will have the very unhappy situation of a two-tiered system in which new employees will not be treated as well as previous employees of the company.

The Government has also said it will be introducing legislation to prevent the possibility of telephone companies bypassing Teleglobe and routing overseas telephone calls through the United States overseas telephone systems, which is a deregulated system and one with a larger market. This is important because one of the reasons Teleglobe is reported to have been sold for such a modest price is the alleged threat of bypass by the Canadian telephone companies. If a bypass is permitted then consumers will take advantage of the lower prices through the United States and the company would certainly not survive either in public hands or in private hands. It would not be able to survive that very substantial competition.

So we have a situation in which the company's survival, whether in public hands or private hands, depends on this type of protection. In effect, it has to be a monopoly. It has been guaranteed monopoly status for five years. It seems likely that it will continue as a monopoly after that. The point is that right now it is a monopoly. If it is to continue as a monopoly then it should be treated as one, as a utility. There is a public interest in regulating it very carefully. I suggest that there is a public interest in owning it as a utility which provides a service needed by everyone. It is a service in which the Government has a particular concern in seeing it well handled. I note that other countries have maintained public companies in this domain. There are security reasons for having a single company under public control. This ensures the protection of this extremely important telecommunication link.

[*Translation*]

Teleglobe is a profitable Crown corporation in an industry that must be regulated by the Government, even after privatization. In other countries, the same service is provided by public corporations. Privatization of Teleglobe is not necessary, useful or sensible.

I also would like to raise some questions about the treatment of employees. The Government has met the demands of employees now working for the corporation, but it has not responded to the demand for justice for all employees with respect to pensions.

Mr. Speaker, I think my twenty minutes are up.

• (1550)

[*English*]

Before concluding, I move, seconded by the Hon. Member for Spadina (Mr. Heap):

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, be not now read a second time but that it be read a second time this day three months hence."

The Acting Speaker (Mr. Paproski): The motion is in order. On questions or comments, the Hon. Member for Davenport (Mr. Caccia).

Mr. Caccia: I listened with great attention to the intervention by the mover of the amendment. I was particularly intrigued by the motion for a three month hoist. I wish to learn the reasons for this particular motion.

Ms. McDonald: One reason for the three month hoist is that an investigation is currently taking place through the Toronto Stock Exchange. We do not have the results of this investigation, and it seems to be unwise to proceed. We are not clear about the price or the proper value of the stock. This investigation should proceed, and the House should have this information before coming to a decision.

Mr. Baker: I wish to ask the Hon. Member how she feels about the selling price in relation to the profits. The profits of the company have grown in the last few years and this year are up to about $100 million.

Ms. McDonald: Mr. Speaker, that is a pertinent question. The profits of the company have grown radically over the past 10 years and are substantial profits. It is a most remarkable situation that we have a smaller company with less profit, less revenue, and operations through one of these magnification deals taking over a company which is much more substantial in revenues, profits, and obviously in value.

Mr. Waddell: The Hon. Member is the communication critic for the NDP Party. From a broader point of view, I wish to ask her about the communication policy in terms of letting go a Crown corporation which is engaged in international communications. Could the Hon. Member tell us a little about the importance of the international communication aspect in the modern world, and give us the benefit of her experience in the communications committee, or her knowledge of communications and how important it is in terms of public policy?

Ms. McDonald: Telecommunications is a very important industry. Overseas telephone calls are an important part of life. Our population uses the telephone more than any other population in the world, and telephones are used substantially for overseas communications. Canada has a large number of immigrants who wish to keep in touch with their families. Our telephone patterns are rather different from American patterns where more of the international communications are for business reasons, and rather less for family and social purposes. The pattern in Canada is an enormous amount of use of international telecommunications for keeping families and communities in touch. That pattern is a rather distinctive one, and people want high quality services.

Some countries have gone the deregulation route. For example, Britain has sold its international telecommunication company, however it did maintain a 49 per cent public share. Of course, countries which have permitted private operation are highly regulated. That has been the pattern. If we proceed with this, there would still be a great deal of regulation. So the situation is neither fish nor fowl. If it is a private company, it will have the advantages of a monopoly and those of making a lot of money, yet there will still have to be that protection. It seems it is a little bit unfair that way. A previous Conservative Member talked about the market and conservatism and competition. There is no competition where there is a monopoly. The only manner in which we could have competition is if the calls were placed through the United States. If that happens, the company would fold completely.

So there is a protected market in order for the company to survive, whether it is public or private, yet the company reaps all the benefits of this monopoly without facing real competition. It is protected in this fashion. It seems to me that it is quite fraudulent and hypocritical to talk about conservatism and promoting enterprise. That will not happen, it will continue to be protected. This is phoney politics in trying to protect the virtues of the small entrepreneur out there competing. That will not happen. Telecommunications is a different type of industry, and it is futile to use that model.

Mr. Hawkes: When the Member said hypocrisy and phoney politics, it reminded me of a Party that wallows in the waves of public opinion and whatever is at the peak and is popular. I listened to the particular Member give the House a lecture on the financial aspects of Teleglobe, and it makes me a little nervous. I can believe parrot behaviour where somebody writes something, it is read and understood to that extent because somebody can understand English.

But does the Hon. Member really understand the difference between efficient and inefficient management? There are many monopolies in society. But does the Hon. Member really

believe that Government manages things efficiently? If she does, I suggest that the Hon. Member lives in a dream world of some size. But if the Hon. Member wishes us to believe that she cares about the numbers and the profit and loss statements related to Teleglobe, I wish to put this little test to her. If the Hon. Member is sincere and has done her homework, would she tell us in exact terms what the profit of Teleglobe was last year, if the Hon. Member thinks it was so great?

Ms. McDonald: Mr. Speaker, I already referred to the profits and listed them for a number of years. The Government itself admits, and it is proud of the fact, that Teleglobe is a profitable company, efficient, and well run. The idea that somehow because it is in the public sector it is badly run is ideology and not reality. The reality is that the company functions very well and makes a profit.

I do repeat the accusation that it is hypocritical. The Government does not have credibility; it is reeking of problems, crises, and scandals and it wishes to look as though it were getting on with something. What does it do? It has an ideology, it is performing, it is doing political things, it is privatizing. What is it privatizing? A perfectly efficient, reasonable company in any event and one that will have to be regulated and protected. What utter hypocrisy.

The Acting Speaker (Mr. Paproski): It being 4 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1600)

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

THE CONSTITUTION ACT, 1982

RIGHT TO LIFE OF UNBORN HUMAN PERSONS

The House resumed from Monday, January 26, consideration of the motion of Mr. Mitges:

That, in the opinion of this House, the government should consider the advisability of amending the *Constitution Act, 1982*, to include unborn human persons, and that the Governor General issue a Proclamation under the Great Seal of Canada to amend section 7 of the Canadian Charter of Rights so that it reads as follows:

"7. Everyone including a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice."

And the amendment of Mr. Domm:

That the motion be amended in paragraph numbered 7 in the English version, by adding immediately after the word "unborn" the word "human".

The Acting Speaker (Mr. Paproski): The last time this motion was debated in the House on January 26, 1987, the following amendment was moved:

That the motion be amended in the paragraph numbered 7 in the English version, by adding immediately after the word "unborn' the word "human".

The Hon. Member for Kenora—Rainy River (Mr. Parry) raised a point of order, noting that the English and French versions of the motions were different. The Chair recognized the discrepancy in the two versions, expressed the opinion that it was not merely a matter of printing error, and agreed to examine further the proposed amendment.

Since the last hour of debate, then, the Chair has had the opportunity for a thorough review. The French version of the main motion refers to "*l'être humain*"; the English version refers to an " unborn being".

The word "human" is missing in the English version, although it is present in the previous phrase which refers to "a human foetus". It seems clear to the Chair that the amendment proposed is designed to rid the motion of the discrepancy between the two versions and is, therefore, in order.

The Chair thanks Hon. Members for their interventions in this matter and appreciates the opportunity to clarify the matter. The question on the amendment has been proposed by the Chair, and debate will continue on the amendment.

Mr. Rob Nicholson (Niagara Falls): Mr. Speaker, I thank the Hon. Member for Grey—Simcoe (Mr. Mitges) for introducing his motion which, as Your Honour pointed out, will require a constitutional amendment. The proposal is that Section 7 of the Canadian Charter of Rights be amended as follows:

Everyone including a human foetus or unborn human being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

That is the form of the resolution. I know that some Hon. Members in the House have mentioned that a constitutional amendment is always very difficult, and I would agree with that. However, at the same time I would have to say that that misses the point; that is not the reason the Hon. Member for Grey—Simcoe brought forward the resolution.

If the Hon. Member could get what he wants, that is the protection in our laws of the rights of unborn children, I know he would accept an amendment to the Criminal Code. I think that is beside the point. I think we are here to talk about the principle of the rights of unborn children, to which I would like to address myself.

I hope my own position on the subject has been made very clear. I tried to make it very clear to my constituents in Niagara Falls during the 1984 election campaign. Everything I have done and have said I have tried to make consistent with that. Early in January I was an open line show and someone asked for my opinion on the subject of abortion. I indicated to him, just as I had in the summer of 1984, that I was very clearly opposed to abortion and that I would support resolutions in the House of Commons which helped protect the rights of unborn children.

He asked me on the radio: "Didn't you see that poll which came out recently indicating that most people are in favour of abortions?" I made two points to him which I should like to

repeat in the House. I think polls in this area can be very misleading. It depends upon how the question is formulated. The result depends upon the way in which the question is asked. If the wording of the question is changed, the result is different. I do not believe and have never believed that important moral questions affecting the country should be decided on the basis of public opinion polls. As well I indicated to him that it was a deep moral conviction of mine and that it was not something I would likely change very easily.

I read with interest the debate which preceded my speaking on the motion. I noted the very eloquent speech on this particular subject by the Hon. Member for Spadina (Mr. Heap). At one point he indicated to the mover of the motion that probably there would not be a foundation for his view in the Bible, that he would not find it in the teachings there. I am very reluctant to challenge an ordained clergyman on what the Bible says or does not say, but I remember a passage which I heard read out loud in church which I have always thought was very significant.

In preparing to speak to the motion, I decided to try to find it. It is from The Book of Jeremiah. Chapter 1, verse 4, begins as follows:

> Now the word of the Lord came to me saying,
> "Before I formed you in the womb I knew you,
> And before you were born I consecrated you—"

I always thought those words were very significant. I was a teenager the first time I heard them spoken. I thought it very significant that the Bible did not say: "I knew you after you came out of the womb and I consecrated you just at the moment you were born". It seemed to me to be very clear. I believe it is a passage which should be of interest to Hon. Members.

The question of abortion is settled in my own mind for a number of reasons. I suppose all of us bring our upbringing and our experiences of life to our consideration of every moral question. I do that, and one of the reasons I am against abortion is that so often I find the arguments in favour of abortion to be so unsatisfactory.

One argument put forward by those who oppose stricter laws in the area of abortion is that the child should only acquire rights after it is viable outside the womb. With that line of reasoning then it is incumbent upon legislators to determine at what point a child can survive outside the womb. In different jurisdictions we see different determinations of just when that is, whether it is 27 weeks, 24 weeks, or 18 weeks. However, the point I should like to make is that advances in technology make that sort of consideration irrelevant.

We have seen cases again and again where children can survive outside the womb, which point us in the direction that surely human life begins at the moment of conception. That is where medical technology is leading us.

I am struck as well by stories which happen occasionally. I remember one, perhaps six years or seven years ago, about a young woman who was in the hospital for an abortion. All the papers had been signed and sealed, and there was to be an abortion. They took out the child and the child was alive; the child cried. Talk about a moral dilemma! Is that child which just screamed immediately imbued with all the rights and privileges Canadian citizens have taken centuries to acquire, or is it something that can be put in the ashcan? There was a moral dilemma in that hospital operating room. It was resolved in favour of giving life support systems to the child, and the child subsequently died. However, it points out again that surely human life must begin at the moment of conception.

One argument used by individuals in favour of abortion is that they characterize people like myself as not compassionate or not caring. I remember being on the Student Council of Queen's University around 1973. There was a debate about whether the Council should be giving money to an agency which included in its services an abortion referral service. I became involved in an argument with one of the other members. He pointed out the classic case. He said: "What about the woman who has 11 children and finds that she is pregnant again, and her husband is going to beat her if she has any more children? What about her?" I say that my heart goes out to that individual. I am compassionate and caring when I am told that a single, 17 year old girl in Grade 11 finds herself pregnant. That is a tragedy. Both cases are tragedies. However, I say: "Don't compound the tragedy".

• (1610)

One of the arguments I do not buy is the one used by those in favour of abortions, namely, "we want to make sure every child in Canada is a wanted child". That is the biggest joke in the whole issue. Every child born in Canada is a wanted child, if not by its natural parents then by the tens of thousands of Canadians who want to adopt children. I cannot tell you how many times I have been in my law office with young couples who have told me of their difficulties in adopting children. People in tears have told me there is nothing they wanted more than to adopt a child but they could not do so because of the abortion laws. To those who do not want children in Canada I say that there are tens of thousands who do. Why not turn an unfortunate situation into someone else's joy?

Let me say that I am pleased to be associated with the cause of the unborn. It has always been my belief that the more helpless the individual is in society the more likely that his or her rights will be trampled upon and ignored. It is all the more incumbent upon those who are elected to public office to make sure that those rights are not trampled upon and not forgotten.

Some day when our grandchildren or our great-grandchildren read these debates maybe this whole problem will be resolved. It may be that those who flaunt the abortion laws, or those who open up abortion clinics, the Henry Morgentalers of this world, will be the modern day saints of this era. Maybe. But, Mr. Speaker, I do not think so. I do not buy the arguments of those who ask us to relax the laws. I do not believe the laws are tough enough. That is why I support the motion of

the Hon. Member for Grey—Simcoe, and regardless of how society will some day conclude this issue, I want to say that I am pleased to stand up for the rights of unborn children. It is what I believe and why I am so proud to support this motion.

Mr. Robert Wenman (Fraser Valley West): Mr. Speaker, I would like to congratulate the Hon. Member for Grey—Simcoe (Mr. Mitges) for placing this important issue of the rights of the unborn before the House of Commons of Canada. I want the Member and the House to know that hundreds of my constituents in Langley, Surrey and Aldergrove have expressed their support for his motion through letters, petitions and telephone calls. I know the debate has raged for many years and has been the source of bitter controversy and division among Canadians, but there is no doubt in my mind that people on all sides of the debate speak from sincere and heart-felt convictions.

Normally when people in debate reach an impasse, we are prepared to agree to disagree and to see if some kind of a workable compromise can be attained with which both sides could live. It is unfortunate but inevitable that in the debate on abortion, compromise is all but impossible. For this debate involves quite literally a matter of life and death. A young life is either snuffed out or allowed to develop. There is no in between or compromise position.

I use the term "young human life" deliberately because that is in the amendment and it is most appropriate. It is unfortunate that so much of the abortion debate has come to focus on terminology. There are those who refer to unborn humans as foetus just to avoid using the term human being, which they feel is inappropriate when applied to a six or 10 week-old child in his or her mother's womb. But whether we use the term foetus or unborn baby, there is no doubt that what we are speaking of is human life, of this there can be no doubt.

I am not interested in getting involved in a numbers game. How many words have been spoken and written regarding the point at which a developing life can be called a human being? Is it six hours or six days? Some say six weeks, others say 16. Others claim that not until the baby is outside the womb can it be called a human being. All have their graphs, charts and doctors' statements to justify their view as though doctors could not disagree as strongly as anyone else on the issue. This is not a medical issue, it is an issue of moral, ethic and cultural values.

The creation of life remains one of the most profound mysteries of this world. Scientists have become better at describing that process and in rudimentary forms science can reproduce it. I have great respect for science, and I am not inclined to belittle the kind of knowledge that it yields, but for all its ability to address the "how" questions, it cannot give us the answers to the "why" questions. Science is no more qualified to pronounce judgment on the value of human life and whether or not it should be compromised than is any field of endeavour.

As my colleague from Grey—Simcoe pointed out in earlier debate, those of us who oppose abortion run the risk of perhaps being labelled as insensitive, as uncaring in regard to the heartbreaking circumstances from which all too often abortions follow. Nothing could be further from the truth, and it is not easy for me to advocate a position which I am aware could make heavier the burden being carried by people who are already heavily burdened.

The prospect of an impoverished unemployed single young woman having to cope with an unwanted pregnancy is terrible and difficult to contemplate. Suffering and misery are things much more easily considered in the abstract than faced as part of daily life and it is likely true that only those who have known it first hand can really understand it. Despite this, it seems to me to be absolutely essential to distinguish between an unwanted pregnancy on the one hand and an unwanted child on the other. At a time when childless couples yearn to share their homes and their love through adoption, I do not believe there is such a thing as an unwanted child. What is unwanted is the fear, the social stigma, the guilt, the economic burden, or just the plain inconvenience that can motivate a mother to terminate the life she is carrying. To this extent the abortion epidemic has its roots in the attitudes and values of society and the often overwhelming pressures they can place on the individual, for which we must all share responsibility.

While the values of our times will determine the course of a new human life, for better or for worse, the changing values of society have no bearing on the intrinsic value of life itself. Once that life is there, it is a fact as real as anything else in the world, and from that moment on at least two human lives are vitally affected by the course which it runs, that of the mother and that of the human infant now developing.

How often we have heard that abortion is a matter between a woman and her doctor, or that it is a medical matter only? These assertions, which are often put forward as though they were arguments merely beg the question. They pre-suppose that the infant human human life is of no intrinsic value and unworthy of consideration. This is precisely the point, however, on which the entire debate turns.

• (1620)

From the moment of conception to the moment of death, life is a seamless development guided by numerous factors ranging from genetic information to the vast multitude of experiences that comprise a lifetime. Whether human life is two weeks, two months or two years old, the spark of life that burns within that infant—that life-giving impulse—is as real, as precious, as miraculous and as sacred as the life within any of us here today.

After witnessing the horrors of this century which has seen so much life destroyed through war, famine and numerous atrocities that Governments and individuals have inflicted upon their fellow human beings, have we not learned that the deliberate termination of innocent life is not just a criminal offence, a contravention of laws? Have we not learned that it is

an affront to something even greater, that sacred dimension of life in which human dignity in its most profound sense originates? When all is said and done, we still find ourselves speaking of human life. Whether we approach the question from a religious or a secular perspective, have we not yet learned that it is the most precious of all things?

Our modern-day social consciousness is preoccupied with human rights. We set up commissions and investigative committees, we pass laws and regulations, we create watch-dog agencies to ensure that that these rights are respected. We are rightly concerned with safeguarding the quality and dignity of human life, but our consciousness of the sacred dimension of human life seems to have somehow dissipated. For me, this represents an impoverishment of the human spirit. Although I fully support the motion of my colleague to have the rights of the unborn enshrined in our Constitution—Mr. Speaker, I see you signalling that my time is just about up.

In conclusion, let me say that sitting in the gallery today is my 10 year old son Kraig. On the way here, I said to him: "I'm going to speak about abortion today. What do you think?"

He said: "Well, I think all kids should have the right to live".

I agree with my son's statement. When my son was in his mother's womb, the doctor told us that we may have to consider an abortion. He asked how we felt about that. We said that we must give this child a chance to live. We gave this child a chance to live and we love him. Abortion is not right.

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, I am also glad to have an opportunity to speak to this resolution. I think it is important that we hear all sides of this extremely important and very emotional subject. I respect very much the views of my colleagues, even though my own may be different.

We are speaking, of course, on Motion No. 37 to amend the Constitution Act, Section 7 of the Canadian Charter of Rights, so that it reads as follows:

> Everyone ncluding a human foetus or unborn being has the right to life, liberty and security of the person and the right not to be deprived thereof except in accordance with the principles of fundamental justice.

This is a very emotional subject and a very personal one. We have very personal and in some cases very religious views on it and I think it is extremely important that we respect the views of others. That is why I believe very much in choice. I think it is important that people make their own decisions on this matter and that we not impose our views on others.

It is clear that the real intent of this proposed amendment is to restrict access to abortions. I am sure the mover of the motion would agree with that. The Hon. Member wants to reverse Canadian Government policy which allows abortion under the Criminal Code when approved by a recognized therapeutic abortion committee of a hospital. The Hon. Member's views on this matter and the views of other Hon. Members go against the views of the majority of Canadians, but that is his right and the right of my colleagues who support his stand. Indeed, during testimony before the Private Members' Business Committee, the Hon. Member who sponsored this motion said that the only circumstances in which a woman should have access to abortion is if it could be proved beyond a reasonable doubt that the death of the mother would result if the procedure were not performed.

Before talking about restricting access to abortions, I believe we should talk about guaranteeing equal access to abortion services to which women are legally entitled under the current law. There are serious discrepancies in access to abortion services across Canada. Not all eligible hospitals have established therapeutic abortion committees and in those that have, the policy varies very much from one to the next. In 1984, of the 244 hospitals with therapeutic abortion committees, 18 did not perform any abortions while another 24 performed very few. As of June 1986, women in Prince Edward Island had no access to services in their province because the only remaining therapeutic abortion committee was dismantled. During the summer of 1986, abortion services in Newfoundland were temporarily unavailable because the only doctor on the Island willing to perform the procedure was on extended sick leave. In Alberta, women must travel long distances to obtain services.

The burden of unequal access to services to which women are legally entitled falls most heavily on rural, low-income women and on poor women who cannot afford to travel and simply do not have equal access. Unequal access means that women must resort to back room abortionists. That is what would happen if this resolution were to go through. I must say that it would not stop abortions, and stopping abortions is obviously the desire and intent of the people who support it. Abortions will continue to occur. That is the reality. However, these abortions would be illegal, back room, dangerous ones which would put the health of women at risk.

Unequal access makes a mockery of equality guarantees enshrined in our Charter of Rights. To further restrict access to abortions by amending the Constitution is, I believe, not the way to achieve what we all want, and I do think we all want to eliminate the need for abortions. Surely this should be our goal.

The prevention of unwanted pregnancies is certainly preferable to abortion. I believe we all agree with that. I would like to state right here that being pro-choice does not mean that one is in favour of abortion. This seems to be interpreted as a pro or anti-abortion issue, and that is not the case at all. I do not know of anyone who is really in favour of abortions. However, being pro-choice does mean that one respects another person's right to make her own decision based on her own circumstances.

I want to stress the point that we must get to work on prevention. Those who feel that there must be a restriction of access to abortion should be the first to work on prevention. If this resolution went through, it would not stop abortions. That is a fact of life. The only thing that will stop abortions is prevention.

Prevention requires birth-control education in schools. The whole scare over AIDS is finally beginning to make many people aware that we need a very positive family-life education program including birth-control information in the schools. We must teach young people to make responsible choices about sexual relationships. We must talk with them openly so that they are aware of the full implications of their decisions and behaviour.

Prevention means increasing funding for groups like Planned Parenthood that promote awareness about birth control and family planning. More effective prevention requires more research into reliable, safe birth-control methods. I was told the other day by an authority that the increase in abortions directly correlates with the failure in birth-control methods. The Government has cut back on research in that area, and that is one area in which funding should be increased. Those who support this resolution should agree with that. Prevention, education and research can reduce the need for abortion. Recent studies, such as those done by Planned Parenthood in Ontario, have demonstrated that public education reduces the unwanted pregnancy rate, particularly in teenagers. We have a very high incidence of adolescent pregnancies, which is a very deplorable trend. Education reduces the number of abortions and does not increase sexual irresponsibility. That is what the study shows.

• (1630)

We talk about prevention but we seem to talk about this question only as it relates to women. Surely men have an equal if not greater obligation to prevent unwanted pregnancies. I wish that were stressed much more.

In cases where unwanted pregnancy does occur we must make sure women have access to safe abortions, if that is the decision. We do not want to impose our decision on anyone. I do not anyway. Surely no Member wants to force desperate women to seek back room abortions with non-medical butchers. It is the basic right of any woman to make the decision about maternity. A decision to have an abortion should be a matter between a woman and her physician. This is not only the position of the NDP; it is the position espoused by the Canadian Medical Association way back in 1971. The CMA also agrees there may be justification for abortions on non-medical, socio-economic grounds. Many feel that the UN definition of health should be used in present laws.

We want to ensure that all children enter this world under the best possible circumstances, wanted and loved and cared for with adequate resources. We want to ensure adequate support services to families before and after they make a choice to have children. These support services must include affordable, accessible and quality child care. Support services must help to relieve the stresses on families which lead to their breakup. Lack of adequate income is a major cause of family stress today and certainly is a major factor in the reason that some women consider abortions. Support services must be geared to the new realities of Canadian families. In many cases both parents work, many families are headed by single parents, and more egalitarian reglationships exist between parents with respect to their parental duties. Let us work on sensible solutions to strengthen families and enable people to make responsible choices about having and caring for children.

It is true that this motion recommends that the Government consider the advisability of amending the Constitution Act. We are therefore not debating an amendment to the Constitution *per se*. Nevertheless, I think even those who would restrict access to abortion may wonder whether a constitutional amendment of this kind is an appropriate way to proceed. As a Private Members' Motion this proposal will receive a maximum of only five hours of debate. This is a precedent for other constitutional amendments, let us remember. Is this the amount of time we want to devote to such a motion? As it is currently worded, it would not be referred to a parliamentary committee for further study. There would be no opportunity for interested Canadians to be heard on this issue. We know many Canadians feel passionately about the issues we are discussing. Surely they should be heard on this issue.

The Hon. Member who sponsored the motion must also be aware that amending the Constitution is no easy task. Amending Section 7 would require resolution of the legislative assemblies of two-thirds of the provinces representing in the aggregate 50 per cent of the population of Canada. It is clear that regardless of what subject is being considered, if this House is going to recommend that the Government consider an amendment to the Constitution, the supreme laws of our country, five hours of debate during Private Members' Hour is not the way to proceed. Even those who support the intent of the motion must surely have problems with that and also with the wording of the proposal. I hope for that reason alone that they will vote against the motion.

Changing the wording of Section 7 of the Charter has serious implications for legislation already in place and the case law built up around that legislation. For example, the Criminal Code clearly differentiates between a human being and an unborn child. The Code states that a child becomes a human being when it has completely proceeded from the body of its mother. The law has therefore until now selected birth as the point at which the foetus becomes a person with full and independent rights. Changing the wording of the section also has serious implications for other sections of the Charter, other human rights legislation, indeed all legislation which uses the word "everyone". It is clear that amending Section 7 has serious implications for the whole legal framework already in place. For that reason alone, regardless of the position on the substantive issue here, I would hope that my friends will join my colleagues and me in the NDP in voting against this motion.

Mr. John Reimer (Kitchener): Mr. Speaker, I thank you for the opportunity of adding a few words in the debate on the motion before us today. I want to commend the Hon. Member for Grey—Simcoe (Mr. Mitges) for the motion he has put

forward. It is a very important motion and I agree with its thrust.

The motion would amend Section 7 of the Charter of Rights by defining the word "everyone" in that section. It would include a human foetus or unborn human in the word "everyone" or "person", and therefore having the right to life, liberty and security of person, and the right not to be deprived thereof except in accordance with the principles of fundamental justice. It is important that we know exactly who is included when we refer to "everyone" or to a "person". At present there is quite a bit of debate about this subject and our practice now with regard to abortion suggests that an unborn human being or foetus is not a person because we deprive that foetus of the right to life through the procedure of an abortion.

In concluding her remarks the Hon. Member for Vancouver East (Ms. Mitchell) said that this is a very important issue and therefore should not receive just five hours of debate. The Hon. Member should perhaps contact the Standing Committee on Private Members' Business, of which I am a member. She would find that this motion has been designated as a votable motion. It will receive up to five hours of debate and then there will be a mandatory vote. That is a new feature in Private Members' Business. Motions or Bills can be designated as votable, as this one today is. If the motion is adopted by the House, it would go to the appropriate committee. It would be studied and then referred back to the House for a further two hours of debate and another vote. To suggest that all we are doing on a very important topic like this is debating it for five hours is incomplete. There is more to come should the House approve the motion.

When the Special Joint Committee of the House of Commons and the Senate was studying the Charter of Rights and amendments to the Constitution in 1981, Mr. Robert Kellerman, legal counsel to CARAL, appeared before the committee and said that in his opinion the majority of Canadians do not believe the foetus to be a human person or included in the word "everyone" as suggested in this motion. Further, he drew attention to the fact that according to his view of the Criminal Code, the foetus only becomes a person once it is independent of its mother; in other words, either prematurely or at the term of the pregnancy when the foetus emerges from the mother's womb and is independent of the mother.

• (1640)

Mr. Kellerman's comments bring us to the fundamental question at hand in this matter. Is the unborn a potential human being, or a human being with potential? Contrary to Mr. Kellerman's view, it is my contention that the foetus is, from conception, a human being with potential.

My comments and consideration of this motion will involve three aspects: medical, legal and social.

I am not a doctor, but I think all of us are capable of learning from what the medical profession can teach us. One fact is that all of the information necessary for the development of each of us as a unique human being is contained in the genetic code that is present in us from the moment of conception. Nothing more ever need be added because the uniqueness of each of us—the colour of our eyes, our size and our various abilities—has already been established at that moment. This is a consideration we must take into account from the beginning.

Let us consider the foetus as a medical patient. As a result of medical treatment of the foetus itself, it is now considered as a patient for treatment. You do not look upon a foetus as a piece of the tonsil that is removed and discarded. It is now possible through operations, such as blood transfusions or corrective surgery while the foetus is still in the womb, to treat the foetus as a unique individual. In fact, medical technology has come to the point where the foetus can be removed from the womb, operated upon, and replaced so it may come to its full term.

It is remarkable that developments of neo-natal technology now allow for the viability of a foetus as early as five months after conception. This is forcing the reconsideration of Canadian legislation as well as American legislation.

American legislation on abortion is based upon a trimester system. In the first trimester, the state has really no interest in the foetus as a human being, but simply treats it as tissue. In the second trimester, the mother's health is a major consideration. In the third trimester the state takes on an interest in the well-being of the foetus due to the argument of viability, that it could now exist on its own outside the womb as a premature child with care in a hospital.

According to Canadian abortion law, it is possible, although not likely, to have an abortion from the time the mother knows she is pregnant and wishes to have the abortion until just before birth itself. Surely we must re-evaluate that, because it is totally unacceptable.

Let us consider what other countries have done. In West Germany in 1975, the Lower Court asked the Upper House and the Supreme Court to look into the question of when a foetus begins the civil right to life. The German Supreme Court was well aware of what Germany had done between 1933 and 1945, when it denied civil rights to certain groups within its society. The court wanted to take special care in responding to this question, to make sure it looked at it carefully. It called together a group of 133 scientists, geneticists, gynaecologists and others from around the world and asked them when a foetus begins the civil right to life. The answer it received is remarkable; first because it was a unanimous response by these 133 people. Second, the answer itself was remarkable: "life in the sense of historical existence of a human individual exists according to definite biological-physiological knowledge, in any case, from the fourteenth day after conception". That is even before a woman knows she is pregnant.

The reason they chose 14 days is because from the first day of conception through to the fourteenth day it is possible for the cells to divide into twins, triplets and so on.

I suggest that when we look at medical considerations we must remember some of these basic facts. All of them militate in one direction, which is that we recognize a foetus as a person having all the rights to life, liberty and security of person, as suggested in this motion.

Let us look at the legal considerations. According to current practice and precedent in Canadian law, a foetus is recognized for the purposes and right to sue for prenatal injury. In other words, a foetus has the right to inheritance and the right to sue for prenatal injury. Since the existing state of the law is that no legal rights attach to any person until that person has been born alive, then surely the right to life is the logical prior right on which all other rights such as the right to sue for prenatal injury depend. We do not give tonsils those rights when they are removed, but the person developing within the mother's womb is given those rights because they are considered a person. That is the purpose of this motion.

Since my time is almost up, let me conclude by quoting Major John Connors, health services consultant to the Alliance For Life. He says:

> Consider, if you will, the stages of life as links in a chain. Canada's pensioners, our infirm and incapacitated, our labour force, our students, our children and, even younger, our babies, are linked together, because all are human whatever might otherwise be their status. So, too, are unborn children a link in the same chain, similarly human and even more deserving of protection because of their vulnerability. Their very weakness dictates their need of the special protection of being named under Section 7 of the Canadian Charter of Human Rights and Freedoms, which we respectfully request include a provision that everyone, from conception to natural death, has the right to life.

That is the specific point that the motion is putting before us. We are dealing with human beings. All the evidence leads to that conclusion. Let us make sure that our actions and our laws do the same thing.

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I rise to speak with respect to Motion No. 37, which is a genuine attempt by my colleague, the Member for Grey—Simcoe (Mr. Mitges), to extend legal rights, indeed constitutional rights, to unborn people. I must say that I rise with some trepidation because the question of abortion is one of both law and morals.

However, with the election to this Parliament comes the responsibility on each of us to consider these questions, debate them, and indeed change the law at such time as it seems appropriate to the Parliament as a whole.

The alternative is conflict in the streets, as exists in so many countries right now where people are fighting and killing each other because their political process has not worked.

I thank my colleague for bringing this question before us. It is a question that affects our nation greatly.

• (1650)

As you know, Mr. Speaker, under our Criminal Code, a baby is legally a person and, therefore, protected under the law only once it is out of the mother upon birth even though the umbilical cord is not cut. Out-of-womb surgery changed that idea quite dramatically in the minds of many people, in that a child can be taken out of the womb and operated on. During that period it would have all the legal rights the rest of us have. The minute it goes back into its mother, it then loses all of those rights and can be killed by a decision of a therapeutic abortion committee upon application of the mother.

It is very clear that our laws in this area have not kept pace with the advance in medical science. That is why we have an enormous group of people who want to have changes made. The real question is, when does life begin or when does one become human and, therefore, get legal protection of the law?

As with any moral question, the debate is highly emotionally charged. The reason for that is that both the pro-life and the pro-choice groups represent a very important tradition in our country. We have a long tradition on the side of the sanctity of life. We have another long tradition of freedom of choice and the right to liberty and choice. Both of these traditions are part of our western culture, going back many, many years. We cherish both of these values, and that is what makes the issue so difficult and so much of a dilemma.

For myself, I usually start with the United Nations declaration because, I believe, increasingly more and more of our young people especially are seeing the world as an integral whole and the United Nations as a legitimate attempt by society to strike common ground. Therefore, I usually start with the United Nations declaration on the rights of the child, which is a recent document published in 1959. That document states that the child, by reason of his or her physical and mental immaturity, needs special safeguards and care, including appropriate legal protection before as well as after birth.

When does a foetus become a person? Medically we know for certain that from the moment of conception the child bears an undeniable stamp of a separate, distinct person, structurally and totally different from his or her mother, with its own blood system, nervous system and genetic code. We know that four days after conception sex can be determined. Eighteen days after conception the heart tissue begins to beat. In 43 days brain waves can be detected. By the seventh week shape is umistakably human. By 10 weeks the thyroid and adrenal glands begin to function. By 12 weeks a child kicks his or her legs, turns his or her feet, curls and fans toes and so on.

I have canvassed people in my riding very carefully for seven years since becoming a Member of Parliament. I find that the women in my riding separate roughly into three groups. There are a few women, and I must say a very, very few women, who want abortion on demand right up to the moment of natural childbirth. They believe that the day before the natural childbirth, if they do not want to have the child, they do not

have to have it. I guess it would be a saline solution which would be injected which would burn the child, bringing on a miscarriage. They strongly feel they should be able to have that. However, that is just a very few women. I find that some women, a considerably larger group, believe that there should only be abortion when the mother is about to die, so it would have to be the absolute life of the mother in juxtaposition with the life of the child, and if there was a choice, the life of the mother should be chosen.

The third group, which is by far the largest group, wants birth control and not abortion. They want more research and development. They want help for young mothers. They want programs so that a pregnant woman could go in and get assistance and aid to carry that child to full term, at which time she can either put it up for adoption or decide to keep it. This group does not agree with abortion on demand. However, they do believe abortion should be available for very young women, for example, in certain instances of incest and rape and certainly in cases where the genuine health of the mother is at stake.

I find that the vast bulk of the people in my riding really fall into that category. They are not solidly pro-choice because they know there is a life there, and they are not solidly pro-life because they do see that in society, whatever its laws and principles might be, there are some situations where they themselves, despite the fact that they are good and honest Christians, Moslems, Budhists, Hindus or whatever religion, would feel that the right of the child sometimes has to give way to the right of the mother.

My own position, when I first addressed the issue superficially and quickly, was clearly pro choice. I believe now that was the easiest decision because, as a man, I have very real and deep reservations on these moral issues which primarily affect women. I think it is impossible for a man to have the sense of the terror a pregnancy can cause in women under certain circumstances. However, I must say, as I studied the issue more, as I read and thought and talked about it, my position changed. Perhaps as I get older and as I read more about the medical wonders performed, and realize just how wonderful the idea of life is, I have tended to become more pro-life than pro-choice. I have no doubt medically that life begins at conception; one cell, which I believe to be "life", divides and human form takes place very quickly. Clearly by 12 weeks it is in advanced human form and, therefore, I believe fundamentally that the current law is, after all, a human idea of the seventeenth century. Our present legal definition is really the seventeenth century legal embodiment of what life is or when life achieves legal protection. With the advance in science that we have achieved we have to bring that legal definition of when a person becomes human up to modern times. It clearly goes back some considerable distance.

I, therefore, believe the solution lies in my colleagues bringing these motions, whether it is to entrench this issue in the Constitution or place it in a Private Member's Bill to amend the Criminal Code. These are all legitimate instances. I think the best way is for a parliamentary committee to study the matter. The alternative is smashing heads on the street, and I do not think that is proper. The committee should review the evidence and hear all sides of the argument and it will have to come down with a compromise, just as the seventeenth century decision was a compromise. We need to strike a compromise for the twentieth century, and certainly into the twenty-first century. I think the rights of the child have to prevail earlier in the pregnancy than they do at the moment.

In terms of principle, I am very much pro-life. I would think a committee, given a practical, hard-nosed approach, would probably come up with a line somewhere of 10 weeks to 12 weeks. Prior to that, the rights of the mother would clearly predominate in choosing between the interests of the mother and the life of the child. After that, I would think the rights would have to extend to the child. We then need the support mechanisms to help that mother carry the child through to term. I know that will not make the pro-life people happy in terms of the extremists or the pro-choice. However, we are not in this totally for principle. I know that if that became the law we would not have 65,000 abortions. There might be 2,000 or 3,000 a year. That, to me, would save tens and tens of thousands of lives, and I could live with that.

The Acting Speaker (Mr. Paproski): I would like each and every Hon. Member to remember their loved ones this weekend and remember that tomorrow is St. Valentine's Day.

The hour provided for the consideration of Private Members' Business has now expired.

Pursuant to Standing Order 36(2), this order shall be dropped to the bottom of the order of precedence on the Order Paper.

It being five o'clock, this House stands adjourned until next Monday at 11 a.m. pursuant to Standing Order 3(1).

The House adjourned at 5 p.m.

HOUSE OF COMMONS

Monday, February 16, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to 87 petitions, Nos. 332-458 to 332-460 inclusive, 332-463 to 332-466 inclusive, 332-468 to 332-477 inclusive, 332-480, 332-482 to 332-486 inclusive, 332-489, 332-491, 332-492, 332-494, 332-496, 332-497, 332-500 to 332-506 inclusive, 332-508, 332-510, 332-512 to 332-517 inclusive, 332-520, 332-558, 332-559, 332-561, 332-563 to 332-566 inclusive, 332-575 to 332-577 inclusive, 332-592, 332-593, 332-602, 332-603, 332-645, to 332-667 inclusive, 332-672 to 332-675 inclusive and 332-677.

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[*English*]

INTERPARLIAMENTARY DELEGATION

PRESENTATION OF FIFTH REPORT OF CANADA-EUROPE PARLIAMENTARY ASSOCIATION

Mr. J. R. Ellis (Prince Edward—Hastings): Mr. Speaker, I have the honour to present the fifth report of the Canada-Europe Parliamentary Association in both official languages.

* * *

PETITIONS

RIDEAU HALL—PUBLIC'S ACCESS TO GROUNDS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I have the honour and privilege of presenting a petition signed by several constituents and visitors to the National Capital area. The undersigned wish to present a grievance; whereas the decision to close Rideau Hall grounds was made by the National Capital Commission, the Department of Public Works, the Royal Canadian Mounted Police and the Office of the Governor General without prior notice and that the closure of this attractive and tranquil park affects thousands of visitors to the capital from across the country who held Canada's uniquely accessible Rideau Hall as a symbol of the trust, openness and democracy of which Canadians are so justly proud; and whereas area residents from the entire National Capital region who have used and enjoyed the grounds of Rideau Hall, recognizing the security concerns that prompted the closure decision, cannot accept a blanket closure of the 120-acre park to public access, wherefore the undersigned petitioners humbly pray and call upon Parliament to open the decision for consultation with a group of citizens, representative of the large and growing opposition, in order that a *modus vivendi* can be be created that would satisfy the Government and the public.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Jean-Robert Gauthier (Ottawa—Vanier): I have several petitions with respect to the tariff on books. These are from residents of British Columbia and many of the other provinces across Canada. The petitioners wish to present a grievance common to themselves; whereas the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information; and whereas the tariff has little negative effect on the publishing industry in the United States yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture; and whereas rising book prices have placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries, the undersigned petitioners humbly pray and call upon Parliament to rescind this tariff which threatens irreparable harm to the Canadian book industry and compromises federal policy on cultural industries in respect of free trade negotiations.

REQUEST FOR COMPREHENSIVE CHILD CARE SYSTEM

Mr. Benno Friesen (Surrey—White Rock—North Delta): Mr. Speaker, pursuant to Standing Order 106, I have the honour to present a petition which is certified correct as to form and content. The petitioners state that whereas the Conservative Government has recognized at the time of the Annual Conference of First Ministers in November of 1986, that child care is a priority measure, ensuring the support and strengthening of the Canadian family and promoting women's economic equality; and whereas the postponement to March 31, 1987 of the tabling of the report of the Special Parliamentary Committee on Child Care suggests it is possible that the Conservative Government will not set aside funds in its next

Budget for the development of adequate child care services in answer to the current needs of Canadian families, your petitioners humbly pray and call upon Parliament to negotiate and sign by the end of 1987 a federal provincial agreement which provides a detailed framework for a comprehensive child care system. The petition is duly signed by 31 residents.

RESEARCH—OPPOSITION TO CUT-BACKS

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I have the honour to present a petition on behalf of a number of electors who call upon Parliament to rescind the funding cut-backs to the National Research Council, including all consequent terminations and cut-backs in research activities and to provide funding for the space program from sources other than the NRC budget, or any presently existing scientific programs, in the development of national policy for research, science and technology, based on a target of 2.5 per cent of GNP devoted to research and development.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I also have a petition from Winnipeg, Manitoba, which calls upon Parliament to reject amendments to the Patent Act which will increase the costs of prescription drugs for Canadians.

I have petitions from Windsor, Ontario which plead that amendments to the Patent Act be rejected by Parliament. There are 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21 petitions in total.

• (1110)

As well, I have another 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 petitions from Saskatchewan representing some 3,000 people who voice their anger at the Government for tampering with the Patent Act in a way which will increase the price of patent drugs.

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[*Translation*]

CANADA SHIPPING ACT

MEASURE TO AMEND

Hon. Jean J. Charest (Minister of State (Youth), for the Minister of Transport), moved for leave to introduce Bill C-39, an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production Conservation Act in consequence thereof.

Mr. Speaker: Shall the Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

Some Hon. Members: Agreed.

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

Mr. Speaker: When shall the Bill be read a second time? At the next sitting of the House?

Some Hon. Members: Agreed.

* * *

[*English*]

CAPITAL PUNISHMENT

FREE VOTE—PROCEDURE FOR DEBATE

On the Order: Government Notices of Motions.

February 12, 1987—The Deputy Prime Minister and President of the Privy Council:

That this House supports, in principle, the reinstatement of capital punishment and directs that a special committee on reinstatement, composed of 15 members, be established, hold hearings and make its final report to the House no later than three (3) months following the adoption of this motion, such report to provide recommendations on:

(a) which offence or offences should carry the death penalty, and in what circumstances;

(b) which method or methods should be used to carry out the penalty of death, and in what circumstances;

That, pursuant to Standing Order 107(1), this special committee be hereby appointed as the committee to prepare and bring in a Bill no later than three months following the adoption of this motion, founded on the committee's recommendations on (a) and (b) above; such a Bill shall be the object of a separate and distinct report of the special committee, and such a report shall be its final report;

That such Bill, when reported from such special committee to the House, be deemed pursuant to Standing Order 107(1) to have been introduced and stand on the Order Paper, in the name of the special committee chairman, for first reading at the next sitting of the House; and that subsequent House stages of the Bill be considered under "Government Orders", with the Bill standing under the heading "Government Business"; and that, when the said Bill has been read a second time, it shall stand referred to a legislative committee;

That the Striking Committee be empowered to name the Members of the special committee, provided that once the Striking Committee report is laid upon the Table, it shall be deemed concurred in;

That the special committee have the power to sit while the House is sitting and during periods when the House stands adjourned;

That the special committee be empowered to report from time to time and send for persons and papers, and to print such papers and evidence from time to time as may be ordered by the committee and to retain the services of expert, technical, professional and clerical staff;

That the special committee be empowered to adjourn from place to place inside Canada and that, when deemed necessary, the appropriate staff accompany the committee;

That a quorum of the special committee be eight (8) members for any vote, resolution or other decision; and that the chairman be authorized to hold meetings to receive evidence and authorize the printing thereof whenever six (6) members are present;

That any substitution of membership on the special committee be made pursuant to Standing order 94(4); and

That, notwithstanding the usual practices of this House, if the House is not sitting when the special committee is ready to issue its final report and the said Bill, the special committee shall present its report and the Bill to the House by filing them with the Clerk of the House provided that the report shall then be deemed to have been laid upon the Table, and the Bill shall then be deemed, pursuant to Standing Order 107(1), to have been introduced at the first sitting of the House thereafter and to stand on the Order Paper in the name of the special committee chairman, for first reading at the next sitting of the House; and that subsequent House stages of the Bill be considered under "Government Orders", with the Bill standing under the heading "Government Business".

Mr. Speaker: Pursuant to Standing Order 24(2), this Notice of Motion standing on the Order Paper in the name of the Hon. Deputy Prime Minister and President of the Privy Council (Mr. Mazankowski) stands transferred to and ordered for consideration under Government Orders later this day or at the next sitting of the House.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Is it agreed?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed from Friday, February 13, consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

Mr. Don Blenkarn (Mississauga South): Mr. Speaker, once again I draw to the attention of Hon. Members the usual delaying amendment put forward by members of the New Democratic Party. I would have thought that the New Democratic Party would have gotten its act together sooner and realized that these delaying techniques of motion after motion really do not accomplish anything in the democratic process.

The Bill before us represents the difference in philosophy between the Progressive Conservative Party and the philosophy of the Liberal Party and the New Democratic Party. It is our

belief that individuals, in their self interest and the combination of individuals working together in their self interest, will do the most good collectively for the development of all people and the development of our nation. It is the belief of members of the Opposition that the state, representing the citizens, is best able to look after the citizens. We have seen how that works in this country and in others. It is clear that the statism advocated by the New Democratic Party, in particular, and sometimes by the Liberal Party, does not work to create the efficiencies required by a nation.

We believe in market competition. We believe that the market creates the most efficient allocation of the resources of the country.

Mr. Waddell: Why are you creating a monopoly here, then?

Mr. Blenkarn: The Member opposite and members of his Party believe in the state. They believe that the state should look after issues. They believe the state can best control things. They believe that the state, through the bureaucrats in the state, can best direct how the efficiency of the market-place or other efficiencies should be directed. We believe that the market-place, represented by entrepreneurship, giving individuals the opportunity to do what they as individuals want to do, and risking their money, creates the greatest advances in science, technology, manufacturing, distribution and trade. That advance is best for us all.

Members opposite believe that we are somehow in a static society and that the pie will never get any bigger. Members opposite believe that the state is the best apparatus of society to divide the pie more equally. Of course, what happens is that the pie becomes smaller and smaller.

• (1120)

We are now considering the Teleglobe Bill. The Opposition says, "Teleglobe is making all kinds of money, why don't you keep it?" They fail to realize that Teleglobe may be making money today, but it requires the continual injections of new entrepreneurial spirit, new technology, and new investment in order to make it grow and be competitive. If Teleglobe stopped growing and doing new things today, in five years Teleglobe would not make any money and it would be out of business. To a large extent, it depends on its cable. How long will cable for the transmission of messages be valued? When will cable cease to be the method of moving communication? Teleglobe has many new things that it must do. It must be entrepreneurial, and venturesome. There is one thing that the state is not, it is not venturesome. What we have to do today is make sure that Teleglobe is a successful company, and is given the opportunity to take advantage of the new technologies, the new outlooks, and the new ways of handling its mandate.

We believe that that can best be done by individual ownership. That is why in this Bill we have made sure that the employees of Teleglobe can buy into the company at a discount. I do not understand the Opposition's mentality when it says that this part of the Bill is wrong. We believe that if

individuals own the work within the scope of society, they will have an interest in making sure that we have a free society, because they will have something to protect. When the state owns all of the goods, services, property, and companies then there is nothing for the individual to protect because it is not his. Therefore, we say that this Bill is a watershed type Bill between state ownership and individual ownership.

Mr. Cassidy: You know that you exaggerate.

Mr. Blenkarn: We believe it is important to cut down the size of Government, and we have been successful in cutting down its size. Every time we are able to get the Government out of an activity, we say that the Government is better off. We say that we as Canadians are better off to have these activities in the hands of individuals.

Mr. Cassidy: Getting out of pensions, getting out of medicare, is that what you want to do? Is that the type of policy that you have? Get Government out of helping people, and get equality in this country.

Mr. Blenkarn: My friend says get Government out of helping people, as if Government was important. Does the Hon. Member not realize that people help people? You cannot see Government except in its bureaucracy, its big buildings, its regulations, and its red tape. That is the type of state that they want.

Mr. Cassidy: The Hon. Member favours an end to medicare, an end to pensions. He does not think that we should support post-secondary education.

An Hon. Member: Be quiet, Cassidy.

The Acting Speaker (Mr. Paproski): Order, please. There will be an opportunity for Members' questions and comments, after the Hon. Member finishes his speech.

Mr. Blenkarn: I really do not mind them heckling me, because they know that we are saying some things that are true. They know that we are cutting them to the bone. They are the new dinosaur party. They believe in big Government, big state enterprises, and the collective, not individual freedom, democracy, private ownership, and freedom of the individual.

Since we have taken office we have accomplished a number of things. We have completed the sale of the Northern Transportation Company Ltd. To a large extent, we have sold and disposed of 23 million shares of Canada Development Corporation. I point out that we sold those for $11.50 a share. The market does not believe that they are worth $11.50 a share at this point, but that was a very worthwhile sale for the people of Canada. We have disposed of Canadian Arsenals Ltd. We have sold the CN Route, which was a losing trucking enterprise, to individuals who think that they can make money at trucking. That will keep more people employed, and it will move goods more cheaply. We have sold Pêcheries Canada Inc., a co-operative, for $5 million, subject to some adjustments. We have sold Canadair to Bombardier. We have sold our interest in Nanisivik Mines Ltd. In this Bill we have sold Teleglobe Canada.

Our aim and objective is to get the Government out of the business field to the greatest possible extent. The Government cannot work in business; it has too many conflicting objectives. When it goes into a commercial enterprise it has the objective of trying to make a dollar. On the other hand, its other objective is to try to make sure that some particular social good is accomplished. When a board of directors has those two conflicting mandates, usually what happens is the corporation does not operate as profitably and as aggressively as it might. Our belief is that if we can get Government out of the issue and, on a tender basis, buy from the private market-place those things that are necessary for the development of the social causes and problems of the country, we will accomplish a great deal more than having the state own enterprises involved.

I wish to address this particular deal for a moment. Some people have said that this is a deal where the minnow swallows the whale. In this case we have a situation where a relatively small company is taking over this company called Teleglobe. It is taking over Teleglobe with some pretty impressive backers. It has the backing of the National Bank, some very successful venture capital companies, the backing of the Caisse de Dépôt et Placement du Québec, and the backing of competent management.

The offer that was made and was examined independently by Dominion Securities, and by a very capable board in the Canada Development Investment Corporation. That board came to the conclusion that the offer by Memotec that we are considering today is an offer that is a good for Canada.

It is a good offer on a number of grounds. First, the price is a pretty fair price. We could have received more for the asset if we had given it to a consortium of the telephone companies in order that they could have preserved their monopoly. We could have given it to CN-CP and they could have put it together and controlled overseas communication. We could have forgotten about the Competition Act, and about the fact that we need new, aggressive action in technology development. Perhaps we could have received more money that way. The fact is that this was the best offer that falls within the concepts of the Competition Act and it is to an independent, separate, new company that, on a new basis, can handle this sale. It is a good transaction as opposed to one that is transferring the activity over to another regulated body, and extending a monopoly position.

Second, the transaction contemplates some competition in the field of transmission. It certainly contemplates that if the licence is to continue, there will have to be a 13.5 per cent cut in overseas telephone rates and a 10 per cent cut in telex rates by 1988. It also contemplates that the charges which the company will be able to levy will have to be no more than 2 per cent above the average rate charged by Bell and BC Tel. There

is some real control on the prices the company can charge for its services.

• (1130)

Aside from that type of control, we must remember that we live in an age of increasing technology. Despite regulation, the company will have to be prepared to compete in that new technology. This is a small world, and it is getting smaller. Other countries in the world have satellites, and satellite communication is possible. No matter how hard we try, we are not able to prevent people from using that technology. The CRTC and some people involved in broadcasting would like to prevent people from using a dish to collect television signals. They have not been very successful in that regard. I suggest that they will not be successful as the technology becomes more readily available and more reasonable in cost.

Looking at the whole picture, despite the present monopoly-type arrangement concerning transmission overseas by telephone companies and the like, the company will not be able to maintain that position forever. If the company's rates are not kept competitive, others will install and use communications systems which are more competitive.

The deal must be commended. The Government has been able to ensure that individual employees will be protected, particularly their pension rights. Often we see takeovers of companies where pension arrangements are somehow slithered by and the employees wind up with something very much different from what they had when they were working for their former employer.

Also from the point of view of the employee, this is a situation where in a sense a relatively small company is taking over a relatively large organization. If this were a situation where Bell Canada was taking over Teleglobe, it may well have been a situation where employees could be replaced, or there might be situations of efficiency which would cause the replacement of people. This is a situation where the employees are protected and looked after from a pension point of view and from a job point of view. As I mentioned earlier, even more important, they will be given the opportunity to become more personally involved with the right to buy up to 5 per cent of the stock at a 10 per cent discount.

The Bill should not be delayed. It should be expedited. Is there any reason to hold it up? Is there any real reason to say that the Government must be involved in owning telecommunications? Not at all. Let us get the country back on the free road. Let us get the Bill passed.

Mr. Cassidy: Mr. Speaker, I distinctly heard the Hon. Member, who is my colleague on the Standing Committee on Finance and Economic Affairs, saying some things which I think most of his colleagues in the Conservative Party would repudiate. He was saying "the less government, the better; the less government intervenes in people's lives, the better". He became quite agitated when I suggested that he was advocating the Government get out of medicare, that the Government get out of providing old age pensions for older Canadians, and that the Government, in fact, get out of being involved in a number of different social services which provide the basis for a humane and compassionate society.

I am really rather concerned. We have heard about the re-emergence of a kind of Monday club among back-benchers in the Progressive Conservative caucus. Their feeling seems to be that there is great support out there among the public and that if only these views were to be put to the fore by the Government, somehow their standing in the opinion polls would rise from the current abysmal level of 23 per cent. Perhaps those are the Hon. Member's views. Perhaps he is suggesting or advocating the privatization of medical care insurance and hospital insurance, returning to the situation which exists in the United States where half the people who are homeless are in that situation because they were uninsured and were hit by heavy medical care expenses. This is the kind of dog-eat-dog society about which the Hon. Member seems to be talking.

I should like to ask him to be perhaps more precise and to repudiate those views which I do not think are the views of Canadians as a whole. I certainly hope they are not the views of the Progressive Conservative caucus, even those who subscribe to the punitive Monday club which is being re-established.

Mr. Blenkarn: Mr. Speaker, here he is again, the finance critic of the New Democratic Party. He knows he is wrong on the Teleglobe Bill, so he raises a great big ogre indicating the Progressive Conservative Party will somehow interfere with medicare. What absolute nonsense. We are dealing with a commercial corporation which is profiting or in the business of telecommunications, running a cable system across the Atlantic. Suddenly he says, "By gosh, if you do that, you are going to do medicare next". Let us get realistic.

We have a medical care insurance scheme to which the federal Government contributes. It is run on a provincial basis. It is universal and generally applicable. It works well. It has produced medical care and coverage in Canada at a per centage of cost in GNP at less than that of the United States. We would be foolish to change that.

Running the telex across the Atlantic is not a matter which really affects the life, health, or well-being of Canadians. Accept that we want efficiencies, ownership, privacy, available growth in new technology, and the entrepreneurship which we know will build the country. To say that we cannot have those things because somehow they might interfere with medicare is to stretch the imagination far beyond all realism.

Mr. Waddell: Mr. Speaker, I have a comment and a question for the Hon. Member. Incidentally, it has been said by many Members in the House that it is always a pleasure to listen to the Hon. Member. Although I do not agree with just about all he said, he is always straightforward and we know where he stands. We all appreciate that.

Let us get down to brass tacks and let me ask him a question to which he can respond very honestly and sincerely. There is an old conservative principle, is there not, that one should not repair something if it is working? The Minister said that the company was well managed and provided good service in an important area. Certainly international telecommunications is an important area in the new kind of world in which we live. It is making $50 million a year for Canadians, which can go toward the deficit. Why are we selling it? What is the reason? In my speech I went through all the reasons which the Minister cited. One was synergy, whatever that is. I concluded that it was some sort of magic. Would he please explain what is this magic? Why is the Government selling a government corporation which is so profitable and well managed? I put to him that it is simply for an ideological reason and that he is the ideologue, not us. We are being practical in this situation. He is supporting the sale of the corporation because he thinks that it is part of the right-wing agenda and that it should be sold on principle. That is ideology, and in this case it is foolish ideology.

Mr. Blenkarn: Mr. Speaker, I am glad my friend raised this issue. I think it goes to the essence of the reason for the sale. While it is true that the company presently is earning a return based on an amount somewhere between 8 per cent and 10 per cent on the money, and while it is true that that is now a little less than our long term borrowing rate, it is also true that this company is exposed to the greatest change in technology that we are likely to see as the world develops. In our view it is, therefore, important that we have in charge of that technology the most adventuresome, the most aggressive people that we can get to be prepared to invest, take chances and do the things necessary to exploit the oncoming new technologies.

• (1140)

We could keep the company and continue to get, as my friend mentions, perhaps $50 million a year. That would not last very long unless there were some massive changes in the structure and organization of the company in the future. The way to handle a situation like this is to sell when the situation looks good, when the company is making a profit because that is when it will sell and sell for the best price. If we were to hang on and hang on, we might well wind up not having a company to sell. It is far better to sell a profitable company when all is going well.

Mr. Althouse: Would the Hon. Member explain to the House, Mr. Speaker, how this new company, which was established at a very high debt—with a very small company buying a company that had something over $100 million in cash, if the business reports are accurate—carrying the kind of debt load it now carries, will be in a better position to adapt to new technology than the existing company? The new company carries a huge debt load into the operation. The existing company had cash on hand. I fail to see how a debt-ridden company will be more able to provide the kind of new technology than was the existing company.

Mr. Blenkarn: Mr. Speaker, what my friend fails to recognize is that the short-term borrowings from the National Bank are short-term borrowings in order for the acquisition to take place. The company obviously cannot go anywhere and carry this long-term debt. Indeed, it is not long-term debt but short-term financing to complete the transaction. The Government of Canada is getting cash. What the Member fails to recognize is that the sponsors of Memotec, a venture capital company, are not there to lever the company up, they are there to sell it off and sell shares to the public and others. I suspect that the company will do that as the transaction proceeds. Obviously, in the Government's sale to Memotec of the assets of Teleglobe, we are not specifying how Memotec does its long-term financing. The company has certainly indicated that it will not be carrying on with the large debt basis that appeared to be apparent in the original offer.

Mr. James: Mr. Speaker, I have a question in connection with something raised last Friday by the Hon. Member for Vancouver—Kingsway (Mr. Waddell). The Member from Vancouver—Kingsway asked a number of times in his speech why sell Teleglobe? I am a little confused because I know the Member is very interested in workers and employees, as are we all. Would the Hon. Member for Mississauga South (Mr. Blenkarn) comment regarding privatization in that it encourages individual Canadians to take part in ownership of companies through equity investment? I wish I were an employee of Teleglobe looking at the kind of profit it has; it would be a tremendous opportunity for me. Memotec is offering Teleglobe Canada employees the opportunity to purchase 5 per cent of the equity at a cost of 90 per cent of the price paid by Memotec with the benefit of interest-free loans repayable in five years. I would be interested to hear from the Member from Mississauga South, with the kind of business experience he has, what that will mean to employees.

Mr. Blenkarn: Mr. Speaker, it means they are going to make some money, if employees buy stock at 10 per cent below the original price. But they will obviously have to have some imputed taxes on the interest-free loan because nothing is interest free in terms of the taxman. This though is the way things ought to go. It is important in our society that we have as broad an ownership of production and distribution of goods as possible. The more Canadians who are owners, as opposed to tenants, as opposed to just workers for some large monolithic international or multinational corporation, whatever you might want to call it, the better.

Mr. Waddell: I will give you my BCRIC shares. I have six of them.

Mr. Blenkarn: It is imperative in a free society that Canadians have a piece of the action as individuals. In this particular transaction the workers are getting an opportunity directly to have a piece of the action at a discount.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate. The Hon. Member for Gander—Twillingate (Mr. Baker).

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I have just a few words on this Bill. My interest was sparked a few moments ago when I heard the hon. gentleman across the way refer to the trans-Atlantic cable, that is the cable that runs across the Atlantic Ocean. This cable takes whatever message you feed into it across the Atlantic. When you pick up your telephone here in Ottawa and you want to call Newfoundland or Nova Scotia, the transmission is carried by Bell Telephone and into the provincial telephone networks across the country. But when you want to call across the Atlantic, the transmission not only goes by Bell Telephone and over the lines of the telephone companies as far as Newfoundland, it is taken over by another company altogether. What we are talking about here is the trans-Atlantic link. We are talking about that owner of the cable, of the transmission across the Atlantic, being passed from Government hands into the hands of the private sector. That is as I understand it.

I am trying to pick some sense out of all the gobbledegook that some members are talking about today concerning financial transactions, shares, profits and everything else. It all boils down to the fact that you have private enterprise taking over a cable that is a monopoly. There is no other transmission from Canada across the Atlantic that I know of. There is in the United States, of course. The hon. gentleman is talking about a telex. That is a hundred years ago.

I rise in the debate because Newfoundland is the key link here. All cables go from Newfoundland across the Atlantic. That is the importance of Newfoundland. When you are talking about the telegraph, that is not the telephone. A hundred years ago or so the telegraph went from Heart's Content, Newfoundland right across the Atlantic over to Great Britain—from Heart's Content next to Heart's Desire next to Heart's Delight, and then the next place to that was where I was born, a place called Green Harbour, Trinity Bay. What is important is that the cable starts from Newfoundland and goes right across the Atlantic. What we are talking about today is not the telegraph but the telephone lines that were put across the ocean. The telephone lines went right across the Atlantic in the year 1956, to my recollection. They came into Clarenville, Newfoundland, and went right across the Atlantic to connect up somewhere in Ireland. We know that the Coast Guard has a ship that does checks on the cable across the Atlantic throughout the year. To my recollection, there is one ship, the *Sir Humphrey Gilbert*, that does that cable check. It has some pretty sophisticated machinery on board including small mini-subs to check that particular cable.

• (1150)

We are not talking about anything complex. Hon. Members love to make things complex. When she announces a sale, the Minister wants to complicate matters. She does not even mention what is actually being sold to the private sector.

I suppose it boils down to whether or not the Government has a philosophy that the private sector should actually control the only communications monopoly between Canada and the other side of the Atlantic. The Bill boils down to whether or not private enterprise should be able, whenever it wishes after five years, to jack up the rates and do whatever it wants. In the Bill there is a 13 per cent cut, or something like that, along with controlled management of the private sector for the next five years. After five years it is open for the private sector to do whatever it pleases. That is what it all boils down to after reading through all the financial speeches we have heard in the House concerning this Bill.

There is nothing strange about the Government's philosophy to sell Teleglobe, a very profitable outfit. It made $80 million or $85 million, give or take $10 million or $20 million last year. It made $110 million, give or take $10 million or $20 million two years ago. It made over $100 million this year, give or take $10 million or $20 million. The question is not only whether the Government should have sold Teleglobe to the private sector, but if the private sector should have control over the one link across the Atlantic. It also boils down to the sale price.

Let me first deal with the monopoly aspect of this matter. Should the Government have sold this company to the private sector and should the private sector be allowed to control the only link across the Atlantic? The Canadians I know best think it is unfortunate that the communications and telephone system in Canada is, to a very great degree, in the hands of monopolies in each province. When I receive a complaint from a lady who says, "I did not telephone London, England, but I have a bill here from Bell or from Newfoundland Telephone or New Brunswick Telephone or Maritime Tel. I did not make that phone call, but I am being charged for it", what am I supposed to do? The telephone company has a monopoly. It says, "You either pay up or we disconnect your telephone, and if we disconnect your telephone you cannot get one back unless you pay up", and that is for something the lady does not owe. It is her word against the word of the telephone company. That is the danger inherent in monopolies.

If a person had oil delivered to his house and said that he did not receive the particular amount of oil the oil company is charging him for, then he would have a choice. He could go to another oil company. With electricity and telephones, it is different. People do not have a choice.

As far as ordinary Canadians are concerned—and by that, I mean people who do not buy RRSPs—the unfortunate aspect of the monopoly of the telephone company is something to be frowned upon. It is sometimes disgraceful to see how the telephone companies in Canada treat people; it is disgusting. The telephone companies need a lesson in something, I do not know what, because what they say goes whether we like it or not.

I found it strange, and I still find it strange today—perhaps Members of the House can tell me why, because I never could figure out why—that when there was a challenge to the

monopoly of Bell Telephone, the Government refused the challenge. I am talking about CN-CP's application for long-distance charges. It was refused because in the United States, where competition was allowed, rates would eventually go up. There appeared to be some unity here in this House. The Bell Telephone unions said that we could not break the monopoly, because if we did Bell employees might lose their jobs. When I think about that poor lady who did not telephone London, England, day but got charged for such a call, I have to say that the monopoly should be broken or the telephone companies should behave themselves and smarten up.

There is a motion presently before the Chamber for a three-month hoist proposed by a member of the New Democratic Party. As I understand it, the motion would allow the securities people to investigate something that has to do with an increase in Memotec's share cost. At least that is what the mover of the motion put as the reason for moving the motion. As far as I could find out, Memotec's stocks appear to have increased dramatically. I suppose this is because of the prospect of its purchasing Teleglobe, this monopoly that goes across the ocean. I suppose any company's stock would increase if it were to take over Teleglobe. I also notice that Memotec is the owner of a company in the United States, or is it the other way around—I do not know which. It appears as if the company has just as many employees in the United States as it has in Canada. It certainly must be a growing outfit if it has that kind of control.

As far as the Bill is concerned, it boils down to whether or not the Government should have sold the company for $488 million when its profits were running to about $100 million a year. Just imagine, Mr. Speaker, if you were able to purchase a company for $488 million while the profits of the company ranged at around $100 million a year. That is quite a remarkable sales contract. That would be something at which one would really have to jump. This is the sort of thing the private sector wants. It can watch the money roll in. Millions upon millions of dollars of profits are guaranteed because the purchaser will get his money back in four and a half or five years anyway, and then the rest of it, those few hundred million dollars a year, is all gravy.

• (1200)

Why did the Government of Canada do this? There is a very good reason. The Minister of Finance (Mr. Wilson) wants to stand up in this House on Wednesday and announce to everyone that he has trimmed the deficit down to—notice I say "down to"—$32 billion. Not $32 million or $32,000 or $3,200, but $32 billion. Half a billion for this outfit brings it down to $32 billion. That from a Government that was going to decrease the deficit. We have had the highest deficits in Canadian history since that Government came to power. If you add up the national debt since Confederation who is responsible for over half? That Government over there.

Some Hon. Members: Oh, oh!

Mr. Manly: He says it with a straight face, too.

Mr. Blackburn (Brant): He worked on the speech all weekend. Just quiet down.

Mr. Baker: What is true is that if you consider the $32 billion deficit we will hear about on Wednesday. That is the reason for this sale.

The Minister put Fishery Products in the private sector in return for about $100 million. Then we have this sale. In other words, the Government is passing over to the private sector something that should be controlled by the public sector, to some degree. That is the rationale behind the Bill. When Hon. Members are addressing the Bill they should remember that we are talking about communications cables which go across the Atlantic from Newfoundland. That is why this Bill is so important.

The Acting Speaker (Mr. Paproski): Questions or comments?

Mrs. Collins: Mr. Speaker, I was not planning to speak now, but some of the comments by the Hon. Member for Gander—Twillingate (Mr. Baker) prompt me to respond. Perhaps we should call him the Hon. Member for Heart's Desire. He made a couple of statements which are just so erroneous that we do not want to leave them on the public record uncorrected.

First, I guess he does not understand how the international telecommunications system works. Teleglobe does not bill the customer, it is done by B.C. Tel or Bell Telephone or the Newfoundland Telephone Company. If it should happen that an individual was charged for a call they had not made their redress is to their local telephone company. I have had that experience myself. Contrary to what the Hon. Member says, I can assure him that I have found the telephone companies' customer service departments extremely co-operative. They will go to the extent of phoning the number that you say you did not call in order to check whether a call was made. They will try to track down who might have made the call. I find they really go out of their way to try and make sure people are not incorrectly billed for long-distance calls. It is extremely unfair to cast that kind of aspersion about employees of telephone companies. They are really trying to give good service to the public of Canada.

As well, perhaps the Hon. Member has not read the Bill and is not aware that after five years Teleglobe will be controlled by the CRTC. There will be control over all the rates it charges. It will not be able to charge unfair rates. In fact, there will be greater control than there is now.

Finally we have the comments made by the Hon. Member concerning the deficit. Those comments are just so far out of line they are totally reprehensible. The Hon. Member knows it was his Government that started the galloping spending which eventually hit the Liberal Government like a plague. This Government inherited that situation and for the first time since the Korean War things have been turned around. That

was done by this Government. If you look at the record, we actually have for the first time, on the basis of income and spending, a balanced Budget. We are looking forward to Wednesday and hearing about the excellent efforts our Minister of Finance (Mr. Wilson) is making to bring down the deficit started by the Government of which the Hon. Member was a part. The deficit is certainly not the responsibility of this Government.

Mr. Baker: Mr. Speaker—

Mr. Belsher: Don't confuse him with the facts.

Mr. Baker: The hon. gentleman says don't confuse her with the facts.

Some Hon. Members: You!

Mr. Baker: I will try not to. As far as the billing issue is concerned, I understand the situation perfectly. The Hon. Member is correct that you are billed by the local company for trans-Atlantic calls. The cable outfit actually takes about 25 per cent. It is 25 per cent originating, 25 per cent carriage, and about 50 per cent on the other end. As to my remarks concerning the telephone companies, I stand by them. I do not think it should be necessary that someone should have to call a Member of Parliament to try and get justice from a telephone company that will not take the trouble to prove that the person incurred a charge. In the cases I have seen it has been the general public who have been right, not the telephone company. There is a lot to be desired from the telephone companies in these matters. I have the cases to prove it and I am sure other Members do as well. In addition, there are people out there who do not call Members of Parliament about things like this. There are people out there who do not call politicians. I do not know many in my area, but there are some who do not do it, but just accept the situation and pay a charge for which they were not responsible. They just let it rest with one little complaint to the telephone company.

So far as control of Teleglobe by the CRTC is concerned, the Hon. Member is absolutely right. In fact, she should have mentioned there is a reduction of, I believe, 13 per cent in charges for five years. However, after the five years that is it. As things stand now it is a Crown corporation. We have control now if we wish to have it. However, we will not have control after the five years are up. It is a marvellous acquisition for Memotec. The company should be congratulated for getting Teleglobe so cheaply. I notice that the Chairman of the Board of Memotec is a fellow by the name of Eric Baker. I would say he is a pretty intelligent fellow and maybe he is from Newfoundland.

[*Translation*]

Mrs. Mailly: Mr. Speaker, I would like to ask the Hon. Member for Gander—Twillingate (Mr. Baker) whether baggage isn't lost as often on Air Canada because it is a Crown Corporation. And I may remind the Hon. Member that a monopoly will be regulated by the CRTC. Is he telling us that CRTC regulation of monopoly companies is not a good idea?

[*English*]

Mr. Baker: I believe I understood the first question was whether or not less baggage is lost on Air Canada because it is a Crown corporation.

Mr. Boudria: So much for eloquence.

Mr. Baker: I do not know. It is an interesting question. The hon. lady is bringing up the whole question of Crown corporations. She firmly believes in the private sector. She is convinced that the Government should have its fingers in absolutely nothing. She believes that everything should be passed over to the private sector.

• (1210)

With regard to the CRTC, as I mentioned earlier, there will be only five years of control by the Government of Canada. After that it is open to the private sector. The Minister would say that it is open to the private sector. In other words, if the costs get too high, Bell Canada or Newfoundland Telephone will put another cable across the Atlantic. I doubt that very much.

Mr. James: Mr. Speaker, I would like to make some comments with regard to the intervention of the Member for Gander—Twillingate (Mr. Baker). With regard to regulation, I would like to read him some comments by Jean-Claude Delorme, President and Chief Executive Officer of Teleglobe Canada. He said that for Teleglobe the biggest change arising from the sale is impending regulation of its business by the Canadian Radio-television and Telecommunicaions Commission. He says that although Teleglobe has never been directly regulated by domestic bodies since its creation in 1949, the change does not worry him. The rules of the game will be different, but they are equipped to deal with it. Regulation means Teleglobe will have to stay within an allowed rate of return on average equity, that is, profit after tax, divided by the total sharehold equity. Mr. Delorme expects that Teleglobe will have to lower the rates it charges to domestic telephone companies and will stay within that ceiling which, in turn, will reduce its revenue. He goes on to say that they are in favour of regulating Teleglobe's rate of return because they believe its rate have been too high.

Kenneth Englehart, chief counsel of the Canadian Business Telecommunication Alliance, said they are in favour of regulating Teleglobe's rate of return because they believe its rates have been too high.

Therefore, the Member for Gander—Twillingate may be slightly misinformed on this situation. We are moving toward regulation where there was never regulation before. There will be a reduction of rates, including reduced costs for overseas telecommunications.

Point of Order—Mr. McKinnon

Mr. Baker: Mr. Speaker, I do not know Jean-Claude Delorme, but he would, of course, say that. What would anyone expect him to say? He is obviously going to keep his job with Teleglobe. Jean-Claude cannot really say what is on his mind after Teleglobe has been bought by this private company. That is all we would expect from Jean-Claude. Jean-Claude is on good terms with Eric Baker, the chairman of the company.

With regard to the other comments made by the spokesman for telecommunications, he is going to say that because he represents all the telephone companies which have to pay the rates. We can understand why he is saying that. However, I would be interested to know what he will say in five years when all of these restrictions are removed from Teleglobe, as we know it today. Watch where the rates go then.

Mr. Boudria: Mr. Speaker, I have a question for my colleague, the Member for Gander—Twillingate (Mr. Baker). I would first like to congratulate him on his very excellent remarks. We always hear this calibre of remarks from him.

The Government has a bent toward privatization. I could disagree with the principle of privatization in all cases, but I have a particular problem with this case. The Member for Capilano (Mrs. Collins) told us earlier that one of the reasons Teleglobe is being sold is to reduce the deficit. What does my colleague think of a Government which not only wants to sell the Crown jewels, but wants to sell them to pay for its maladministration?

Mr. Baker: No comment, Mr. Speaker. I agree with him.

The Acting Speaker (Mr. Paproski): The period for questions and comments is now terminated. Before I recognize the Hon. Member for Skeena (Mr. Fulton) on debate, I will recognize the Hon. Member for Victoria (Mr. McKinnon) on a point of order.

* * *

POINT OF ORDER

TABLING OF PETITIONS—NUMBER OF SIGNATURES

Hon. Allan B. McKinnon (Victoria): Mr. Speaker, I have a point of order which refers to the tabling of petitions. The Member for Windsor—Walkerville (Mr. McCurdy) put on his usual theatrical performance while tabling petitions this morning. He said he was tabling a petition with some 3,000 signatures on it. There were actually 2,049 signatures on it. How long will we have to put up with this gross exaggeration? I admit the NDP are working hard to get these petitions. They are doing a great job of bamboozling everyone and getting them to sign petitions. However, they could be more honest when they table them in the House of Commons. Otherwise, whenever we hear the Member for Windsor—Walkerville quote a figure, we will have to say that he is probably exaggerating by 50 per cent.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ESTABLISH

The House resumed consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

Mr. Jim Fulton (Skeena): Mr. Speaker, Bill C-38 is an example of doctrine. It certainly is not an example of good business sense. I am going to uncap some of the arguments which have been put forward by the government side. It must be made clear right off the bat that we are dealing with a monopoly. Teleglobe is a monopoly and under the Tory's proposal it will continue to be a monopoly.

The key argument put forward by Members, such as the Member for Mississauga South (Mr. Blenkarn), is that it is better for a few people to own something than all Canadians. Last year's profit ran close to $100 million. Each of the 25 million Canadians benefited by only a couple of thousand dollars. No one will dispute that. However, the Member for Mississauga and the Government claim that it is better for a few hundred or a few thousand Canadians, who have enough money to buy stocks and participate in a transaction like this, to divvy up $50 million or $100 million among a much smaller and more select group.

That is a doctrinaire argument. It is an argument by the rich for the rich to get richer. It has nothing to do with the significant point that Teleglobe is a monopoly. It was set up, not only to provide cable service, as the Member for Gander—Twillingate (Mr. Baker) said, but to provide satellite communication for Canadians throughout the world. It had set rates.

Government Members are trying to paint the management and workers at Teleglobe as a group of faceless, semi-competent or perhaps incompetent bureaucrats who have no entrepreneurial spirit, do not understand business, do not know how to do anything, and are designed to fail. They say that is why the Government has to get rid of this Crown jewel, one of the most profitable of Canadian Crown corporations.

From time to time we must bare the face of some of the ideologues on the government side. As an example, last week on my way back from British Columbia I met a Tory Member in the airport. I asked whether he was taking the direct flight to Ottawa. He said no, that that was an Air Canada flight and that he only flies CP. I asked him what time he would arrive in Ottawa and learned that he was prepared to spend an extra three hours to get back to work in Ottawa in order to ensure that the money of the people of Canada was spent only in private enterprise.

We must understand that there are a large number of what I would describe as ideologically nose-ringed reactionaries on the government side. This document is clearly doctrine. It is not good business. Let us look at some of the guts of it. Every document put out by the Government says that the Government will get $608.3 million. The fact is that the Government will not get $608.3 million. At most it will get about $345 million. That is a fire sale price. As my colleague, the Member for Vancouver—Kingsway (Mr. Waddell), has said many times, this is "minnow-tec". In 1983, only four years ago, this little teeny company had 30 employees. That is only four years ago.

• (1220)

What is happening only too often in Canada is little teeny companies using extreme leverage in the market-place. They borrow from the National Bank, and from here and there. The Hon. Member for Mississauga South and others say that because of all this entrepreneurial talent which will suddenly be injected, all of this great self-interest going out and fighting for new technology, we will suddenly be in a better position to buy world leading edge technologies in terms of fibre optics and new satellite technologies and so on. Nothing could be further from the truth. That is why the Tories have given over to "Minnow-tec" in this deal another five years of monopoly. The Tories say they are against monopoly, that they want free enterprise in the market-place. What a lot of ballyhoo. The monopoly is being kept 100 per cent intact in terms of this operation.

Is "Minnow-tec" really going to go out there and garner all of these new technologies and bring us into the forefront and actually benefit individual consumers? Nothing could be further from the truth. Its debt load alone means it is going to have to try to get more out of the consumer and less from technology. I think Members of the Government should be more cautious.

I have watched these kinds of deals coming from the ideologues on the right for some time. In my own Province of British Columbia, the former Premier, Bill Bennett, announced he was selling off the entire B.C. ferry fleet because it will be good for British Columbia. He sold it to a private group and leased it back on a five-year basis. We constructed the fleet, we bought and paid for it. Now we are in our second rollover, wherein every five years we buy the fleet back again through this leasing. That is an another example of these brilliant minds, these great business people the Tories hold themselves up to be. Nothing could be further from the truth. The consumers and real owners of those ferries get dinged time and time again, so this little group of free enterprisers, these great free enterprises, can sit at home and put their feet up. They have homes in Miami, Mexico, Europe and the Far East. They have big cabin cruisers, Cadillacs and so on. They are the smart ones who profit from these private deals, and that is what they are.

Almost no one in my constituency buys stocks or RRSPs. Unemployment in my constituency is close to 40 per cent. Members of the Government do not want to talk about that. But where is the Government planning to go? Is it planning to privatize the RCMP, for example, or sell Parliament Hill and lease it back to try to bring down the deficit? Is it planning to sell CN or Air Canada? Where is the Government planning to go? These are the kinds of things which are so important to look at in this debate.

I would like to deal for a moment with the important point made by my colleague, the Hon. Member for Vancouver-Kingsway, about a three-month hoist. There has been some jiggery-pokery in the market. That is pretty clear. Everyone has recognized that and an evaluation is being done. Is it proper for the House of Commons to pass into law a sale transaction when there has been jiggery-pokery in the market? What we are asking for is a hoist so we can look at that. I think it is only proper that the House of Commons, the representatives of the Canadian electorate have a chance to look at what actually went on behind the scenes in this transaction. No Member of the Government is saying, obviously, we should not look at the jiggery-pokery, but what they are refusing to do is deal honestly in this debate with what a bad deal this really is.

I can give another example of where Members of the Government try to use double-speak just a little too often. The big oil companies back in the 1970s price fixed. That was pretty clear. A major investigation took place, not just in western Canada but right across the country. The big oil companies fixed, in terms of billions of dollars, the price of oil and gas and home heating fuels purchased by Canadian consumers. Did the Liberals do anything about that? No. Did the Tories do anything about it? No.

It is vitally important that in various sectors there be government owned and operated systems such as Petro-Canada, not just to have a window on the field but to have a hands-on experience with what is really going on so that the consumers can be protected.

I would like to take a look for a few moments at the guts of Teleglobe and what it really means to Canadians. In recent years, 85 per cent of its revenues have come from overseas telephone calls. I think we should look at what kind of money Teleglobe has been making. The Government turned it over for $345 million when it made close to $100 million in profit last year. Teleglobe has been around since 1949. By 1975 it was making over $10 million a year in profit. By 1982, five years ago, its profits were up to almost $50 million. Now it is skating close to $100 million.

What does it do? It handles all overseas telecommunications entering and leaving Canada. That includes telephone, telegraph, cable and Telex communications. Teleglobe is a joint owner of submarine ocean cables and telecommunication satellite systems. In 1985 Teleglobe's revenues totalled $678 million. In the same year, 1985, the total revenues of "Minnow-tec" were $17 million. Memotec began in 1983 with just 30 employees. I have nothing against Memotec. However, when the Hon. Member for Mississauga South and others talk

about this new infusion of entrepreneurial spirit from a little teeny company and try to paint Teleglobe as being some sort of dozy bunch of dinosaurs who could not possibly figure their way out of their own office space, it is a totally inaccurate and unfair representation. I think Members of the Government would be wise, when talking about Crown corporations and public servants, to remember that some of the people who are working in the public service, if not most of them, are very dedicated and often work for far less than many of their counterparts do in the private sector.

I think I have dealt effectively with the debunking of the ongoing blather from the Government's side that somehow $600 million is coming in. That is simply not the fact. Less than half that amount is coming in. Members of the Government say we need to get these hundreds of millions of dollars in to take down the deficit. From a straight business perspective, nothing could be further from the truth. Bringing in $300 million in one shot to apply against the deficit is nowhere near as beneficial, in bringing down the deficit, as it would be to keep Teleglobe and have that $100 million year after year going into the general revenues of the Government of Canada to use for other worthwhile purposes.

There are a number of reasons why all Canadians should oppose the Teleglobe sale; first, it has been a consistent moneymaker and, second, it is a monopoly, and a monopoly for good reason. Let me deal for a moment with the press release of the Minister of State for Finance (Mr. Hockin) because it makes some preposterous points. For example, the news release states:

> Teleglobe Canada will benefit by being able to pursue new business opportunities under skilled private sector management.

It does not bother to add that there will be five further years of absolute and total monopoly. A question which has to be asked when the Government points at Teleglobe and say, "We need new entrepreneurial spirit", is what has gone on for the last two and a half years? The Tories have been sitting opposite for two and a half years and they cannot keep pointing at the Liberals or New Democrats or someone else. The fact is that if there were areas in which efficiency could have been improved, the Government should have dealt with it.

The release goes on to state:

> Consumers will benefit from an average rate reduction on overseas telephone calls exceeding 13 per cent in 1988. Of further importance, consumer interests will be protected into the future by CRTC regulation—a protection not currently present under crown ownership.

I suppose it is a fair statement for the Minister to make, but it is totally erroneous and unrelated to the situation. Teleglobe is completely managed by the Government of Canada, or it was until this point in time. For the Minister to say one of the key reasons for selling it off to the private sector is so it can come under some kind of consumer protection, is tantamount to fraud. Ministers should not go around cooking up reasons that have no foundation whatsoever in fact.

• (1230)

I would now like to return to the purchase price. A monopoly is being sold off. Because it occupies the field of communications, in which there is a legitimate public policy interest to be protected, it should continue to be in the public realm owned by the Canadian public.

With respect to share ownership restrictions, the Government continues to crow about the good price that it received. Of course, it said existing domestic telephone companies could not buy into it because they were monopolies. It is good that it is a monopoly now. Members of the Government like the fact that it is staying a monopoly so that it can set whatever kind of price trends and so on that it wants. However, members of the Government do not want the other monopolies in on it. This is the point at which I say this whole debate comes from a doctrinaire position of the Government. It does not come from a position of good business. I think the Hon. Member for Mississauga South would be the first to admit that. This is not good business, whether we are talking about the national debt, how the money will be applied or even about the future leverage of "Minnow-tec" in the future in terms of buying new technologies.

The Government places the following requirements on the deal. Non-resident companies will be restricted to acquiring 20 per cent ownership of Teleglobe. They are not allowed ever to exert control. Foreign telecommunication companies are permanently barred from ownership of the company, and domestic companies can obtain up to 40 per cent in the near future, but ultimately that can never go above 33.3 per cent. Members of the Government make a big deal about the employees being eligible to purchase 5 per cent of the shares. I hope that a few Conservative Members have heard of things such as co-ops. Five per cent ownership at a 10 per cent discount is not a big deal in my view.

With respect to international obligations, there is something Members of the House should be taking a closer look at. I refer to what is happening in the United States. The U.S., in its so-called striving for more communication and more competition in telecommunications, has decided to renege on its commitment to INTELSAT. INTELSAT is dealt with in Clause 8 of the Bill. Both INMARSAT, which is the International Maritime Satellite Organization, and INTELSAT, which is the International Telecommunications Satellite Organization, were set up to try to assist some of the less developed countries of the world to obtain some type of cross-subsidization in telecommunications. A fixed rate was set under this international agreement whereby the same base rate that is applied in those areas of heavy traffic would be applied to areas of lower traffic, such as in most of the developing world. As the U.S. is backing out of this agreement and starting to put up its own satellites we see this "Minnow-tec" deal coming along. What will it mean? It may well mean that before too long—certainly before the end of its five-year monopoly—"Minnow-tec" will find itself in a conflict of interest situation. How will it deal in the most effective

manner for its shareholders, which is its primary role, to ensure that its shareholders are receiving the best type of return from the operation versus that of INTELSAT? The agreement that is set up to benefit other parts of the world is a very good idea in terms of communications in a world so often fraught with all types of violence and confrontations. It ensures that wherever possible there is reasonably good and accessible communications.

Down the road where will our domestic telephone companies go? Will they start buying out part of the link to the U.S. satellite system and get out of INTELSAT? What will that mean to a highly-leveraged operation such as Teleglobe? These are questions the Government does not seem to have addressed itself to, certainly not in debate thus far in the House of Commons.

Let us take a look at what other industrialized countries have done, those which have continued to participate in the international agreement and in the field of overseas communications. Australia, New Zealand, France, West Germany, Italy, Norway and Sweden all have totally government-controlled systems just like Teleglobe. They are not planning to make any changes. The U.K., from which the Government adopted this idea, made a share offering and privatized British Telecom but retained just below 50 per cent ownership. The British Government maintained a 49.9 per cent controlling interest in international telecommunications. The only two main players which are outside of all this are, of course, Japan and the United States, which have both gone to their own privately-controlled telecommunications systems.

There are inherent contradictions in selling a company that is a monopoly and keeping it as a monopoly. The arguments that have been put forward by the Government for not allowing the domestic telephone companies to buy into this company fall by the way when one takes a close look at the deal. Denying monopolies the right to buy a monopoly, thus allowing a small group to set up and maintain a monopoly, is a specious argument. Any Canadian who takes a look at this deal will see that this lucrative world-class Crown corporation was sold for a song. It was sold at far below what anyone would consider to be a reasonable price for such a valuable operation.

I see that I am running out of time and will therefore conclude my remarks. The Government is attempting to paint this sale as the sale of a Crown corporation that does not really need to be publicly owned in order to obtain some money to buy down the deficit. The argument is that private enterprise will be able to run it better. As I have pointed out, because of its highly debt-laden position "Minnow-tec" is not in as good a position to be buying into leading-edge technologies. In terms of protecting Canadian consumers that, again, is unlikely since the monopoly continues. The likelihood of rates coming down when a company with such a huge debt load has purchased a particular Crown corporation is unlikely to occur. I do not see any benefits to Canada's deficit, to the country, to the workers, to consumers or to Canada's international obligations in terms of setting rates around the world.

I conclude by saying that practical wisdom denies this as being a good route to go. Bill C-38 has to be seen as a type of defective doctrine which I think will get the Government into a great deal more trouble.

[*Translation*]

Mrs. Mailly: Mr. Speaker, the speech by the Hon. Member for Skeena (Mr. Fulton) is typical of the kind of speeches he tends to make, full of exaggerations, and in this case, all Government-owned corporations are perfect and any company that has the misfortune to be a private corporation is rejected out of hand. However, he can hardly deny, and as a Quebecer I am proud of the fact, that Memotec, a young and dynamic company, will finally have a chance to compete with the giants and that Quebec workers, who up to now could not own shares in the corporation because it was a Crown corporation, will now be able to do so. The Hon. Member said that 5 per cent was nothing and that we should remember the co-ops. Granted, there is a co-operative movement, but Teleglobe was not a co-operative, it was a Crown corporation. And now Quebec workers will be able to own shares in that Corporation.

Mr. Speaker, he contemptuously tells us that nobody in his riding owns shares. I think he ought to visit a few co-operatives, these people are shareholders. It is co-ownership, and there is nothing criminal about being a company co-owner. He should not show disdain for private ownership because I am sure quite a few of his constituents are proud to own what they have, including the corner store merchant or the owner of a small trucking firm. There must be many of them in his riding. It is rather unfortunate that he would choose not to speak for his constituents who happen to own their business.

I have a question for him. He tells us that a Crown corporation has everything going for it, that a profit-making Crown corporation ought to stay under public ownership. I might remind him about other Crown corporations which at first were operating in the red and which were bought by the Government precisely to set them back on a sound financial track—and Air Canada is a good example. They were to be resold to private interests because that was the purpose of the whole exercise, but they are still Crown corporations. Is Air Canada service better than CP Air's because it is a Crown corporation? A moment ago I asked the Hon. Member for Gander—Twillingate (Mr. Baker) if Air Canada employees lose fewer pieces of luggage than those of CP Air simply because they work for a Crown corporation, and the Hon. Member for Skeena began laughing and said it was a stupid question. Well, let me ask him this question: Are Air Canada passengers given better service because it is a Crown corporation? Do we really feel like Air Canada owners when our names are taken off a waiting list, because as taxpayers we own the company? No. We are treated like other passengers in a private company. I think the Hon. Member overstates his case because he does not really have strong arguments against this sale, so this is why he exaggerates.

Teleglobe Canada

• (1240)

[*English*]

Mr. Fulton: First, I wish to deal with what I said in my speech. The Hon. Member often takes things out of context, twists them around, and claims that there is exaggeration.

Mrs. Mailly: Give an example.

Mr. Fulton: In relation to the purchase of shares, and RRSPs, I said that in my constituency there are very few people who are in an economic situation where they are able to buy any shares. In looking at the number of Canadians who participate in purchases in the stock market, it is the absolute minority who are involved in that type of transaction. In regard to the 5 per cent that the workers at Teleglobe will be allowed to buy, if that is the sole reason for Bill C-38, I think the Government should withdraw Bill C-38. If that is the only thing that the Hon. Member thinks is good in this Bill, frankly I think the Bill should be redrafted.

Mrs. Mailly: You know it is not the only point, but it is one.

Mr. Fulton: I see nothing wrong with putting forward a special provision for the workers at Teleglobe at the various sites in Canada to have an opportunity to put forward part of their pension funds, or part of their earnings to participate in the company. As a matter of fact, that is good. It gives an incentive to people who are working anywhere in the country to have some direct participation, particularly economic participation in the work in which they are involved.

As to the Member's question on whether CP Air or Air Canada loses more bags, the Hon. Member should phone them and find out. I do not consider it to be part of my responsibility as an MP to answer a government Member about how many bags are lost on different airlines in Canada. That shows the depth of misunderstanding and misapprehension that many Canadians have about Conservative Members. They participate in an important debate on the privatization of the Crown jewel of Canadian Crown corporations, and they want to know how many bags are lost on different airlines. That is a completely erroneous and unfortunate question from a government Member.

Mrs. Mailly: What a cheap reply, just like the speech.

[*Translation*]

Mr. Waddell: Mr. Speaker, I direct my question to the Hon. Member who has the floor. In connection with statements made by union leaders, by Louis Laberge of the Quebec Federation of Labour—

[*English*]

Perhaps I can say it in English. Is the member aware that the leader of Quebec's largest labour federation, the Quebec Federation of Labour, said that he believes that Memotec—I know that the Hon. Member calls it "Minnow-tec"—has bitten off more than it can chew with what Mr. Laberge called the suicidal acquisition of the telecommunications giant Teleglobe Canada? Mr. Laberge pointed that out, and he further asked how a firm with assets of $83.6 million can make a $608 million acquisition. Memotec earned $3.32 million or 56 cents a share on shares of $31.6 million in the first nine months of 1986 with 750 employees. Mr. Laberge further pointed out that over the same period Teleglobe had 1,200 employees who helped it make $45.7 million. This prompted Mr. Laberge to compare Memotec to a frog that has just swallowed a bull. Mr. Laberge further stated that then the frog burst but the bull is still there.

The vice-president of the Communications and Electrical Workers of Canada also spoke against this takeover. According to Mr. Rene Roy, the union has not yet received written guarantees. Is the Hon. Member aware that some of the big labour chiefs in Quebec are against this takeover?

I wonder if the Hon. Member could tell us a little about what the B.C. Government tried to do a few years ago when it gave all British Columbians five BCRIC shares at $6 each? Could the Hon. Member tell Canadians about that?

Mr. Fulton: First, I wish to deal with the question from the Member for Vancouver—Kingsway regarding the remarks of Louis Laberge, the head of the FLQ. Mr. Laberge pointed out a real concern that he has as a representative of the workers in the Province of Quebec. Last year Teleglobe's revenue was 40 times the gross revenue of Memotec. We truly are talking about a minnow eating a whale, although Mr. Laberge compares it to a frog swallowing a bull.

The point that I made earlier in my speech is that Memotec will find itself in a lower position in terms of further borrowings to buy world leading edge state-of-the-art technology to further its position in the international communications field. We now find ourselves in a lower position, in terms of financing, and getting ourselves into that market, than we were before this Bill was introduced. If that is the type of leading edge thinking coming from the Conservative Party to take us back to the dark ages of telecommunications rather than encouraging a more vigorous entrepreneurial move into international telecommunications, then this surely is not the trademark for it. This is strictly a situation of doctrine.

I do not wish to spend a lot of time on BCRIC. I am sure that coming from Alberta, Mr. Speaker, even you have heard what a disaster BCRIC has been for British Columbians, all of whom got these marvellous five free shares. I would not be surprised if the Government takes a look at that type of option and throws all the Crown corporations into a bag, shakes them up, and calls it the Progressive Conservative—what would it be called—PCRIC?

Mr. Waddell: Investment gamble.

Mr. Fulton: I hope that day never comes. British Columbians learned the hard way that that type of privatizing for private interests is often not, if not always not in the public interest.

Mr. Don Ravis (Saskatoon East): Mr. Speaker, I am pleased to join in the debate today concerning the proposed reorganization and divestiture of Teleglobe Canada. As the Minister for Privatization (Mrs. McDougall) stated in her remarks, this is but the latest in a series of transactions, part of a process that is an integral part of our comprehensive approach to prudent government management, and one that is now moving into top gear.

When I sought nomination, one of the things that I found most discouraging about what was going on in the Government at that time was that the federal Government had an interest in about 400 private sector activities, not only Crown corporations. With the 400 interests there are 250,000 plus people who work for Crown corporations. I would suspect that many of these people are still working for Crown corporations today.

Others have or will be commenting on the benefits to Canadians which flow from this transaction. I wish to concentrate my remarks on the role of privatization in our economic agenda, and the need to continue this important management process. The privatization policy of this Government has been stated many times. Yet, despite the repetition, the opposition Parties have refused to listen, and they continue to follow their strategy of making privatization a matter of ideology.

• (1250)

In the 10 minutes remaining before the luncheon adjournment I should like to touch on some examples which have nothing to do with ideology but a lot to do with good common sense.

During the 1984 election campaign a poll was taken in Canada. Approximately 60 per cent or more Canadians indicated at that time that they did not want to see the federal Government become involved in more Crown corporations. They wanted to see the federal Government divest itself of those interests.

In October, 1986, not many months ago, there was an election in the Province of Saskatchewan. A CBC poll was taken at the time of 1,600 people in the province. Believe it or not, in the Province of Saskatchewan, with its long history of socialism, 76 per cent of them said that they had had their fill and did not want to see the Government involved in more Crown corporations.

The Saskatchewan Potash Corporation is a prime example to which socialists refer as their flagship. An Hon. Member from British Columbia just talked about Teleglobe being a Crown jewel. Other Members from the Province of Saskatchewan and myself can tell the House that investing literally hundreds of millions of dollars in the potash industry probably resulted in a rate of return to that province in the neighbourhood of 4 per cent or 5 per cent in good times, when in fact the money could have been earning a much higher rate of return for Saskatchewan taxpayers. The Saskatchewan Potash Corporation has turned out to be, not a flagship but a bit of a sinking ship at the moment. It is a very risky business. There were days when money was made in that industry. However today, when prices are down and there is a lot of competition in the industry, we will probably lose $150 million because of that Crown corporation.

This is precisely why Governments, whether provincial or federal, should not become involved in Crown corporations. I say that it should be left to the business sector, to private enterprise. If they want to take the risks and reap the rewards, let them do so. We can take the royalties and the taxes.

I should like to refer to another example. On the late news on CTV on Saturday night I watched a clip from China showing an auction of Crown corporations. They were small businesses, but the point I want to make is an obvious one. China is a country which has had decades of socialism. Many of its Crown corporations have been locked up for three years. They were so inefficiently run that their doors were closed. Even China is starting to recognize that they should be sold to the private sector. Many young Chinese businessmen are interested in becoming involved in revitalizing the companies. As it turned out, there were higher bids than the Government expected. That is how eager the Chinese people were to become involved in these small businesses.

I should like to refer to another example. Recently I had the pleasure of visiting East Africa with the Standing Committee on External Affairs and International Trade as part of our ODA review. As a student I had been to East Africa, 20-some years ago. I must say that it was disappointing to see what has happened to Tanzania over those years. Because of the socialistic experiment there, many sectors of its economy have in fact declined. I should like to refer to a story which appeared on the front page of a newspaper while we were there. It had nothing to do with our visit, but it had a lot to do with the restructuring of its Government and its economy. It was made very clear by the new leader of the country that they must divest themselves of some of their"parastatal" corporations, as they call them, because the management had been so poor and productivity had been so low.

Another example can be found in the United Kingdom where Prime Minister Margaret Thatcher has sold off shares in British Telecom and in British Gas. Just the other night there was talk of doing much the same with British Airways. If it were such a bad investment, why are so many people in Britain rushing out to buy shares? It has been a resounding success. The people of Britain recognize that it is a worthwhile venture in which to invest, and I would suggest that our divestiture of Teleglobe is along the same lines.

Socialists like to use two arguments when it comes to selling Crown corporations. First, if it is not successful, they like to say that the Government should hold on to it and protect the jobs. Can we imagine all the years the Government has held on to Crown corporations to protect jobs? It had nothing to do with good business decisions. It meant that the Government would pump in hundreds of millions of dollars. In fact, if we look at Canadair and de Havilland, it was not millions of dollars, it was billions of dollars to try to keep those companies

afloat. Surely to goodness we should not run the country in that manner any longer. We cannot continue to hold on to these companies just to keep those jobs.

The second example used by socialists is that if the Crown corporation is successful we should hold on to it and take all the revenue from it to reduce the deficit. That is contrary to the philosophy of the Conservative Party and of the Government. We made very clear during the last election campaign that we would divest ourselves of Crown corporations which have been nothing but a drain on us for many years. I am saying that the socialists are wrong on both counts.

Referring back to the de Havilland example, not many months ago people protested at the airport in Downsview. They said that they would lose their jobs, that the technology would be moved down to the United States, and that the place would be shut down. At that time 4,400 people were employed at de Havilland, and today it employs 5,200 people. It has hired an additional 800 people because the company which bought de Havilland is putting it on an even firmer footing than it was before. Rather than just maintaining the technology which de Havilland had before, it is bringing in new technology. It is now to put the turbo-prop engine into a water bomber which is probably one of the best water bombers in the world. It is to upgrade that technology, and there are 800 new jobs.

The other example about which I want to talk is Canadair. It has certainly maintained all the jobs. In fact, it has probably added a few. I do not have the latest statistics on that, but I am sure it will be very successful as the years go on.

I fail to understand why the socialists rail away about the idea of the Government of Canada, or any provincial Government in the country, wanting to grab all the resources, take risks with the private sector, and risk the money of private taxpayers. I think Canadian taxpayers have just about had their fill with regard to the mismanagement of many Crown corporations.

I have about another 10 minutes left, but I see that it is almost one o'clock. With your permission, Mr. Speaker, may I call it one o'clock and return to my debate after lunch.

The Acting Speaker (Mr. Paproski): When Government Orders are called, the Hon. Member will have 11 minutes remaining in debate and 10 minutes for questions and comments.

It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

WORLDWATCH INSTITUTE'S WARNING ON THREATS TO ENVIRONMENT

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, in its State of the World 1987 Report, the Worldwatch Institute warns that human use of the air, water, land, forests and other life-supporting systems on earth may be pushing nature over thresholds beyond which it cannot absorb further use without permanent change and damage. The result has been contamination of the atmosphere, climatic change, a mass extinction of plant and animal species, the long term prospect of a decline in the quality of life. The most threatening of the threshold crossings are the depletion of the ozone layer, climate change, and the loss of biological diversity.

The report goes on to say that so many natural systems becoming unstable within a short period of time could result in economic and political pressures which, in turn, could overwhelm the capacity of governments and individuals to adjust adequately. Tackling environmental problems of global magnitude transcends national differences and policies. Governments and parliamentarians must move these issues to the top of their agenda in search of answers on which our survival depends.

* * *

HERITAGE DAY

NEED FOR NATIONAL COMMEMORATION HOLIDAY

Mr. David Daubney (Ottawa West): Mr. Speaker, today, the third Monday in February, is Heritage Day, a day when we have the opportunity to celebrate the achievements and traditions of Canada.

For many years the Heritage Canada Foundation has campaigned for a national heritage holiday. We need such a holiday to draw our attention, to focus our thoughts on our history, our traditions, on those parts of our past which require our attention today. The buildings, streets, and structures of our unique history define our character. Their preservation is in trust to us, as individuals. We cannot depend entirely on government to define what is worth preserving or to tell us what parts of our past must be erased.

Here in Ottawa we have seen in recent days how important can be the voice of individual Canadians when raised in defence of those small but beautiful parts of our history which official bodies sometimes overlook.

The battle to preserve our past will never be over, Mr. Speaker. Let us create a national heritage holiday to remind us that when we lose our past we lose an important part of what it means to be a Canadian today.

HUMAN RIGHTS

EAST TIMOR—REPORTED MASSACRES BY INDONESIAN FORCES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, since 1975 Indonesia has illegally occupied the former Portuguese colony of East Timor. Amnesty International estimates that up to one-third of the East Timorese have been killed by Indonesian forces. Now there are reports that in August of last year the entire population of the village of Fo-Mano was massacred by Indonesian troops, and yet Canada has been very silent about these abuses.

In 1985-86 Canada provided over $77 million of bilateral assistance to Indonesia. We continue to issue permits for the export of military equipment, and we even sponsored an arms bazaar in Indonesia. This week when the Indonesian Foreign Minister visits Canada would be a good time for us to show that we cared for human rights by speaking out against Indonesia's wrongful occupation of East Timor and demanding that East Timorese be involved in U.N. consultations on their future.

* * *

[*Translation*]

HERITAGE DAY

RESPONSIBILITY TO PROTECT AND ENRICH NATIONAL HERITAGE

Mrs. Anne Blouin (Montmorency—Orléans): Mr. Speaker, today we celebrate Heritage Day, and we have been doing so on the third monday of February since 1973, when a proposal by the Heritage Canada Foundation unanimously received the support of the Members of the House of Commons.

The purpose of Heritage Day is to remind us of the riches of our Canadian heritage. It is a day to reflect on the achievements of past generations.

As the Member for a riding that saw the birth of French Canadian culture in North America, and I am of course referring to the Beaupré Coast and the Île d'Orléans, I would like to take this opportunity to remind all Quebecers and Canadians that in 1986, the historic quarter in Quebec City was added to UNESCO's list of world heritage sites. This official recognition has enhanced Quebec City's international standing, confirmed once again by the success of Rendez-vous '87.

Mr. Speaker, we must remember that it is up to each and every one of us to protect and enrich our common heritage for future generations.

• (1405)

[*English*]

FINANCE

GASOLINE TAXES—OPPOSITION TO POSSIBLE INCREASE

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, the Minister of Energy, Mines and Resources (Mr. Masse) recently indicated that higher consumer taxes on gasoline and other petroleum products are again being considered by the Government. Canadians are already paying too much tax on gasoline. In fact, since the Conservatives took office in 1984, gasoline taxes have risen by 10 per cent.

The price of gasoline is now between 35 per cent and 45 per cent higher in Canada than it is in the United States, taking into account the exchange rate. This enormous price difference is hindering the growth of Canada's important tourism industry which employs over 600,000 Canadians. Considering that 74 per cent of Americans travel to Canada by automobile, it is easy to conclude that the price of gasoline is an important factor in their decision to visit Canada and in the length of time of their visits. I urge the Government to think twice before again raising gasoline taxes: think about tourism, and think about jobs, jobs, jobs.

* * *

SCIENCE AND TECHNOLOGY

FIRST MEETING OF NATIONAL ADVISORY BOARD FOR SCIENCE AND TECHNOLOGY

Mr. John Reimer (Kitchener): Mr. Speaker, the first meeting of the Prime Minister's newly created National Advisory Board for Science and Technology took place this morning.

Significantly, the board is chaired by the Prime Minister (Mr. Mulroney) and is composed of some of Canada's leading industrialists and scientists. I am pleased that Dr. Douglas Wright, President of the University of Waterloo, is a member of this prestigious board.

The establishment of the board was one of the major initiatives in the October Speech from the Throne. Pursuant to its mandate, this committee will assess national science and technology goals and policies and their application to Canada's economy. The Government has taken an incoherent set of programs left to us by the former administration and has created an organized science and technology strategy. These measures are designed to place Canada on the leading edge of high-technology competition, thereby maintaining and creating many new jobs and giving us one of the finest standards of living in the world.

S. O. 21

SEARCH AND RESCUE

NEED FOR IMPROVED WEST COAST FACILITIES

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, the *Scotia Cape* and seven of her crew members remain missing off the West Coast. Last week I drew to the attention of the House the need for improved search and rescue facilities. I renew that call today and draw to the attention of the House the dedication and bravery of those who continue to look for any sign of the ship and crew.

I take this opportunity as well to call on the Government to initiate long overdue safety measures for fishing vessels. It has been 11 years since British Columbia extended Workers' Compensation coverage to fishermen, yet there are still no federal regulations for safety in the workplace.

In consultation with fishermen and vessel owners, the federal Government should move immediately to establish tests for vessel and load stability, gear inspection, vessel seaworthiness, and other safety regulations. Fishing remains one of the most dangerous occupations in Canada. Federal inspection of vessels and federal safety regulations are long overdue.

* * *

SCIENCE AND TECHNOLOGY

FIRST MEETING OF NATIONAL ADVISORY BOARD FOR SCIENCE AND TECHNOLOGY

Mr. Don Ravis (Saskatoon East): Mr. Speaker, another one of the major initiatives announced in the Government's Speech from the Throne has become a reality. The National Advisory Board for Science and Technology is holding its first meeting in Ottawa today. I would like to extend my best wishes to the Prime Minister (Mr. Mulroney) who will chair this advisory board. I also congratulate Mr. Alex Curran and Dr. Steve Acres, two members appointed to the board from Saskatoon. They bring with them years of innovative experience in the business and scientific fields.

Saskatoon's advanced technology sector which involves biotechnology, electronics, and telecommunications has gained a reputation for excellence world-wide. Indeed, Saskatoon plays a creative role in contributing to the development of science and technology policies. I would like to congratulate the Government for constructing a new national consensus on science and technology, a consensus which will enhance our economy and build upon Canada's competitive strengths.

CORRECTIONAL SERVICES CANADA

OPENING OF PAROLE SUPERVISION FACILITY IN TORONTO

Mr. John Nunziata (York South—Weston): Mr. Speaker, one of the many, many promises the Prime Minister (Mr. Mulroney) made on behalf of the Conservative Party during the last election campaign was the promise to consult Canadians before taking decisions that would affect their lives. Whether it is a major international fishing treaty or the opening of a halfway house for parolees in Toronto, the record of the Government is an absolute and unmitigated disaster when it comes to consultation.

The Exodus-Link parole supervision facility in Toronto's Parkdale community is a case in point. There was absolutely no prior consultation with the community before the decision was made to locate the centre in Parkdale. For some inexplicable reason, the Solicitor General (Mr. Kelleher) has ignored repeated requests for a meeting with concerned members of the community. As well, very little background information was provided to residents on this experimental correctional project. People in the area are as mad as hell about this facility. They are picketing and signing petitions and threatening sit-ins.

• (1410)

Prior to proceeding with the decision I call on the Solicitor General to go to Toronto, meet with the residents, and listen to their concerns. Consultation would help avoid a needless confrontation.

* * *

AUTHORS AND WRITERS

ROBERTSON DAVIES—RECIPIENT OF MEDAL OF HONOR FOR LITERATURE

Mrs. Mary Collins (Capilano): Mr. Speaker, it gives me great pleasure to rise today and advise the House of the great tribute paid in the United States to our great Canadian novelist, Robertson Davies. On February 24, at a dinner to be held in his honour, Mr. Davies, an internationally acclaimed novelist, will receive the 1987 Medal of Honor for Literature from the National Arts Club of New York City. Mr. Davies will be the first Canadian to receive this prestigious award whose previous recipients are a Who's Who of modern letters, including Anthony Burgess, Saul Bellow, and Norman Mailer.

This is a clear indication that Canadian culture is truly coming of age and is not in danger of being overwhelmed by foreign influences. As Mr. Davies himself recently stated, "The world is telling us loud and strong that Canadians have good writers." Robertson Davies has provided many hours of enlightenment and enjoyment to Canadians from coast to coast and readers around the globe. I am sure all Members of the

House will join me in congratulating Robertson Davies on this award.

Some Hon. Members: Hear, hear!

* * *

CANADIAN COAST GUARD

AUTOMATION OF LIGHTSTATIONS—CALL FOR PUBLIC INQUIRY

Mr. Jim Fulton (Skeena): Mr. Speaker, coastal residents have taken the Mulroney Government to task for automating West Coast light stations. Pierre Forand, a helicopter pilot and distinguished recipient of the Medal of Bravery, stated in a letter to the Prime Minister (Mr. Mulroney): "I am speaking from firsthand experience when I say that a manned light station provides this coast with a margin of safety that would be dangerously reduced if automation was to take place." Far from waking up and smelling the coffee, the Conservatives plan a further round of de-staffing for Green Island, Ivory, Lucy, and Addenbrook.

The Government and ministerial pencil pushers ignore the valuable work of light keepers. It appears the only thing they know about navigation is how to get to the parliamentary lounge. They argue for cost efficiency, yet ignore the high maintenance cost and frequent failure of automated equipment. They ignore the search and rescue work of lightkeepers because there is no job description for saving lives.

We hear of marine tragedies because of inadequate weather reporting, yet a Department of the Government denied a lightkeeper's request for weather recording equipment. Enough is enough. We must upgrade service instead of denigrating lightkeepers. Once again I call upon the Government to initiate a full public inquiry into the automation of lightstations.

* * *

TRADE

INCREASED LUMBER EXPORTS TO UNITED STATES

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, as far as the Canadian lumber industry is concerned, the doom and gloom have become a boom. Just a few weeks ago media pundits and opposition Members were predicting the imposition of the export tax on softwood lumber would mean the loss of thousands of jobs and the closing of hundreds of mills. In fact Canadian lumber sales to the U.S. are more than holding up.

B.C. Forest Products is now predicting that 1987 will be a near record year for earnings. Dominion Bond Rating Service has predicted that "the 15 per cent tax will not be significant relative to over-all earnings through 1988". On top of all that evidence of boom, not gloom, we learn that forest company shares are among the hottest on the stock market. The American demand for housing is up. The sale of new single homes is up. Export of Canadian softwood products south of the 49th parallel is up. As well, a $600 million windfall of reforestation funding is on its way to the provinces.

We hate to disappoint the Opposition but there is no room for doom and gloom in the Canadian forest industry. All that looms is a zooming boom!

* * *

POLITICAL PARTIES

EFFECT OF FORMER NDP/LIBERAL POLICIES ON NORTHERN ONTARIO

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, this past weekend the Leader of the NDP (Mr. Broadbent) was in the riding of Timiskaming. At a dinner gathering of approximately 100 party supporters he took on the Government's financial initiatives and suggested the riding should return a New Democrat in the next election, mentioning that voters should have long memories. The people of Timiskaming do have long memories. This is the same Leader and the same Party of the late 1970s who supported Liberal policies and created severe economic conditions for the people of the North.

The NDP and Liberals supported policies which raised inflation to 12.9 per cent and the interest rate to 22.75 per cent, a far cry from the current 4.2 per cent and 9.25 per cent. Now they want to take from the North the economic benefits of flow through shares. The NDP obviously do not have the foggiest notion of what is happening in or what is needed for northern Ontario.

* * *

• (1415)

HUDSON'S BAY COMPANY

SALE OF NORTHERN STORES—END OF AN ERA

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, on March 31 the Governor and Company of Adventurers of England trading into Hudson Bay will no longer be trading into Hudson Bay or its environs.

In the North it is generally supposed that the initials HBC stand for "Here Before Christ", and during the three centuries since receipt of its Royal Charter from King Charles II in 1670 the Bay has been loathed, cursed, applauded and loved, but most importantly, traded with by generations of northerners.

While the Bay will still remain a Canadian institution, business conditions have necessitated the sale, fortunately to

an experienced management group, of its northern stores department, together with the disposition of most of its fur operations.

It is sad, Sir, to recall the passing of an era, but maybe the new owners will be able to upgrade the northern stores to modern standards, something which has largely eluded the cash-short Bay.

ORAL QUESTION PERIOD

[*English*]

FINANCE

FOOD BANKS—FEDERAL-PROVINCIAL FUNDING

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, this is budget week. It is morally repugnant that over 300,000 people in Canada had to line up publicly last year at volunteer food banks across the country for food for themselves and their families.

Does the Minister of Finance intend, on Wednesday afternoon, to announce a plan which will, in the short run, mobilize a fund with the provinces to finance adequately the food banks of Canada? Will he, in the long term, move toward eliminating the need for food banks by, among other things, moving toward a guaranteed national income?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Leader of the Opposition knows full well that we share his concern about the number of people who have lined up at food banks. We have tried very hard to improve that situation. We have increased the child tax credit and accelerated the payment of it. We have introduced a low income refundable sales tax credit.

We are seeing some results. Two hundred and sixty-three thousand Canadians graduated above the low-income cut-off. That is important progress. It is not enough, but it is progress. We are doing things which will continue this progress, and we hope to see further progress when the results come out this year.

[*Translation*]

Mr. Turner (Vancouver Quadra): Mr. Speaker, the answer is unacceptable. The gap between rich and poor is widening, especially after this Government's last two Budgets.

GAP BETWEEN RICH AND POOR

Right Hon. John N. Turner (Leader of the Opposition): Here is my question for the Minister. Since he increased income tax for individual Canadians by $6 billion in his last Budget, why can't he find enough money to finance the food banks, together with the provinces? And is he going to reverse the trend of his last two Budgets which has been to widen the gap between rich and poor?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Leader of the Opposition has identified one possible approach to the Budget. He knows full well, as a former Minister of Finance, that I cannot comment on specifics in a Budget. He has neglected to say that we increased the spousal allowance. We have entered into a joint program with the provinces with federal participation of $100 million a year to help train those low-income Canadians who do not have a job today and are on welfare. He also knows that since we have been in office 677,000 jobs have been created. That is the best way that I know of getting people out of poverty.

Some Hon. Members: Hear, hear!

TAX REFORM INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, if the Minister wants to get specific, he knows that in the last Budget he raised taxes for a person earning $15,000 by an additional $400 per year. At the same time he granted a lifetime exemption of $500,000 to those fortunate enough to earn capital gains.

Is the Minister of Finance really going to wait for a White Paper on tax reform? Is he really going to postpone the issue of tax reform when he should be eliminating the unfairness of the last two Budgets? Is he going to do something concrete on Wednesday afternoon?

• (1420)

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, again the Right Hon. Leader of the Opposition is making very selective use of figures. I would say to him that, yes, tax reform is going to be very important. One of the key considerations we are taking into account as we form the proposals for tax reform is how we can improve the position of those people who are on low incomes, over and above the many things we have done to date. I have enumerated those during the course of this Budget. However, we feel we can do more and that tax reform will provide a very good opportunity for that.

* * *

FISHERIES

OVERFISHING BY FRENCH VESSELS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, this morning 7,000 fishermen in Newfoundland, boat owners, received the following letter: "Fishermen who reside in 2G, 2H, 2J and 3K 3L—" that is all over Newfoundland,"—that have fished groundfish using fixed gear will not be eligible to receive groundfish licences for 3PS in 1987".

In other words, the entire south coast of Newfoundland is off limits to Newfoundland fishermen. They want to know when that area is going to be off limits to the French fleet. I

ask the Acting Minister of Fisheries and Oceans, in view of the fact that another French factory freezer trawler was turned away this morning from St. Pierre because of overfishing, when is the Government going to live up to what this Minister said in this House on Friday, that he was going to get tough with the French, not with Newfoundlanders? Is this the Minister the Premier of Newfoundland was referring to when he said he was being leaned on from Ottawa? This Minister is certainly up to it.

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, as for getting tough with the French, or France, the hon. gentleman might have noticed over the weekend that the St. Pierre trawler which was brought into port at our direction has pleaded guilty and has been fined for overfishing. That is an example of being tough.

We have advised France of our policy that we will close Canadian ports if it overfishes in the area of 3PS, which we think it is now doing. That is a lot tougher than the French were used to from the previous administration.

Mr. Broadbent: Holy gee, I can't stand it.

Mr. Crosbie: The NDP can't stand it, it can't stand the truth. That is what the NDP can't stand.

With respect to the notice, alluded to by the hon. gentleman, to Newfoundland or Canadian fishermen about 3PS, that applies to new entrants. If we want the world to observe what we think are safe conservation limits, then we have to observe them ourselves. Therefore, that applies to new entries in 3PS for this particular year.

With respect to "leaning", I believe it is very difficult to lean on the Premier of Newfoundland, he moves very quickly. The hon. gentleman might think there is some reverse leaning going on here—

Some Hon. Members: Time.

Mr. Crosbie: Might the Premier of Newfoundland have made some request of this Government which he thinks might not be accepted, and therefore he is performing a double reverse leap?

FORTHCOMING CABLE TELEVISION PROGRAM IN NEWFOUNDLAND

Mr. George Baker (Gander—Twillingate): This Minister, who says he is not leaning on Newfoundland, is paying for an advertising campaign tomorrow to advertise a province-wide television program tomorrow night coast-to-coast in Newfoundland, starring none other than this Government's answer to "the Incredible Hulk", the Minister of Transport.

Some Hon. Members: Hear, hear!

Mr. Baker: Is the Minister by chance going to reveal the results of his investigation during this State of the Union Address as to who was responsible for the signing of the most recent Treaty of Paris, to which the Newfoundland Government was not invited?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, with reference to the television show, it is a cable show, *News Focus*—it is on Tuesday night at 8 p.m. and next Sunday morning at 11.30 a.m.—in which the facts will be given, for example, that cod stocks permitted to France this year have been reduced by 14,000 tonnes, not increased as some people have been claiming. The truth travels slowly but will reach even hon. gentlemen across the aisle in time.

* * *

• (1425)

TRADE

CANADA-UNITED STATES NEGOTIATIONS—AUTO PACT INQUIRY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister for International Trade. The Minister is probably aware that in today's *The Financial Post* there is an article which states that the United States trade negotiators are preparing a comprehensive package to make changes to the Canada-U.S. automotive agreement, described by one of the spokespersons for the automotive industry in the following terms:

> Under what's being suggested, the auto pact would be not much more than a shell.

Is the Minister aware of this? In particular, is she aware of the proposal to reduce the Canadian content requirement from 50 per cent to 35 per cent?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, we have said in the House on many occasions that the Auto Pact is working well and that we do not propose to put it on the table. We have also said that should the Americans have any plans which would increase employment in Canada and be to our benefit, we would look at them. Is the Hon. Member repeating the argument that he has made in the House before in which he has said that the Auto Pact requires major modification and that a systematic and comprehensive revision of the pact is required? Is he making that point again?

POSSIBLE TARIFF REDUCTION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, if the Minister reads the whole speech to which she has referred she would discover that I was talking about increasing the safeguards, not about reducing them, in terms of Canadian interests. I would like to ask the Minister to deal with the future and not the past in this context.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): That is as clear as you are on NATO.

Mr. Broadbent: I would be happy to debate that issue or any other with the Secretary of State for External Affairs.

Will the Minister check with her U.S. counterparts to see if there is a proposal to reduce the Canadian content requirement to 35 per cent?

Even more alarming, I have learned that one of the related proposals that Mr. Murphy will be putting on the table is to reduce the tariff between Canada and the U.S. in the automotive sector from 9 per cent to 0 per cent. Is the Minister aware of this? If she is aware of it will she comment on the implications of it in terms of investment in Canada?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, Ambassador Reisman is in negotiations today with his U.S. counterpart. I have not been made aware of any of the proposals to which the Hon. Member refers. I can only say that he himself recently said that there is nothing wrong with Ambassador Reisman getting changes to the pact that would increase employment in Canada. Is the Hon. Member changing his mind on that point?

Mr. Broadbent: Instead of reading her briefing notes I wish the Minister would actually listen to the question and answer it.

Some Hon. Members: Oh, oh!

CANADIAN POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, will the Minister give us assurances that the Canadian content requirements for investment will not be reduced and that the Government will not sanction cutting the tariff from 9 per cent down to 0 per cent because that tariff mechanism ensures that we get Canadian investment?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I think that if the Hon. Member can read press reports I am entitled to read my briefing notes which, again, specify that the Hon. Member, in the House, has called for a major modification of the pact.

Mr. Blackburn (Brant): Answer the question.

Miss Carney: I am asking him again: Is he against any provisions in the Auto Pact which could increase employment in Canada?

Ms. Mitchell: Pretty poor, Pat.

Miss Carney: The only people who are bringing the Auto Pact out on the table are members of the New Democratic Party and the Liberal Party.

[*Translation*]

THE ADMINISTRATION

MINISTER'S CAPABILITY TO CARRY OUT FUNCTIONS—PRIME MINISTER'S POSITION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I would like to get back to the parties at $5,000 a head attended by the Minister, the Hon. Member for Joliette. The Prime Minister said that he was informed of the facts in January 1986, that he asked the Secretary to the Cabinet to request an investigation by the RCMP, following which criminal charges were laid against a Member of this House. However, we all know that the RCMP has no jurisdiction over who may sit in Cabinet. I therefore wish to ask the Prime Minister whether he acted responsibly and had discussions with the Minister his investigation to determine whether he was still in a position to perform his duties as Minister of the Crown. Will the Prime Minister finally answer this question?

An Hon. Member: No answer.

• (1430)

[*English*]

An Hon. Member: Silence.

Mr. Guilbault (Saint-Jacques): The Prime Minister has systematically refused to answer this question. Even though the Minister may or may not be the subject of an RCMP inquiry, the Prime Minister still has the responsibility to ascertain whether the Minister has broken the rules of ethics that are expected of Ministers.

I wish to ask the Prime Minister if he has done that, and if he can tell us whether the Minister is still fit to remain in the Cabinet?

Right Hon. Brian Mulroney (Prime Minister): The Hon. Member says that the Prime Minister has systematically refused to answer the question. That is an absolute falsehood. I have answered all of the questions in regard to this matter that were raised on Friday. I indicated then, and I tell my hon. friend now, that pursuant to the complete answers that I provided on Friday, if he has any information other than smear or innuendo that he would like to raise against a Member of this House, let him summon the courage to make a direct accusation and it will be dealt with.

Some Hon. Members: Hear, hear!

[*Translation*]

THE ADMINISTRATION

PUBLIC TENDERS—OPPORTUNITY TO AMEND LAW AND REGULATIONS TO ELIMINATE POSSIBLE CONFLICT OF INTEREST AND CORRUPTION—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is directed to the Prime Minister who ought to know that Canadians want this Government to put an end to every kind of corruption and conflicts of interest.

Can he not find time to broaden the public tender system and eliminate every kind of political pressure on this system? Will the Prime Minister assure the House that the Government will introduce amendments to the legislation and attendant regulations so as to eliminate any possibility of corruption and conflicts of interest?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, if the Hon. Member has an example of corruption, let her bring it to the attention of the House. I said Friday that after I was made aware of certain disturbing allegations I immediately launched an RCMP investigation. Should the Hon. Member find this unsatisfactory, let her indicate new evidence and, of course, I will act as quickly.

As to the tender call process, as far as I know it was under public service administration, in accordance with the law and management practices. Here again, if the Hon. Member is aware of new facts which contradict what I have just said, she ought to bring them to the attention of this House and I will launch the appropriate investigations.

* * *

[*English*]

CANADA ELECTIONS ACT

REQUEST FOR AMENDMENTS TO BAN CORPORATE DONATIONS TO POLITICAL PARTIES

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I am sorry that the Prime Minister will not bring more contracts under the system of tendering, so that these types of situations would be less likely to arise. But I have a very specific question about another way that we could head off problems by cleaning up the system and avoiding the temptation that companies have to try to get a contract through influencing a political Party. Will the Prime Minister bring in amendments to the Canada Elections Act to forbid all donations from corporations to political Parties?

Some Hon. Members: Oh, oh!

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member in her first question began by alleging, and suggesting the existence of some corruption. When challenged to produce any evidence, the Hon. Member now shifts the attack to suggest that the corruption is induced by the Canada Elections Act, for which her Party voted in 1974.

Ms. McDonald: My question related to the system of tendering.

Mr. Mulroney: If the Hon. Member is now suggesting that contributions should be eliminated for corporations, that is something that I would be happy to look at. Presumably the Hon. Member would also want contributions banned from unions.

Mr. Broadbent: We will look at both right away.

Mr. Hees: How about that, Ed.

Mr. Broadbent: We will do it tomorrow, both of them tomorrow.

Mr. Cassidy: Do it now. You have opened the doors. Clean up your act.

Mr. de Jong: Go for it.

Mr. Speaker: Order, please. I am sure that all Hon. Members will realize that it is the opportunity for the next Member to put a question.

* * *

THE ADMINISTRATION

DRUMMONDVILLE PUBLIC WORKS CONTRACT—TREASURY BOARD APPROVAL

Mr. Don Boudria (Glengarry—Prescott—Russell): My question is directed to the Prime Minister. In the package of information that was given to me last week by the Deputy Minister of Public Works, there is a memo dated March 20, 1986, which states, "As the total annual cost of the submission does not exceed $200,000 the submission does not require Treasury Board approval." This is referring to the Drummondville-Brodilaf affair. It further states that because of the sensitivity of this project "would like to see Minister approve the submission".

My question to the Prime Minister is this. Why was the Treasury Board or the political level involved when there was no requirement to do so? Second, is it not true that the sensitivity referred to in the Public Works internal memo is the political interference by several prominent Tories who wrote correspondence and made phone calls that they should not have made concerning this whole contract?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the reason why the Treasury Board was involved is very simple. The amount of the contract exceeded the limits that were delegated to the Department of Public Works. This was a five-year contract, and the Hon. Member is citing a one-

year number. In looking at the contract over five years, it definitely has to be approved by Treasury Board. It was done so following the normal procedures. There is nothing unusual there.

[*Translation*]

REQUEST FOR EXPLANATION CONCERNING BRODILAF-HAMA AFFAIR

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, the officials who wrote these memos must feel they are being attacked by the Minister who is accusing them of not telling the truth in their papers.

On Wednesday and Thursday last week, the Minister of Public Works said in the House—

[*English*]

Mr. Speaker: Order, please. I think that the Hon. Member is suggesting in his preamble that Ministers have not told the truth to public servants. I may have misunderstood it, but I hope that is not what the Hon. Member said.

Mr. Boudria: I am sorry, Mr. Speaker, but that was not at all what I said. I will rephrase the question.

[*Translation*]

On Wednesday and Thursday last week, the Minister of Public Works said in the House that all things considered, the Brodilaf bid was the best one. How can the Government reconcile this with what was said by the Hon. Member for Joliette in a letter I have here, and I quote:

These costs amount to over $100,000, and if we consider the economic analysis. Brodilaf's bid is $13,000 higher per year than the bid by Hama Inc.

Mr. La Salle: Insulation costs.

Mr. Boudria: Who was telling the truth? The Hon. Member for Joliette or the Hon. Member for Halifax?

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, the Minister of Public Works told the House repeatedly that Brodilaf was awarded the contract because it offered the best value for Canadians. Considering access for the handicapped, the location and parking facilities, the bid was the best value for Canadians.

Mr. La Salle: You are talking through your hat.

[*English*]

Mr. Rodriguez: Watch your heart, Rocky.

* * *

REGIONAL DEVELOPMENT

FEDERAL FUNDING

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Prime Minister. Despite the fact that unemployment in seven provinces is higher today than it was at the height of the recession in 1981-82, the Prime Minister on the weekend was quoted as telling the Sept-Iles Municipal Council, "that the coming federal Budget will be 'thin' in terms of regional development—"

Why are we receiving such a clear signal from the Prime Minister that little will be done for regional development in the Budget when the message that the Government gave in its Throne Speech last October was, "that regional disparity remains an unacceptable reality of Canadian life"?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, perhaps the Hon. Member could identify who is alleged to have reported that statement. Perhaps the Hon. Member could tell the House who indicated that. I have often said across the country that one of the problems with our very impressive degree of economic growth where hundreds of thousands of jobs have been created, where interest rates are down, where foreign investment is up, is the fact of imbalance and hence unfairness for some of the regions of Canada. What we are trying to do in the interior of British Columbia, or for eastern Quebec, or Cape Breton, is to equalize opportunities, so that a greater sense of fairness in the distribution of this new wealth and prosperity can be realized.

[*Translation*]

THE BUDGET AND REGIONAL DEVELOPMENT—UNEMPLOYMENT IN CERTAIN REGIONS—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, the source of the quote the Prime Minister referred to, according to which the Budget would be big on regional development, was the mayor of Sept-Îles, Mayor Dion, who said this after a meeting with the Prime Minister on the weekend. I want to ask the Prime Minister: since the unemployment rate in Sept-Îles is over 15 per cent and the unemployment rate in the riding of the Minister of Finance is only 5 per cent, why is the Prime Minister giving every indication that the Budget will meet the needs of Etobicoke and not of the people of Sept-Îles and all unemployed Canadians in this country?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, they are attacking the people of Etobicoke, and at this point, Mr. Speaker, I would like to point out, with respect, the monumental hypocrisy of the opposition Parties. They are right when they refer to an unemployment rate of 15 per cent, in some cases 25 per cent, in the riding of Manicouagan. When the Canadian Government intervened to provide relief for the people of Port-Cartier by building federal facilities, the Opposition complained about the Federal Government's intervention. Today, you are asking me to do more. Hypocrisy is rife among the New Democrats and the Liberals. Let them make up their minds, once and for all.

• (1440)

[*English*]

REFUGEES

INTERNATIONAL CO-ORDINATED POLICY RECOMMENDATION

Mr. John Oostrom (Willowdale): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In an address to West European countries, including Canada and Australia, Switzerland appealed for the implementation of a co-ordinated refugee policy which would prevent false asylum seekers, a situation which is being aggravated by the Tamils, the Turks, and the Ghanaians. Will Canada participate in the Swiss initiative and formulation of a much tighter refugee policy which will prevent the abuse that has taken place? Could he also tell us whether the Department of National Defence has been asked to survey our coast for any other Tamils coming into the country?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Yes, Mr. Speaker, we are now witnessing a very large influx of refugees or people claiming refugee status in this country, not only from Sri Lanka but especially from South America. We are now examining the situation and, hopefully, very soon I will be able to implement a number of measures which will allow us, and I stress this, to review the case, not of applicants who legitimately seek refugee status in Canada, but of others who for all sorts of reasons may be abusing the system. And I maintain, as I have been saying for two months, that we expect to introduce legislation in March which will make it possible to consider the whole situation as it has evolved on the international scene in recent months, all the while respecting our principles concerning refugee acceptance.

* * *

[*English*]

RAILWAYS

GRAIN FREIGHT RATES

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Transport. The Government promised to freeze western grain freight rates in the last general election, and this coming year we will be facing some of the lowest grain prices of the last 50 years. Could the Minister assure western farmers that he will keep the freeze on grain freight rates in the coming crop year?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Minister can assure western grain producers that the rates for moving grain will be kept as low as humanly possible in the coming crop year. We have just received the revised report from Mr. Horner on the whole question of rates for moving grain and various facets of the grain-handling system. That is being looked at now, and an announcement will be made in due course.

REQUEST FOR RETENTION OF FREEZE ON FREIGHT RATES

Mr. Maurice Foster (Algoma): Mr. Speaker, my supplementary question is for the same Minister. There have been reports that in fact the volumes of grain to be shipped will increase the amount to be charged to farmers for shipping their grain by about 50 per cent, from about $6 to $9 per tonne. Is the Minister prepared to bring in legislation or take other action to ensure that the freeze is maintained at present shipping rates?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, whatever action we can take—and I do not believe that a legislative change is necessarily needed—to keep the transportation rate for grain down, we will naturally take. As to what it will finally end up at, it is too early to know.

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DEPARTMENT OF EMPLOYMENT AND IMMIGRATION

CANADA EMPLOYMENT CENTRES—LAY-OFFS IN BRITISH COLUMBIA AND YUKON

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. At a time when the rate of unemployment in British Columbia is among the highest in Canada at 15.3 per cent in January, and when the unemployed need the services of Canada Employment Centres more urgently than ever, the Government has laid off 105 staff members in Canada Employment Centres in the British Columbia and Yukon Territories region. In view of the tremendous hardships these lay-offs have created, both for the unemployed and for the remaining staff, will the Minister act immediately to reverse this stripping of essential services and staff in the Canada Employment Centres?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): In the past few months, Mr. Speaker, the Department of Employment and Immigration has set up what we call a revitalization process. Indeed there was a rationalization of resources, but I am not prepared to admit—First we ought to check the figures the Hon. Member gave concerning British Columbia. According to the information I have the rate of personnel replacement is at least 75 per cent in British Columbia and in other provinces. There have been staff reductions, and services have been combined in certain cases. As I said, we will check the figures, if the Hon. Member does not mind. I am certainly not prepared to admit that the quality of services to Canadians might have been affected by rationalization, either in British Columbia or in the other provinces.

[*English*]

EFFECT OF LAY-OFFS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, would the Minister look into the enormous number of complaints which have come in about servicing and about the very high degree of overtime work which is required of the remaining staff? Before he comes back to me on this, will he also look into the proposal to lay off 132 more staff members, particularly in connection with claims, in 1987?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, 132 lay-offs do not sound right to me because the Department of Employment and Immigration did not proceed with massive lay-offs, except perhaps to replace what we in the trade call undetermined staff, meaning permanent employees. Contract employees are more directly affected. Working conditions are defined at the outset, and many of those people will be reintegrated within employment centres. We will look into this matter, but I think that generally speaking, on the basis of available resources, employment centres offer the same service quality as before.

* * *

[*English*]

EXTERNAL AFFAIRS

CANADA-INDIAN EXTRADITION TREATY

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Secretary of State for External Affairs. It concerns the extradition treaty between Canada and India which was recently signed. Canadian Sikhs have been critical of the fact that there was no prior consultation before the treaty was signed. In view of the general promise of the Government to consult with Canadians before decisions are taken, could the Minister explain why there was no meaningful consultation with the Canadian Sikh community prior to his visit to India to sign the treaty?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, it has not been the practice under Governments of any Party in this country to conduct consultations of that kind prior to the signing of a treaty of that nature. If there are misapprehensions among members of the Sikh community in Canada with regard to the extradition treaty, I am sure that a careful reading of that treaty will relieve those false apprehensions. That treaty is the first of a new generation of extradition treaties in Canada which incorporate fully the protection set out for Canadian citizens under the Canadian Charter of Rights.

RIGHTS OF CANADIAN CITIZENS

Mr. John Nunziata (York South—Weston): Mr. Speaker, the Minister knows that the Canadian Sikh community is also concerned about potential abuses of this particular extradition treaty. In view of the Draconian National Security Act of India which permits preventive detention for up to two years without trial or charge, what assurances can the Minister give to the Canadian Sikh community that the extradition treaty will not be abused and that the rights of law-abiding Canadian citizens will be maintained?

• (1450)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I think two things would help. One, it would be very helpful if all Members of the House of Commons, knowing the sensitivity that might exist with regard to this treaty, troubled themselves to read it and to ensure that there were no false impressions in the Canadian community as to the implications of the treaty. Our duties certainly should be to create and to calm any fears in the country rather than to excite them falsely.

Two, there are a range of quite extraordinary safeguards in that treaty repeating the language of the Canadian Charter of Rights, guaranteeing that a matter must be brought to trial within six months after an extradition takes effect, guaranteeing the right of the Minister of Justice of Canada, even if the Supreme Court of Canada might decide that an extradition could proceed, to make the decision that extradition would not proceed. There are plenty of safeguards. I hope Members of Parliament will assure citizens of Indo-Canadian origin of that fact.

* * *

ABORIGINAL RIGHTS

FORTHCOMING FIRST MINISTERS' CONFERENCE

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my question is for the Prime Minister who in some five weeks will be chairing the First Ministers' Conference on Aboriginal Rights. He will be aware that at meetings preparatory to that conference aboriginal leaders have expressed the concern that the federal Government may not be taking the requisite leadership with the provinces in this the last scheduled conference.

Will the Prime Minister stand in the House today and assure this House and the aboriginal people of Canada that the federal Government will be taking the leadership position, and specifically outline what steps his Government has taken to ensure the success of this last scheduled First Ministers' Conference on Aboriginal Rights?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, if I may be permitted to answer that question on a very important issue for a great number of Canadians, the Prime Minister's commitment to this process is one which is well known across the country and in the aboriginal community. The Hon. Member will know

that we are engaged now in a series of meetings with Ministers and with representatives of aboriginal groups. The next meetings will take place this Thursday and Friday in Toronto, at which time we will want to examine a very full slate of options with respect to getting a constitutional amendment to articulate the proper hopes and aspirations of the aboriginal people. You can rest assured, Mr. Speaker, that the federal Government is giving leadership and will be working hard to accomplish this end.

CONTENT OF PRESS REPORTS

Mr. John Parry (Kenora—Rainy River): I have a supplementary question, Mr. Speaker. Will the Government assure this House and the people of Canada that press reports are false that the Government has a damage control strategy, if the talks should fail, of blaming aboriginal leaders, and that no such strategy is contemplated by the Government?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, only a member of the New Democratic Party would talk about damage control in terms of matters that are to happen in the future. I can assure the Hon. Member, and with every justification, that we are working very hard. I want the Hon. Member to remember one thing. In order to have constitutional change in this country it is necessary to have seven provinces representing 50 per cent of the population in accord with respect to an amendment to the Constitution. We have been working day and night in order to accomplish this constitutional change. We will not be deterred from our objective.

* * *

YOUTH

EMPLOYMENT PROGRAMS—GOVERNMENT FUNDING

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I have a question for the Minister of State for Youth. Last week the Minister of State for Youth sent us this fancy booklet entitled *Hot 100* setting out various government programs for youth, most of which existed prior to 1984. In the Minister's covering letter he said that the booklet is a "clear demonstration of the Government's commitment to youth". How can the Minister pretend that this booklet demonstrates a serious commitment to youth when the youth unemployment rate is 14.4 per cent, and since 1984 the Government has cut over $200 million from youth employment programs? When will the Minister make a serious and real commitment to youth and re-introduce those moneys for a new First Chance program or Katimavik?

Hon. Jean J. Charest (Minister of State (Youth)): First, I would like to say that I had the opportunity to show this booklet to many Canadians last week all over the country, in Winnipeg, Hamilton, and Toronto. The book is very popular.

Some Hon. Members: Hear, hear!

Mr. Charest: In fact, on a lot of days I felt like a Liberal selling my memoirs.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Charest: I also had the opportunity last week to say that what we are trying to implement is very important and fundamental change, that we are fighting the dinosaurs who are fighting for the past—and the Hon. Member wins first prize today.

Some Hon. Members: Oh, oh!

[*Translation*]

REQUEST FOR GREATER EFFORTS TO RELIEVE YOUTH UNEMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, do I understand correctly that the Minister is satisfied with a youth unemployment rate of 14.4 per cent and with his public relations program? If indeed the Minister is so concerned about youth problems, why did he slash this year's Challenge '87 budget to the tune of $30 million?

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, in 1983 when the unemployment rate among students returning to school was about 17.9 per cent, his Government spent—

Mr. Allmand: Your program today, what is it?

Mr. Charest: —the Government then in office spent roughly $170 million, whereas we, at a time when the unemployment rate among students going back to school was about 13 per cent last year, will be spending some $180 million this year. There is the difference.

And if my colleague really wants to know, first we did admit in the Speech from the Throne that youth unemployment was too high, despite the fact that it decreased by 4 per cent since we took office and, second, the book was published because a lot of young Canadians have been regularly complaining that federal programs were neither condensed nor accessible. This is the only reason why this extremely popular booklet was published, and I urge all young Canadians to get a copy.

* * *

[*English*]

CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister answering for Canada Post. I

have just returned from a small rural community in Alberta called Devon. The people there have a message for the Government, namely, that a post office in a rural community is a part of the fabric of community life and that the planned closures of hundreds of rural post offices will tear up that fabric. When will the Government recognize the role of rural post offices? When will the Government change the post office plan and put a stop to the planned closures? When will the Government stop treating rural Canadians as second-class citizens?

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, as a rural Member within Cabinet, I can carry that message to the Minister responsible for Canada Post very capably, and I can assure the Hon. Member that I will do that.

[*Translation*]

DESIRE THAT RURAL RESIDENTS RECEIVE BETTER ATTENTION

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, rural Canadians want more than just words. They want action.

Is the Government prepared to ask the Committee on Government Operations to travel across this country and listen to people in rural areas, and is it prepared to put on ice its plan to close rural post offices?

[*English*]

Hon. Bill McKnight (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will pass that representation on to the Minister responsible for Canada Post.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—AUTO PACT INQUIRY

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, my question is for the Minister for International Trade. In a report that appears in today's *Financial Post* it is clear that while Ambassador Murphy has had discussions with Ambassador Reisman from our side, Ambassador Murphy does not intend to present formal proposals until sometime in March or April. If it is not the appropriate time today in this Question Period for the Government to state clearly that Ambassador Murphy really should not bother wasting his time presenting proposals because the Government has absolutely no intention to negotiate any aspect of the auto trade, can we have a clear and unmistakable statement from the Minister on that particular issue that we will not negotiate the Auto Pact?

• (1500)

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member has confused two things, both of which have been addressed in the House. He has confused the Auto Pact and automotive trade. We have always said that we have no reason to open up the Auto Pact and that it is working well. We have always said that if the Americans have proposals that would enhance Canadian production, jobs or trade, we would listen to them, but if they would have an adverse effect on our production, we would not be interested. We have also said that the whole issue of automotive trade, which involves many issues outside the Auto Pact, is of course something that is open for discussion. The Hon. Member cannot straddle the fence on this. He must either ask us to put the Auto Pact on the table or stop raising the Pact in this House.

Mr. Axworthy: Mr. Speaker, I just want to say to the Hon. Minister that when it comes down to the question of the auto trade in North America, it is the Auto Pact that is at the centre of that trade. If the Minister for International Trade does not understand that, then God help this country in those negotiations.

Mr. Speaker: Order, please. The Chair tries to be benevolent toward the end of Question Period but I would ask the Hon. Member to put his question and to put it directly.

GOVERNMENT POSITION

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would be glad to put the question again. The Minister for International Trade has just made the shocking admission that they are now prepared to discuss the whole issue of automotive trade. Will the Minister clearly reject, here and now in this House, negotiation of the Auto Pact during the Canada-U.S. free trade discussions? Just say yes or no.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, this is clearly a Liberal-NDP coalition. I cannot be any clearer than to say that we will not propose the Auto Pact but, as Ambassador Murphy says, every time the Liberals and the NDP talk about the Auto Pact, they are doing his job for him.

* * *

MINES AND MINING

FLOW-THROUGH SHARES

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, my question is for the Minister of State for Forestry and Mines. Last weekend the Leader of the NDP was in my riding. He has always said that he is concerned with jobs, jobs, jobs. Even though members of the NDP are so against flow-through shares and the thousands of jobs they will create and have already created, what representations has the Minister heard across the country from the mining sector and others?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, we were certainly surprised by the tone of the debate of the Hon. Member for Ottawa Centre who

indicated that flow-through shares seemed to benefit only those people who are rich or wealthy. I can tell the House that from representations we have received from the mining community, people in the exploration field, junior mining companies and town councils in the North, it is seen that benefits accrue to the people of the regions of Canada, and we think that is pretty important.

* * *

FEDERAL-PROVINCIAL RELATIONS

HIBERNIA PROJECT—FUNDING INQUIRY

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Prime Minister and has to do with the appearance of Premier Peckford on CTV's *Question Period* program yesterday. At that time the Premier expressed concern that Newfoundland might be retaliated against by the federal Government because of his opposition to the France-Canada fish treaty. Can the Prime Minister give the assurance to the House that the federal Government will not hold back federal money for the Hibernia project because of Premier Peckford's opposition to the France-Canada fish treaty?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am very sorry I missed the appearance of Premier Peckford on CTV yesterday.

Mr. Rodriguez: It was very good.

Mr. Broadbent: You can get a re-run.

Mr. Mulroney: I will arrange for a re-run this afternoon. Yesterday I was in Cape Breton, the Government having resolved a very important matter for Sysco involving all Cape Breton Islanders, and I was opening the Canada Games. I think my hon. friend would approve of that.

ROUTINE PROCEEDINGS

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

TABLING OF REPORT OF ELECTORAL BOUNDARIES COMMISSION

Mr. Speaker: It is my duty pursuant to Section 9 of the Representation Act, 1985, Chapter 8, Statutes of Canada, 1986, to lay upon the table a certified copy of the 1987 report of the Electoral Boundaries Commission for the Province of British Columbia.

Pursuant to the Act, this report is deemed to have been referred to the Standing Committee on Elections, Privileges and Procedure.

Teleglobe Canada

[*English*]

POINT OF ORDER

ALLEGED MISLEADING STATEMENTS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I rise on a point of order arising out of Question Period. I just want to draw your attention, Mr. Speaker, to the fact that the Hon. Member for Timiskaming (Mr. MacDougall) and the Minister were using Question Period in order to put on the record some misleading statements with respect to the flow-through share question. I will be happy to talk with them about it outside the House but they should understand—

The Acting Speaker (Mr. Paproski): I do not consider that to be a point of order.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

The Acting Speaker (Mr. Paproski): When the House rose at one o'clock, the Hon. Member for Saskatoon East (Mr. Ravis) had the floor. Would those who are having conversation please go behind the curtains. The Chair would like to hear the speech of the Hon. Member.

Mr. Don Ravis (Saskatoon East): Mr. Speaker, I will take only a few minutes to conclude my remarks. This morning, I had just finished reviewing a number of examples of privatization in Saskatchewan, Canada, East Africa, the United Kingdom and China. I would like to conclude on that point.

I believe that a three-month hoist on this particular issue would be absolutely ridiculous, because stalling the privatization process would mean giving up one of the principal tools available to the Government to reallocate resources to those people in need during this time of high deficits. We know that there are many people across Canada today who are asking for assistance in the area of child care. I certainly understand, as I am sure you do as well, Mr. Speaker, coming from Alberta, the dilemma facing the agricultural sector today because of competition from competitors in Europe and the United States. Many, many other people are asking for some assistance from the Government. It seems to me that it is very important that we allocate our scarce resources as best we can.

The three-month hoist would increase the need for the Government to either cut other vital government programs,

raise taxes ever higher or let the deficit become a bigger problem for the next generation. I think it is up to us to face up to the deficit we have today and not to pass it on to our children and grandchildren.

I would like to ask opposition Members where they would cut. Should we allow Crown corporations—and not necessarily Teleglobe which has had a good record—to go on spending more money than they take in or should we call a halt to this process? I would be interested in asking the President of the Treasury Board (Mr. de Cotret) just how many millions the Government has already saved by divesting itself of some Crown corporations over the last two and a half years. I would suspect it is a substantial amount of money.

Mr. Thacker: Hundreds of millions.

Mr. Ravis: Hundreds of millions? That would not surprise me. Perhaps the Opposition's answer is to let the debt spiral continue and forget about deficit control. That would not be surprising because that is the practice they followed for some 15 years when they were in Government. If we followed that practice we know what would happen. The dollar would start to fall like a runaway car going downhill until the brakes were applied. Those brakes would come in the form of higher interest rates which would undo all the good we have achieved to date.

• (1510)

Interest rates are at a 13-year low and the dollar does not need to be propped up as it was during the Liberal years. Then the Government tried to be all things to all people. It tried to keep everyone satisfied by trying to help business corporations who did not make good business decisions. It tried to save people's jobs, not on the basis of sound business practices but very often for straight political gain. I suggest all Canadians want us to stop and think about a new approach to the problems that have developed, at the root of which are the spending and borrowing practices of previous Liberal Governments.

The opposition Parties are being very critical of our divestiture plans. I ask them what is their solution? I am confident that when we hear their alternatives, if there are any, all Canadians will stand behind this legislation and the privatization process.

Thank you, Mr. Speaker, and I look forward to answering any questions from the Opposition or members on the government side.

The Acting Speaker (Mr. Paproski): Questions or comments?

Mr. Waddell: Mr. Speaker, I want to ask the Hon. Member a question with respect to the issue of the three-month hoist. *The Financial Post* reports today that a cloud was cast over the Teleglobe deal when the Toronto and Montreal Stock Exchanges announced they would be investigating the unusually heavy trading in Memotec's shares in the days preceding the Minister's announcement. On February 5, the very day CDIC recommended to the Minister that Memotec's bid be accepted, trading in the stock was suspended because of a $2.38 price run-up. The company then quickly announced its interest in Teleglobe. Given that those investigations are going on, does the Hon. Member not think it would be appropriate to not hurry this thing through but wait for the three months until the investigation has been completed and the dust has settled on this deal?

Mr. Ravis: Mr. Speaker, I certainly am aware of some of the allegations made regarding possible insider trading. At this time no one knows whether information was leaked or whether this trading was purely speculation on the part of some individuals. I would suggest most of those individuals would be traders in the stock market who may have speculated in the other companies who were potential buyers of Teleglobe. I certainly would like to see it cleared up, and the investigation is going on. I suspect it will take a matter of days, not months, until the issue is cleared up. All of these transactions are on computer and I think we will have the answers very shortly.

Mr. Waddell: Mr. Speaker, I appreciate that answer and I will point out, as the Hon. Member would want me to, that the week before *The Financial Post* did mention Memotec as a long shot possibility. So people could have speculated on that. However, people are asking me another question, to be quite frank, and I would ask the Member to comment on this.

There are allegations that the Government gave a contract for an employment office in Quebec to its friends, some Conservatives, rather than the Liberal bidder. Quebec businessmen apparently paid $5,000 to attend a party or a dinner around the pool with the Minister who was responsible for giving out government contracts. As a result, as the Prime Minister (Mr. Mulroney) admitted in the House, a Member of this House has been charged. There are allegations with respect to skimming off money in the Oerlikon deal. I want to ask the Member, how do we know—

Mr. Turner (Ottawa—Carleton): Order. You cannot prove that.

The Acting Speaker (Mr. Paproski): I would hope the Hon. Member would be relevant to this Bill.

Mr. Waddell: Yes, Mr. Speaker.

The Acting Speaker (Mr. Paproski): The Hon. Member for Saskatoon—

Mr. Waddell: Let me finish the question.

The Acting Speaker (Mr. Paproski): I thought that was the question.

Mr. Waddell: No, I was just getting to the end of it.

The Acting Speaker (Mr. Paproski): All right, the Hon. Member for Vancouver—Kingsway (Mr. Waddell).

Mr. Waddell: Mr. Speaker, the question I am asking is how do we know that there are not some so-called friends of the Government involved in this deal as well? That is the question people are asking me. Would it not be better to have these investigations by the stock exchange completed and the dust settle on this deal so it can be examined, rather than hurrying it through? It was a great surprise to Memotec that they were accepted; would it not be better to wait for three months?

Mr. Ravis: Mr. Speaker, I was wondering when the socialists were going to come up with the muck and it did not take very long. The allegations we have been hearing in this House for the last couple of weeks have been absolutely sickening as far as I am concerned. This is another example of the NDP wanting to take advantage of innuendo, do some muck-raking, and try and make it look like something is going on under the table. On Sunday night, I believe it was, I saw a very interesting documentary on the Global Television Network. It looked at a lot of these allegations. Finally there was an objective view of what has been happening. It is one thing to say that there is an allegation against the Government, but it is another thing to come up with proof. Question Period today was a prime example of people being unable to come up with any specifics, and what the Hon. Member has said is another classic example. The Hon. Member suspects members of the Government may have profited from the Memotec deal. That is absolute nonsense. We should not even be considering that. We should let the investigation by the stock exchanges continue and I am sure the results will be provided in a couple of days.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate.

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I am pleased to be able to make a few comments on Bill C-38, the privatization of Teleglobe, because this is a very important issue for my constituency. We have the earth satellite station in my constituency at Lake Cowichan. I remember visiting the site a few months ago and was very impressed with the technology which represents Canada's share in international satellite communications. The links with other countries around the Pacific are very impressive and up-to-date and it is all there in the earth station at Lake Cowichan.

However, I also met with employees and they were very concerned about the proposed privatization of Teleglobe. They were very concerned about job security, working conditions, pensions and so on. I was very pleased that the Minister gave assurances on Friday that the pension plan would be protected, that the collective agreement was going to be protected, and that the interests of the workers were being looked after in the sale of Teleglobe. That is very important. I am very pleased that this particular concern has ostensibly been looked after. Of course, our representatives on the committee will be studying this protection in some detail when the Bill goes to committee, if the Government pushes it through.

• (1520)

Employee concerns about jobs are very legitimate. There has been a tradition in North America and other western nations of recognizing the rights of capital investment, but we are sometimes rather slow in recognizing the rights of employees to a stake in their jobs. Often their jobs have been sold right out from under them. That has happened in some situations of privatization. It is good that in this particular case the principle that workers have a stake in their jobs was recognized.

While I was pleased that there was that protection for the rights of workers, that does not eliminate my major concern about this Bill which privatizes Teleglobe. It is important to try to see the issue in context, the context basically being the Conservative's ideological fixation with privatization. In the Budget Papers of May, 1985, we read:

> In the process of rationalizing its corporate holdings in the future, the government will adopt a new approach based on the premise that a Crown corporation or other equity investment should be sold unless it is fulfilling a public policy purpose. This way, the government will return to the private sector activities that more properly belong there.

I submit, Mr. Speaker, that Teleglobe, which is involved as a vital link in Canada's communications, is fulfilling a vital public policy purpose and that on that basis alone it should not be privatized.

On the next page the paper goes on to say:

> Selling corporate interests will have a number of benefits. It will reduce the size of government in the economy and make room for private sector initiatives; it will improve market efficiency and the allocation of resources; it will improve firm efficiency through market discipline and by reducing political and bureaucratic impediments;

I would like to consider those. It says that it will reduce the size of government in the economy. Certainly Teleglobe is not that large a corporation, but selling it will to some extent reduce the size of government in the economy. We are dealing with an ideology that government involvement in the economy is somehow wrong. We have seen no studies which indicate the optimum size for government in the economy. How much does the Conservative Party want government in the economy to be reduced? What are the advantages of reducing government involvement in the economy? Those questions have not been answered. The Government says it will make room for private sector initiatives. I do not know what private sector initiatives will be involved in the sale of Teleglobe. It is being sold to a small company which is having a great deal of difficulty raising the money to purchase it, even at the fire sale price for which it is being sold.

The paper goes on to say that it will improve market efficiency and the allocation of resources. What market efficiency are we talking about here? We are dealing with a natural monopoly. I do not see any possibility of improving market efficiency by privatizing Teleglobe. With regard to the

allocation of resources, I am not sure what that has to do with the sale of Teleglobe.

The paper says that it will improve firm efficiency through market discipline. Again, Mr. Speaker, there is no market discipline in this particular case because we are dealing with a natural monopoly. The Bill itself grants an extension of the monopoly for a further five years, protected by law. Even apart from that protection of law, the nature of the enterprise means that there is not likely to be any competition. Therefore, in effect, there is no market discipline.

The paper also uses the words, "by reducing political and bureaucratic impediments". These are the kinds of code words which the Conservatives sometimes use to talk about the process of regulation. They see regulation as bureaucratic impediment to the proper operation of the market. Yet, at the same time as they are talking about privatizing Teleglobe they say that it will be regulated in the public interest, that it will be under the regulations of the CRTC. On the one hand the Conservative Party is saying that we must eliminate regulations, that they are acting as a strait-jacket for private enterprise, while on the other hand they are trying to assure the Canadian people that although something will be privatized it will be firmly regulated in the public interest. I have some difficulty with that kind of thinking.

As I look at the Government's guidelines, its statement of the purpose of privatization, I see no justification for the sale of Teleglobe, except the ideological one, that they want to reduce government involvement in the economy. It is a straight ideological decision and has nothing whatsoever to do with the pragmatic benefits which would possibly flow from privatization, as they are outlined in the policy paper.

I would like to say a little about the importance of Teleglobe. We are not talking about simply another Crown corporation which we can either have or not have, which does not really matter that much. We are talking about a very important link in Canada's communications industry. Teleglobe has responsibility for all overseas telecommunications entering and leaving Canada. It includes telephone, telegraph, cable and telex communications. It is a joint owner of submarine ocean cables and telecommunications satellite systems. On that basis it has had an effective monopoly on all overseas telecommunications.

Teleglobe has been a consistent moneymaker. It is for that reason that it has been referred to as the jewel of Crown corporations. In 1985 it recorded a profit of $53.2 million. That is money coming into the federal Treasury. The Conservatives are concerned about the deficit, as are we all. In 1985 Teleglobe brought in $53.2 million and that will happen over and over again. The Conservatives are like the rather foolish person in the fairy tale who wanted to kill the goose which laid the golden egg. When we have a revenue producer the Government wants to put it in the private market and let someone else have the revenue rather than allowing it to accrue in the public interest.

In fact, the ideological fixation of the Party which is, unfortunately, in Government at the present time seems to be the mind-set that there is only one thing worse than a Crown corporation that is losing money, and that is a Crown corporation that is making money. We are dealing here with a Crown corporation which is making money, and that is very clearly something the Government cannot stomach. It is something which has to be sloughed off to the private sector at whatever price.

• (1530)

In 1985, Teleglobe's total revenues were $678 million, and I will compare that later with the total revenues of Memotec, the company which is taking Teleglobe over. The former Minister, who had to resign while he is being investigated, was in charge. There was an offer of purchase and sale from British Telecom for $750 million. The Government turned that down, and rightly so. It said it did not want this vital industry to pass into non-Canadian hands, and I agree with the Government there. If it had sold Teleglobe to a non-Canadian company, I would have been very opposed, as would, I am sure, other members of my Party. However, that $750 million was a benchmark of value. It gives us some indication of what other people saw as the value of Teleglobe. But what did we finally receive for Teleglobe when it was sold to Memotec, the minnow which is trying to swallow a whale, as it was referred to by the Hon. Member for Vancouver-Kingsway (Mr. Waddell)? The Government is fudging. It indicates it sold Teleglobe for some $608.3 million, but if we look into it a little more closely, we see this is not the case at all. Of that $608.3 million, $102 million is accumulated cash which the company has on hand. There is an additional $18 million dividend. When that is subtracted from the $608.3 million, it leaves $488.3 million which Memotec is reputed to have paid for Teleglobe. Even the amount of $488.3 million does not represent what Memotec is really paying, because in addition it is also taking over debt liabilities which amount to $143 million. What this means very clearly is that the Government will only receive $345 million for Teleglobe as no actual funds will be paid for the debt. The debt is simply something which will be carried on Teleglobe's books.

The Government talks about receiving $608 million for the sale of Teleglobe when in actual fact it will only receive $345 million. I refer again to the statement I made a little earlier that British Telecom was prepared to pay $750 million. Therefore, we have a sale at approximately half of what the Government could have gotten if it had been prepared to sell at the earlier price. The question is, why is the Government making this sale? We cannot see any justification whatsoever for this except that the Government has an ideological opposition to the very idea of keeping Teleglobe in public hands. It wants Teleglobe privatized. We are very concerned about the purchase price.

In addition, we are concerned about the way in which this whole contract was handled. The previous speaker, the Hon. Member for Saskatoon East (Mr. Ravis), became a little

annoyed with my colleague, the Hon. Member for Vancouver-Kingsway, for asking about the fact that trading had been suspended on Memotec. he said that any question of insider trading was pure speculation. Perhaps it is. Perhaps it is pure speculation. We do not have the facts. There is an investigation taking place and I think we all want to see what that investigation will reveal. There are some very interesting facts which are already known. On February 5, the day the Minister was advised that Memotec had won the bid, the stocks of Memotec jumped by $2.38 a share to a value of about $13 a share on the Toronto Stock Exchange. At that point the trading was halted, but it resumed the next day. More than half the number of the total shares traded in 1986 were traded in the next two days. Naturally, there have been questions raised, and not just by members of our Party and the Liberal Party, there have been very serious questions raised in the financial community as to whether or not there was insider trading. We are suggesting that before the Government proceeds with this sale, which we do not think is a very good sale even on the face of it, it should at least wait until the results of an investigation of Memotec trading has taken place. That is why we are moving that there be a halt put to the passage of this Bill, that the Bill be hoisted for a while.

Certainly, there are a number of issues which I have already delineated. We have very serious concerns about this Bill. *The Financial Post* has indicated there is a cloud over the deal. When trading in stock has been suspended, when the Government has had a series of scandals and near-scandals and allegations, some of which might not be founded in fact but which are putting a lot of pressure on the Government, I would think the Government itself would want to move as expeditiously as possible to clear up the total atmosphere which is undermining confidence in everything the Government is attempting to do. I would think the Government would not want to push through this particular Bill when all the questions which relate to its conduct in other areas leave the Government under a cloud, and there have been serious questions raised about insider training in this particular area.

In conclusion, I am very pleased that the Minister has indicated there are some guarantees for the pension rights and working conditions of the employees of Teleglobe. I think that is extremely important. I am glad to see that this is being looked after. We will be looking at that in committee to ensure that those rights are protected. At the same time, I cannot in any way give my support to a Bill which is selling off a public asset at a fire-sale price, which is taking a vital link in Canada's communications industry and placing it into private hands, when we do not see any justification for doing so. There is no justification in terms of the Government's own strategy and guidelines for what privatization is all about. I am at a complete loss to understand why the Government is proceeding with this Bill at a time when there is so much concern about the possibility of insider trading and all the other questions being raised about the Government's integrity at the present time.

• (1540)

Mr. Boudria: What integrity?

Mr. Manly: The Hon. Member asks: "What integrity?" The Government owes it to itself and to the Canadian people to begin to clear up some of the question marks regarding integrity. The place to begin is with this Bill. It should not proceed with it but wait until all the questions about insider trading have been cleared up. In this way we can get a real sense of what is happening.

Mr. Blenkarn: Mr. Speaker, the Hon. Member seems to feel that the price was poor. Why does he feel that a price which is 10 times earnings is so poor? What price does he think a company would normally be sold for? Does the Hon. Member have any evidence from Burns Fry or other brokers or dealers that this price was too low? The after-tax earnings of the company last year were $46 million. For the year ending December 31, 1985, they were $53 million. Why does he think that the price is too low? Has he evidence that says it is too low? Or is it too low because that is the ideology of the New Democratic Party? If that is what we are talking about then why does he not say: "We do not believe in the sale of any company at any time, anywhere. We really believe that the state should own everything"?

Mr. Manly: Mr. Speaker, the Hon. Member is quite wide off the mark when he suggests that our ideology is that the state should own everything. Of course that is not the situation. We believe that the state should maintain control of vital sectors of the economy, such as Teleglobe, which is an important link in the whole communications industry in terms of Canada's links with other nations.

The Hon. Member asks why I think the price is too low. I pointed out in my speech that there were reports, and I have not heard them denied, that British Telecom was interested in paying some $750 million for the purchase of Teleglobe. That in itself would be some type of a bench-mark of value. That is what a non-Canadian firm was interested in paying for the purchase of the company.

Mr. Blenkarn: Let it be owned by foreigners, the Hon. Member would like that!

Mr. Manly: If the Hon. Member had been here for my speech, Mr. Speaker, he would be clear as to where I stand on that particular issue. I said that I would have opposed the sale to foreigners. Your Honour will recall very clearly that I said that. I underlined the point several times. We would have opposed the sale to foreigners. However, the price that foreigners were willing to pay is an indication of the value of the company.

Another indication of the value of the company is the fact that the Government is fudging the figures with respect to what it is receiving. It says it is receiving some $608 million for the sale of Teleglobe. When that is broken down one sees that Memotec is actually paying some $345 million. It is obvious

that the Government is pretending it will receive $608 million. It will actually receive about $345 million. If the Government thought that $345 million was such a great deal then it would have come out and said: "We have made a great deal. We will be getting $345 million for the sale of Teleglobe". Instead, the Government has tried to maintain that it will receive $608 million, which is just not the case.

Mr. James: Mr. Speaker, I think it only fair for the Canadian public to understand that the figures thrown around by the Hon. Member from the New Democratic Party are either somewhat mistaken or the Hon. Member is somewhat confused with respect to them. The Hon. Member seems to think that the $143 million in debt is just rolled away somewhere. If the Hon. Member were to look at accounting principles he would see that they do not allow the subtraction of debts from purchase prices. How he developed in his own mind that that can be done is beyond me. Many people in the business must be laughing up their sleeves at that type of comment.

There is also $100 million in cash which will go to the Government in addition to the $488 million. There is another $18 million in dividends which will flow to the Government. Thus there is no windfall to Teleglobe, something about which the Hon. Member did not think. The Government has covered all the bases. These are additional moneys coming to the federal Government. I merely wanted to set the Hon. Member straight in that regard.

I wonder why members of the socialist Party of our country are so far off base in terms of their colleagues in other parts of the world in which socialist Governments are selling off Crown corporations. They seem to have caught on to the idea that they are certainly anvils around the necks of Government and tend to inhibit free enterprise. I read an article in last Saturday's issue of *The Globe and Mail* which pointed out that in Spain, where there has been a socialist Government in place since October, 1982, small state-run companies are being offered for sale through the Madrid stock market. As the Hon. Member well knows, there are many other socialist Governments in the world which are selling off companies. It seems that the socialist Party of our country is not on the same wavelength.

I would like to comment on something that was said by a member of the Hon. Member's Party on December 1, 1986, with respect to the second reading of the Canadair Bill. He said:

> We in the NDP are not necessarily against privatization. We are not saying in every case we should not privatize; we are saying you have to have sound economic reasons for it.

There seems to be great confusion within the New Democratic Party about this whole business. I am also a little bit confused by it all. I think members of the Hon. Member's Party are also a little bit confused by it all. I think they should come clean with the Canadian people.

Mr. Manly: Mr. Speaker, I do not think there is any confusion in our Party with respect to this issue. The only thing we cannot understand is why the Government is proceeding with this sale at the present time.

With respect to the question the Hon. Member raises about accounting principles, I will admit that I am not an accountant. However, I can do my arithmetic, as can the average Canadian. When the Government says it is selling something and that it will receive in the order of $608 million for it and yet the actual money changing hands is about $345 million, the average Canadian can put two and two together to come up with four, not the figure that some fancy accountant might get. The fact is that Memotec will be putting out about $345 million for this company. I think that the Canadian people are getting hosed on the deal.

As far as the situation with respect to other socialist countries selling off some of their Crown corporations is concerned, I think that any socialist Government worth its salt will want to deal with the situation on a case-by-case basis. There are certainly situations in which Crown corporations, or parastatals as they are called in other countries, have reached the point where they are no longer serving a public purpose. In such cases they should be sold. I do not think there is any question about that among members of my caucus. There is certainly none on my part. We are saying very clearly that in the case of Teleglobe it is still serving a vital public purpose, and it should remain in the public domain. The Government is selling it off at fire-sale prices, and pretending that it is receiving more money for it than it actually is.

• (1550)

There are real concerns about the type of trading that has taken place in Memotec's shares that should not be taking place. While the investigation is taking place, the Government should be prepared to put this on the back-burner.

Mr. Greenaway: Can the Hon. Member show us proof that British Telecom offered $750 million for Teleglobe? Is the Hon. Member against a small company like Memotec buying it, or is he against small business? Would he rather have had Bell Canada buy it? It probably would have bought it for $700 million. Then I guess the Hon. Member would have said that there had been a monopoly.

First, where is the proof that British Telecom offered $750 million? Does the Hon. Member have a copy of a letter, or what does he have?

Mr. Manly: I do not have any proof, but I would be interested in receiving all the background documents to see whether there has been that type of offer. It is something that has been reported, that there was an offer of $750 million.

Mr. Blenkarn: Where was it reported?

Mr. Manly: We would like to have all the background information on this matter.

Finally, we are not opposed to the fact that it is being sold to a small company. We are opposed to the fact that it is being sold when it should remain in the public domain. That is our basic concern. This is a vital part of Canada's communications link. The public should retain control of it.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Thunder Bay—Nipigon (Mr. Epp)—Immigration—(a) Minister's broadcast statements. (b) Content of statements; the Hon. Member for Ottawa—Vanier (Mr. Gauthier)—Royal Canadian Mounted Police—(a) Language policy. (b) Request that Government express intentions more precisely; the Hon. Member for Broadview—Greenwood (Ms. McDonald)—Unemployment insurance—(a) Level of benefits. (b) Request that Government categorically reject all benefit reductions.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee; and the amendment of Ms. McDonald (p. 3435).

The Acting Speaker (Mr. Paproski): Resuming debate with the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria).

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it is with some hesitation that I rise today to take part in this debate, when I see the Conservatives and the New Domocrats fighting to keep that coveted third place in the public opinion polls. You will agree it is rather interesting to follow this family squabble between the Conservatives and the New Democrats, both of whom want to be second one day, and meanwhile, we Liberals are up front in the polls.

I welcome this opportunity to take part in the debate, especially since the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault) is present, just across the way. I must say it is always a pleasure to have the floor when she is there. I would enjoy a chance to listen to her speeches and no doubt that time will come, Mr. Speaker. Nothing is impossible, and I am looking forward to that great moment.

Mr. Speaker, what led to the privatization of Teleglobe? First of all, I think we should recall that on August 1, 1985, the former Minister of Regional Industrial Expansion, the Hon. Member for York—Peel (Mr. Stevens), and I must say, Mr. Speaker, it is rather complicated to keep track of all these former Ministers, with all the scandals and the almost perpetual Cabinet shuffle going on.

Mrs. Bourgault: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Paproski): The Hon. Member for Argenteuil—Papineau (Mrs. Bourgault), on a point of order.

Mrs. Bourgault: Mr. Speaker, I may remind the Hon. Member, my dear friend and riding neighbour, to speak to the Bill and refrain from mentioning scandals that have no connection with the sale of Teleglobe, and, Mr. Speaker, I would like to inform him that if he wants to hear what I have to say, I will be speaking next.

[*English*]

The Acting Speaker (Mr. Paproski): I am sure that the Hon. Member will become relevant. The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) has the floor.

Mr. Boudria: Mr. Speaker, I just heard that the Hon. Member will be speaking afterwards, and I am very sorry for you, Mr. Speaker.

Before I was so rudely interrupted, I was saying that this process of privatization started with the Hon. Member for York—Peel (Mr. Stevens), and that is where it links into the discussion. I had some difficulty recalling, because Ministers do change quite rapidly in the present Government, as some of my hon. colleagues across will know.

In any event, I think that it was the Hon. Member for York Peel at that time who was the Minister.

[*Translation*]

He stated in this House that his Government would immediately proceed with the privatization of Teleglobe. That is what he said on August 1, 1985.

On September 9, 1985, Dominion Securities Pitfield, the Government advisor, wrote that all bidders would be told by October 30, 1985, whether their bid was acceptable and that a sale agreement would be signed on December 15, 1985. That is what the Government said at the time. Let us go on. On September 11, 1985, Dominion Securities wrote to the bidders to inform them that the date of the sale agreement had been put back to January 15, 1986. You know, Mr. Speaker, that the Conservatives cannot do everything in the prescribed time limits. Then, on November 12, 1986, if you will please note—

Mr. La Salle: It is not so bad. We achieved what you never could in less than one year!

Mr. Boudria: I shall listen later very closely to the comments of the Minister without portfolio and Hon. Member for Joliette (Mr. La Salle), the Minister of the Mirabel land corporation, if I may call him that.

Mr. La Salle: Tell me about Mirabel!

Mr. Boudria: On November 12, 1986, Dominion Securities wrote that the sale of Teleglobe had once more been postponed because of the temporary absence of the Minister responsible. We know what happened at the time, and this brings us back to what I was saying earlier. One of the Ministers responsible suddenly became irresponsible, if I may put it that way, and we witnessed one of the numerous Cabinet shuffles of this government. There you have it!

Mr. La Salle: Some Members always act irresponsibly themselves!

Mr. Boudria: Still nothing in the spring of 1986. On November 19, 1986, the Minister of State for Privatization (Mrs. McDougall) this time and the Minister of Communications (Miss MacDonald) announced the final bidding stage for the purchase of Teleglobe and said that bids were to be submitted before January 9, 1987. Again, on December 19, 1986, the Minister of State (Privatization) tabled in the House a draft bill calling for the privatization of Teleglobe Canada. On December 30, 1986—I continue with the chronology, Mr. Speaker, because I feel it is important in this debate—the Government turned down an offer from Canadian telephone companies to purchase 40 per cent of Teleglobe Canada. That was not good enough. The Conservatives felt they had to put everything on the block—because you know Mr. Speaker, being so objective and neutral, that they have this extreme right tendency which compels them to get rid of everything the Government owns, except patronage, of course. On January 9, 1987, Memotec Data made an offer to CDIC for the purchase of Teleglobe Canada. On January 19, in an article, the *Financial Post* suggested that Memotec could have made an offer for the purchase of Teleglobe.

I am told that it was the first time this dossier had ever been mentioned in public. The House should remember that a few days later, the value of Memotec shares had increased dramatically.

Mr. La Salle: Why don't you talk to us about the Petro Canada shares!

Mr. Boudria: I am not saying there was anything wrong with that, but the Minister opposite has just made a comment which would suggest that there might be something wrong with it. Personally, I could not have made such a suggestion, Mr. Speaker, without being considered overly partisan. But I listen with a certain—

Mr. La Salle: Tell us about Petro-Canada!

[*English*]

The Acting Speaker (Mr. Paproski): Excuse me for one minute. There will be an opportunity for questions and comments after the debate. I would hope that Hon. Members will wait, and then they can ask the Hon. Member a few questions and comments following his speech. The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria).

Mr. Boudria: Thank you, Mr. Speaker. I appreciate you trying to keep those Tories quiet. Of course, they need your guidance.

On January 27, CDIC had a meeting. It was examining the offers for the sale of Teleglobe. Then we are told that it was instructed to notify the people who were the successful bidders. We are told by David Torrey of Dominion Securities that a letter was received by the bidders describing how the documents in question had been examined. On February 2, 1987, 11,025 shares of Memotec were traded on the Montreal Exchange, and the closing price was $10.25 per share. Previously I have described this as a rather dramatic appreciation of the value of the shares. Quite apart from the fact that there is an ongoing investigation by the securities people into how the value of the shares rose so rapidly, I will not get into the matter at this point.

• (1600)

However there is a message which indicates that surely the purchase in question was a good one for the company. Had it been a bad purchase, the value of the shares would not have skyrocketed. The fact that the value of the shares increased dramatically tells me that the company got a very good deal indeed.

A while ago the Hon. Member for Mississauga South (Mr. Blenkarn) asked how we knew that it was such a good deal. The proof is in the pudding. When the value of shares increases that fast, everyone who bought shares was of the opinion that it was a good deal. One does not run to buy shares in a company which has just made the worst investment in history. Conversely, one would run to buy shares in a company which just made a real hot deal. Obviously that is what happened in this case. It was a good deal for the company.

I will not deal with the ongoing investigation at this point in time. There are other opportunities to do that, for example, in Oral Question Period and so on. I have been told that the company last year brought a profit of $70 million to the Government and even more the year before. It was sold for a little over $600 million. At first blush that seems to be a rather good deal for the company which made the purchase. Obviously the people who bought shares in Memotec were of the same opinion. Contrary to the Tories who have a bent for selling everything including the Crown jewels, and contrary to our socialist friends who have some difficulty in selling any Crown corporation, we in the Liberal Party are far more pragmatic. We are of the opinion that if a Crown corporation fulfils a

policy objective, it should be retained. If we are talking about—

Mr. Blenkarn: What is the policy objective in this regard?

Mr. Boudria: I hear the Hon. Member across the way. We are one of the least densely populated countries on the face of the earth, the second largest country in geographical area. I would think that communications either within the country or with the rest of the world, as they apply to the Teleglobe issue, are important. It is an important issue and an important policy element in order for us, as a society and as a country, to determine how effectively we can liaise and at what cost, and whether or not Canadian taxpayers should have the ultimate right to decide that it should or should not be done.

This morning I listened to the very eloquent remarks of the Hon. Member for Capilano (Mrs. Collins). She asked a question of the Hon. Member for Gander—Twillingate (Mr. Baker), and I listened very attentively to what she said. In her remarks she indicated that the Government had to sell Crown corporations because of the fact that we have some financial difficulty and because of the fact that the deficit is high. She did not quite say that it had to be sold to pay off the national debt, but the implication was clearly there that the Government sees what it is doing, the selling of the assets of Canadians to pay for its mismanagement, as being appropriate. It is a little like someone selling the furniture to pay the rent. It is not the correct approach. Perhaps the Government feels that this corporation does not fulfil an important policy objective. By the way, I have yet to see the Government's communications policy. I would like to know what it is and what are its intentions for the long term. The Government should bring forward a policy and say that it is a policy Canadians have discussed. Then, after it had been discussed and adopted, the Government could say that it feels a particular Crown corporation is no longer required to fulfil that policy objective. If that were the case, we could proceed with the sale, provided that we did not give it away, that it was sold at an appropriate price.

I do not think we sold the company for a very high price, but we did not quite give it away, as was suggested by a member of the New Democratic Party. Obviously when one takes over the liabilities of a company, it must be considered part of the purchase cost. However, even taking that into account, we must remember that it was not sold for a very high price. The point I am making this afternoon is that we should have established the communications policy of the Government. Then we could decide whether or not the Crown corporation fulfilled that policy objective, whether or not it was necessary. If the Government indicated that it had a policy and that the corporation was not required to fulfil that policy, perhaps it would have been all right to sell it off. I do not have a mental block about selling everything or not selling anything. However, there are Crown corporations which should be kept by the Government. We should not sell them all because it is the "in" thing to do.

We must remember that a Conservative Prime Minister of Canada, Sir John A. Macdonald, and the other Fathers of Confederation inserted the issue of a national railway in the Constitution. We should also remember that having government corporations or national corporations is not something which should be foreign to Conservative Members of Parliament. It is something that has been with us all along, something strongly supported by past Conservative administrations.

My colleagues in the NDP want to sell hardly anything in the way of Crown corporations. I do not know for a fact that they would not sell anything, but generally they are not in favour of the Government divesting itself of any Crown corporation. However, members on the government side generally want to sell everything, whether or not it fulfils an objective, whether or not it is a good price, and so on, just because they have a bent that it is the correct thing to do.

I say to Hon. Members on both sides of the House that the merits of Crown corporations must be looked at individually. I would say, for example, that Petro-Canada is very necessary, and there are many others. I happen to think that our national airline is a very necessary Crown corporation. Nevertheless, until we determine what is needed in order to fulfil the policy objective of the Government, we should not proceed with the sale of Teleglobe Canada. It is being done in a backward manner. What will happen in a year or two? Will the Government decide that because of some new policy objective we have to buy it back? We do not know. Are we to sell it and then realize that we should not have done so? It will be too late then.

Mr. Blenkarn: Oh!

Mr. Boudria: I hear the Hon. Member for Mississauga South making noises.

Mr. Blenkarn: I was just looking at Bill C-25 in the last Parliament. Maybe you could explain it.

Mr. Boudria: I can't explain Conservative Bills—

Mr. Blenkarn: How about C-25 in the last Parliament?

Mr. Boudria: Right now I am being pertinent and discussing Bill C-38. I know Your Honour would not want me to address Bill C-25 of a previous Parliament. It would be out of order. I have high respect for the rules of the House and for your objectivity and neutrality, Mr. Speaker. I would not want to make mention of the Bill to which the Conservative Member has referred at the moment. With that said, Mr. Speaker, I want to end my remarks on Bill C-38 and remind the Government that it was not elected to sell off the Crown jewels. It was elected to provide good and proper administration for the people of Canada. It is high time that the Government be made aware and that its Members be reminded that they are here to provide good, competent administration—

• (1610)

Mr. Turner (Ottawa—Carleton): We have.

Mr. Boudria: —and not that other stuff.

Mr. Stewart: That is why the interest rate is down.

[*Translation*]

Mr. La Salle: Mr. Speaker, I had to rise to comment briefly on such an important issue.

The Hon. Member started by saying that a responsible Minister had become irresponsible. Mr. Speaker, may I point out to you that there are Hon. Members who demonstrate their irresponsibility all the time they are in the House.

What I want to suggest about this sale or privatization is that the Government is fulfilling its commitment to give the private sector the place it deserves, while insuring that it is in the best interests of the Canadian people. Our Government had promised that it would give back to the private sector—that it would eliminate this competition from the State which was already very bad under the Liberal Government and which would probably be even worse under an NPD system.

In the circumstances, I think we are meeting the commitment that was made and that we are giving back to the private sector the position it should have been given long ago, and as a result, this country's economic renewal has now been well underway during the last two years. That is something they fail to mention.

Mr. Speaker, it is a matter of philosophy. I want to make this point, because it is a matter of philosophy. It is the philosophy of a party that respects the private sector, and I think that says it all. For instance, Mr. Speaker, and the Hon. Member from Glengarry—Prescott—Russell may remember what I am about to say and even use it as a striking example. When I arrived at Public Works, Mr. Speaker, the Auditor General condemned the Government for refusing to sell property that had been surplus to its needs for many years and was costing Canadians $22 million. I asked my departmental officials to take steps to make the surplus buildings and property available to the private sector. Developers were lining up to buy the unused buildings, the unused square feet the Auditor General had been criticizing and which were costing taxpayers $22 million. In one year, we sold $75 million worth, which generated—this is very important—$2 billion worth of investment by the private sector, created employment and not only made these buildings attractive for municipalities but also created opportunities for developing a number of building complexes that today are the pride and joy of several municipalities.

That is what it means to let the private sector participate for the benefit of the community. That is exactly the principle we are applying in our privatization approach. Some Hon. Members refuse to understand that, since I assume they do have the ability to do so.

Mr. Speaker, that is the point I wanted to make, especially for the benefit of some of our Members here today.

Mr. Boudria: Mr. Speaker, the Minister has just given us all the reasons. Why is it all right to privatize in some cases while not in others? For instance, he was referring to the Auditor General who agreed and even recommended that certain properties should be sold since they no longer served any Government purpose, and so forth. And he said that in those circumstances, it was a good thing to get rid of them. I agree, I don't query that at all. I never criticized those sales, as the Minister will recall. I was his parliamentary critic for a while, when he was still Minister of Public Works.

Mr. La Salle: Your Government never did.

Mr. Boudria: I did not criticize the principle of the thing. However, Mr. Speaker, when we are talking about the privatization of a corporation with a major national purpose—

Mr. La Salle: I'm all for it.

Mr. Boudria: —the Minister said earlier that the properties in question served no useful purpose and were thus disposed of. Mr. Speaker, he just told us why we should not dispose of this Crown corporation.

Mr. La Salle: We are giving back the private sector its rightful place.

Mr. Boudria: Mr. Speaker, in the case of a Crown corporation such as Teleglobe, I suggest the Government should have provided us with its plan for the communication industry making it possible for us to determine whether the divestiture of Teleglobe Canada was necessary to achieve these goals. Then, we would be in a position to make a reasonable and sound decision. But no doubt unwittingly, the Minister has just suggested in his reply why it would be illogical to privatize Teleglobe Canada now—

Mr. La Salle: I said it would be logical.

Mr. Boudria: And the same arguments he used to say that it would be logical in certain cases, I can use to demonstrate that it is not in this case, Mr. Speaker. It is definitely not logical.

Mr. La Salle: You will be dishonest to the end!

[*English*]

Mr. Blenkarn: Mr. Speaker, the Hon. Member indicated that he felt that because Memotec shares on the market went up in value after the transaction was completed somehow this was a bad deal. Does he think the Rotary idea of business that a good deal has to be a good deal for all concerned is in itself a bad deal? Is it a bad deal because it is a good deal for Memotec and a good deal for Canada? Or does the Hon. Member think it would only be a good deal for Canada if the Memotec shares had fallen out of bed?

Mr. Boudria: Mr. Speaker, I was not sure whether the Member was trying to get me lost at the seventh or the eighth good deal or bad deal in the preamble to his question. The point I made a while ago, and I will repeat it, is that if there was such a dramatic appreciation in the value of the shares of the company that purchased Teleglobe, then obviously there was a dramatic improvement in the final situation of that corporation because it bought Teleglobe to start with. Obviously if it was such a good deal then one has to conclude that the one selling the company sold it for something less than it was worth. That is only logical, Mr. Speaker.

Mr. Blenkarn: Not at all.

Mr. Boudria: If you buy something that is too cheap it is because someone sold it to you too cheap. That is elementary. It cannot be the other way around. The Government could not have gotten 130 per cent of what a company was worth with the company benefiting at the same ratio. It has to be the opposite. If the purchaser bought a company and it was a good deal, it is because the seller sold too cheap. It has to be that way, otherwise it would not make any sense. The Member across I believe is from the accounting world, so he knows how to count.

Mr. Blenkarn: Mr. Speaker, it is clear then that the Liberal Member does not really understand business or how deals work at all. A deal can be an excellent deal for both parties. In this case the deal involved payment to the Government of Canada of about $600 million by the time the transaction was wound down. To the shareholders of Memotec, which is a small venture capital company out to explore the reaches of technology, the transaction is also a good deal. It gives that company a base on which to work and to grow, a dramatically strong base. It is a good deal for both. It is a good deal for the employees, for the country, for communications and for competition. Can the Hon. Member tell us why it is a bad deal because it happens to be a good deal for all concerned?

Mr. Boudria: Mr. Speaker, we have a "good deal member" across the way.

Mr. Blenkarn: You are right.

Mr. Boudria: He is certainly trying hard to make us believe that the Government sold Teleglobe for every cent it was worth, yet the company that bought Teleglobe got a real hot deal judging by the way its shares augmented in the manner they did after the purchase. If the shares of the company climbed 100 per cent, it tells me that the Government of Canada sold Teleglobe for way less than it was worth, otherwise the shares would not have appreciated to start with. It is elementary mathematics. The opposite is incorrect, to say the least.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate. The Hon. Member for Capilano (Mrs. Collins).

• (1620)

Mrs. Mary Collins (Capilano): Mr. Speaker, I am pleased to participate in today's debate on Bill C-38, the Bill to privatize Teleglobe. It has been very interesting listening to the debate on this particular issue over the last two days. It appears as though the position of the Liberal Party would be privatization if necessary but not necessarily privatization. That would seem fairly consistent with the Liberal Party's position on free trade and NATO. Liberals really cannot make up their minds about their position. Unfortunately, I did not have the opportunity of asking the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) just what the criteria for privatization would be and how the Liberal Party would apply those criteria to the 11 Crown corporations this Government has privatized over the past two years.

I understand that the NDP's philosophy is basically consistent and would appear to be totally against privatization. From listening to the debate, one might feel that it believes that if a Crown corporation is making money, the Government should keep it and should be in the business of making money. As far as the Progressive Conservative Party is concerned, that is just not the purpose of government. We are not in government to run business, we are in Government to govern the country.

Perhaps it would be appropriate to look at the record of privatization. During the 1984 election campaign, I and many of my colleagues heard our constituents say that they felt the Government should get out of many Crown corporations which were more appropriately run by free enterprise. That was certainly my view, and I made a commitment to my constituents that I would work hard to pressure the Government to undertake a program of the privatization of Crown corporations that no longer met a public policy objective.

Indeed, in November 1984, just two months after we took office, a paper entitled *A New Direction for Canada: An Agenda for Economic Renewal* was published. I am proud to say that this Government has followed that agenda. One of the objectives outlined in it was and remains the improved management of Crown corporation assets.

In the Budget of May 1985, concrete plans were announced for the rationalization and privatization of Crown corporations and other federal investments, such as those mentioned by the Minister earlier including federal buildings, based on the premise that those corporations or investments should be sold or wound up if public ownership is no longer necessary to meet public policy objectives. Our philosophy has been very clear.

In the implementation of that objective, the record is clear. We have already privatized 11 Crown corporations beginning in July 1985 with the completion of the sale of Northern Transportation Company Limited. We have done this in a pragmatic way. In fact, I am sometimes pressured about moving more quickly. We realize, however, that many interests must be met. There are the interests of consumers and there are the interests of employees. That was certainly an issue with

respect to the sale of de Havilland. There is also the interest of the public at large. All of those interests are ones with which the Government must deal.

I know that the Minister responsible for privatization has, with her officials, been undertaking a solid program of evaluating each Crown corporation to see whether or not they meet the criteria which have been set and to see if it is time to seek out private owners. We are making considerable progress in this respect. I think that Teleglobe is perhaps the largest such sale to date.

Why do we think it is important to sell back to the private sector these corporations which, in the view of the Government and in the view of the public at large, no longer serve to fulfil the necessary public policy objective? When we sell something back to the private sector, we free it from many of the constraints inevitably involved in Government. These restraints, I know, sometimes frustrate many of us, but they are there. They are necessary for organizations of the Government because there are many considerations which come into account. Crown corporations cannot respond quickly to market initiatives. Of course, in many cases there is a requirement for new capital. New capital would allow a company like Teleglobe to expand, and the Government itself is not an appropriate source for this kind of capital investment. I do not think that is what the taxpayers want the Government to do.

Once a corporation is sold and if it is well operated and soundly managed, it will be able to raise capital for expansion from individual Canadians, pension funds and investors. It will be able to expand and operate in a much more effective and efficient manner, free of the burden of bureaucracy. That of course is what the Government and our Party believe.

We are not alone in this belief. It has been extremely interesting to learn that over the last two years, the philosophy of this Progressive Conservative Government has been shared by many western European Governments, Governments of a variety of political stripes. In Great Britain, the sale of British Gas was a tremendous success story. It was considered to be a rather staid company, but it has now been sold and it is doing tremendously well. The same is true of British Telecom. Of course, very recently the announcement of the sale of British Airways was made. Last night's *Venture* program on CBC indicated that this announcement was accompanied by fireworks. It reminded me of Expo 86. The announcement was certainly made in a very outgoing way and there was a tremendous response.

It is also interesting to note that in many cases, when Crown corporations are sold to the public, the value of their shares go up very quickly. I think this was a point made by my hon. friend from Mississauga. When a corporation is sold to the public, the public becomes interested and gets involved. In fact, in Britain they are talking about the people's capitalism, the opportunity for the people of Britain to invest and become involved in companies which were formerly controlled by the Government. It has been a very successful venture.

France has followed a similar course. Under the previous socialist Government of France, as I am sure my colleagues in the NDP are aware, the sale of many Crown corporations was undertaken. Many of the largest corporations in the auto glass, chemicals and telecommunication industries were nationalized in 1982 and are now being offered for sale. The present Government of France is carrying on with that initiative as well and it has been very successful.

As my colleague mentioned earlier today, even in Spain with the socialist Government which has been in office since October 1982, some state-run companies are being offered for sale. It is becoming accepted by Governments on both sides of the political spectrum that the Government should get out of running businesses as these businesses may operate much more effectively in the private sector.

I know that my colleagues in the New Democratic Party of Canada simply are not up to date and in tune with global thinking on these issues. That is not surprising because NDP Members are not even in tune with their NDP colleagues in British Columbia on such issues as the 15 per cent export tax on forestry products. Perhaps they should begin to listen to their colleagues around the country and around the world. They might get updated on these issues.

Having discussed the principle of privatization, I would like to turn to the specific project that is at hand, the sale of Teleglobe. Over the last two days, I have not heard very much about the background of Teleglobe. I have a particular interest in it. I am sure my colleagues are aware that the Canadian Overseas Telecommunications Company which was founded in 1949 acquired the assets of Cable and Wireless Ltd. and Canadian Marconi Ltd., both privately-operated British firms. When my father first came to Canada in the early 1900s after serving in the First World War, he worked for Cable and Wireless Ltd. and I remember as a child hearing stories about that company. My uncle worked for them, too. He was in South America. I remember the stories of the laying of the cables across the Atlantic, so I have a kind of special interest in this issue.

• (1630)

In 1949, the COTC was formed, and in 1956 the first long-distance multi-purpose coaxial submarine cable was laid across the Atlantic Ocean between Scotland and Newfoundland. That brought in a new era of long-distance calling. Then the name was changed to Teleglobe. It has been a very successful company performing important service in long-distance telecommunications, working both with the telephone companies in providing the cable and the system for overseas telephone calls, and the telex systems as well. I thought it was interesting that its assets are spread right across the country. It has three major categories of assets. It shares with a number of foreign entities ownership in a number of transoceanic submarine cables most of which form part of the Commonwealth cable system. It also owns approximately 3 per cent of Intelsat which operates communications satellites around the

globe. Earth stations operating with the Intelsat system are located in Nova Scotia, Quebec and Vancouver Island. Those are wholly owned by Teleglobe. It also operates international switching centres or gateways in Montreal, Toronto and Vancouver where overseas traffic is routed to and from the networks of Canada's domestic carriers. The company has certainly expanded its operations and performed a very important service, and I would like to congratulate those involved for the excellent service.

My colleague who spoke before me said that this sale is a good deal. It is. It is a good deal for the seller, the buyer, consumers, and the country as a whole. The Toronto *Sun* is not often complimentary about this Government but even that paper, in its editorial yesterday, said that Memotec appears to be a good deal for both the seller, which is the taxpayer, and the buyers, which are some of biggest pension funds around. The editorial said it was time to applaud a move that will bring major benefits to just about everyone. I think that when you can manage a situation like that it is almost miraculous.

Let me just reiterate some of the benefits. As Chairman of the Standing Committee on Consumer and Corporate Affairs, the interest of consumers is very near and dear to my heart. This is a particularly good deal for consumers. As you know, as part of the sale of Teleglobe there is an agreement that overseas rates will be reduced by 13 per cent on January 1, 1988, and telex charges will decline by 10 per cent. Those are very significant amounts. Many Canadians call their families and friends overseas. For the average Canadian family who would like to call their relatives or friends on an anniversary, a birthday or even in an emergency, as well as the inevitable long-distance calls at Christmas, this means their 1988 phone bill could fall by around $50. Has anyone thought about that? It is like a tax break. We have many wonderful Filipino Canadians and if they call home the savings will be even greater. These are real savings that Canadians will enjoy as a result of this sale.

That does not even take into account the very positive impact for the small business person operating a telex. I have many business people like this in my own riding, and for them the savings could run in the hundreds of dollars. At the same time we have the assurance for the first time that Teleglobe will come under the jurisdiction of the CRTC. It will be a privately-operated and publicly-regulated company. We know that the company will have to show its costs and will be held to an appropriate rate of return. Consumers will have the opportunity to review those figures at CRTC hearings. Earlier today a Member on the other side of the House said that after five years prices will increase. I would say the exact opposite. For the first time we will have a greater degree of control over long-distance calling and telex rates.

There has been a lot of discussion as well about the sale price. I would like to put the facts on the record. The Hon. Member for Vancouver—Kingsway (Mr. Waddell) said when he spoke on the Bill on Friday that all we were getting was $350 million. That is totally wrong. I am not surprised because the Hon. Member is perhaps a bit concerned that his riding is going to disappear under redistribution. Obviously he is trying to make some points in this case. We are getting $608 million cash out of this deal. We are getting the $488 million sale price—

Ms. McDonald: I rise on a rather serious point of order, Mr. Speaker. The Hon. Member is imputing extremely incorrect motives to the Hon. Member for Vancouver—Kingsway (Mr. Waddell). She is suggesting that his opinions as to good policy for Canada are determined entirely by the possibility of boundary—

The Acting Speaker (Mr. Paproski): That is not a point of order, it is debate.

Mrs. Collins: Mr. Speaker, as I was saying, of the $608 million in cash the Government gets as a result of this sale, $488 million comes from Memotec, $102 million comes from the Teleglobe treasury, plus a $18 million dividend. There has been some question concerning Teleglobe's liabilities. The new Teleglobe is buying those liabilities, and that does not reduce what the Government will receive. I just want to make sure Hon. Members opposite understand that point because it is very important and I am sure none of us would want incorrect information going out across the country.

Another point made earlier in the debate really concerned me. That was made by the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly). He said that Memotec, a very innovative and exciting company, did not have the funding in place. I want to assure him that the funding is certainly in place. As I am sure he is aware, the partners involved are the National Bank, McLeod, Young & Weir, Richardson-Greenshields, and Geoffrion Leclerc, four very sound financial institutions. I can assure him that the Government would not have proceeded with even looking at the offer to purchase unless all of the funds were firmly in place. Therefore, it is not appropriate to suggest that the company did not have the funding in place. I am sure it would be very upset to hear that.

I would like to close with some comments on how this deal is good for the employees. We know that when the sale of de Havilland went through there was a lot of moaning and groaning around the House about its impact. What happened? Five hundred new jobs have been created since that Crown corporation was privatized. I hope the same thing will happen here. I do not know, but we have ensured that the employees will be well looked after. Their pension plan has been established. In fact, the employees will be given the opportunity to purchase 5 per cent of the equity at a cost of 90 per cent of the price paid by Memotec. That is a very good deal. Interest-free loans repayable over five years are available. That is an excellent part of the arrangement. It will give the employees a chance to participate in the management of the company. I am sure it will help the company become even more productive and profitable than it has been in the past.

• (1640)

In fact, as we have said before, this is a good deal for all concerned. My hope is that with the new initiative and the new private owners we will indeed see the company grow and prosper. I am sure there will be new investors and new purchasers of stock. We will be able to look back in another year, two years or five years and say what a marvelous decision it was to put this Crown corporation back into the hands of Canadians. I ask that we move quickly to ensure that this Bill is passed and the sale proceeds in order that that new era can commence.

Ms. McDonald: Mr. Speaker, I have a comment to make and a couple of questions to ask of the speaker. On the issue of the treatment of employees the member has said how well protected the employees will be. I certainly concede that there has been considerable improvement as a result of a great deal of protest. I wonder whether the member realizes that the pension provisions as set out in the original terms of the sale would have disadvantaged the employees considerably. I wonder whether she will give a bit of credit to the opposition Parties and the unions for speaking up.

The Member referred to rate reductions. The cost of making overseas calls and telex calls will be reduced. Does the Member not realize that Teleglobe had already planned rate reductions? The company was told to keep that information quiet so that it would look like a benefit resulting from privatization which would make the deal look better.

On the more general point of the rates that are being charged, American companies are presently charging even lower rates for overseas calls. If the Member really wants these rate reductions to be consistent with that, would she not agree to routing all overseas calls through the American companies and not have a company at all? That is one option. In dealing with that question, she will have to come to terms with the fact that if that were to be seriously considered the company would disappear.

The only way in which the company can survive is with a measure of protection. We are not talking about some free enterprise company in the private sector beating all the competition, but about a highly protected company. This makes it quite different from what she is talking about, a thriving private sector as opposed to the public sector. This area will have to be protected if it is going to survive at all. You cannot have it both ways. You cannot talk about the virtues of business competing and bringing rates down, and also about ensuring the company's survival by giving it protection through regulation.

Mrs. Collins: Mr. Speaker, on the first point, the Government does listen to all groups. That is vital to governing. We listen to representations made from all quarters. We listen and respond in an appropriate manner. The final arrangements with respect to the protection of pension benefits are improved from what was originally proposed. That is a credit to all who have been involved.

I was a little surprised by the Member's last comment that the alternative would be to leave the market totally open to the U.S. I know of my hon. colleague's very great concern about the protection of Canadian culture and Canadian industry. As my hon. colleagues know, there was a possibility of selling this company to a foreign-owned company. However, we rejected that possibility because we felt that it was in the best interests of Canada that the company remain in Canadian control. In fact, the legislation requires that not more than 20 per cent of the shares can be owned by foreign operations. We think it is important to keep it in Canada.

As the Hon. Member may also be aware, there is also provision that for a period of five years Teleglobe will continue to have sole control of the operations within its area. After that time applications may be made by other companies to enter into this field. The CRTC and the Government will obviously have to make a decision at that time as to whether further competition will be allowed in this field.

Mr. Cassidy: Mr. Speaker, I would like to make a couple of comments and ask a question of the Hon. Member. I think she may be guilty of making some statements which disturb me and could leave misleading impressions with people viewing these debates. I suggest that she should get her facts straight.

I am disturbed by her comments and some of those of her colleagues about the lumber deal. She knows perfectly well that members of the New Democratic Party in British Columbia have been saying for years that it is about time that B.C. started to charge adequate stumpage rates on its forests. They have taken that position consistently for a long time. However, they agree with us that Canada should not be forced into a situation of imposing a lumber tax because of American actions. In effect, we should have the right to be wrong in this country. My colleagues in British Columbia happen to agree with that.

However, now that the Conservatives have fallen into third place in the polls, they seem to be directing their fire toward the New Democrats. I guess they cannot forgive us for moving into the number two position. We are going to go a bit higher, too. That was, perhaps, a digression.

My specific point is that the Hon. Member reiterates that this is a $600 million sale. First, $102 million of the proceeds which the Government is drawing from this sale is money which it has drawn from Teleglobe Canada by means of a cash distribution without the need to sell the company at all. The Hon. Member will, of course, agree with me that that figure is outstanding on the balance sheet of the company. It was cash reserves or reserves in short-term investments and there was no need to sell Teleglobe, but the Government wanted $100 million to bring the deficit down for the Budget of the Finance Minister (Mr. Wilson) later this week.

In addition, as the member knows, there is an $18 million dividend which is also being paid just prior to the sale being consummated. The real question is that of the $142 million in debt liabilities. We have talked to the President of Memotec

who has confirmed that as part of the purchase price Memotec is assuming Teleglobe's debt liability which amounts to $143 million. This means that the Government will only receive $345 million for Teleglobe as no actual funds will be paid for the debt. It is simply a transfer of responsibility for the debt from the present owner, the Government of Canada, to the new owner, Memotec. I would like the Hon. Member to confirm that that effectively means that all the cash Memotec has to come up with is approximately $345 million. There is room for misunderstanding here. I would not want the Hon. Member to be guilty of promulgating misunderstanding.

• (1650)

Mrs. Collins: Mr. Speaker, I am not going to get into debate on the lumber deal. There are other venues for discussion on that. I might check with my cohort out in British Columbia to get his view on it.

With respect to the other issue, I have checked with the officials of the Department and they have assured me that what Memotec is doing is buying the shares. They are not buying the assets. They are paying the $488.3 million. That is the actual amount it will be paying for the shares.

The Acting Speaker (Mr. Paproski): The period for questions and comments has now terminated. Debate.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I want to make a few comments on this Bill. I would say quite honestly that I am open to stand corrected on this particular point. I think it is something which will have to be looked into in some detail because the difference of $140 million between what the Hon. Member contends is being paid for Teleglobe and what we think it is, after conversation with the President of Memotec, is a very substantial difference. In fact, it is a very material difference indeed. It concerns me that in the process of privatization, the Government, a bit like its predecessor in office, one might say, is more concerned about the PR value of this particular act of Government than about the real facts.

I have just taken the trouble to look through the information kit which was distributed by the Minister of State for Privatization (Mrs. McDougall) in order to try to get an answer to this particular question. I was concerned when I looked at the notes of my colleague, the Hon. Member for Vancouver-Kingsway (Mr. Waddell), who, I assure the Hon. Member for Capilano (Mrs. Collins), will definitely be back in the House of Commons after the next election. He may not have the pleasure of her company, but he will be back.

This question is very serious. I was involved as the critic with respect to the privatization of both Canadair and de Havilland, and when we analysed the obligations which were being assumed by the Government, we found in fact that we effectively paid the private sector to purchase and take over those two particular corporations. Then, of course, in the case of Canadair, the Government, by the awarding of contracts, has taken effective action to ensure a better employment base for Canadair. That is good in terms of the aerospace industry and the region of Montreal. However, the Hon. Member's suggestion that this is the virtue of private sector management is a bunch of hogwash. The fact is that government action, in terms of awarding a very important defence contract, has been the key action in securing the fortunes of Canadair, and it is quite possible that if that contract had been awarded to Canadair prior to the privatization taking place, the market value of the company, on its being privatized, would be considerably greater than it was at the time the company was sold.

We are going to have a lot of debate on these issues over the course of the next year or two. I might perhaps just say to those people who have come home from work, or those students who are watching the House of Commons for a few minutes before they turn to their homework or to watching *Much Music*, that when they hear members of the Progressive Conservative Party talking about the free market system, they should be aware that they are talking about something which makes them feel warm and cuddly. Given their status in the polls these days, the Conservatives have need of something which makes them feel good about themselves. There has not been a lot of good news for them over the course of the last four or five weeks.

The facts are that Teleglobe in being privatized, is certainly, and by no means, going into the free market system. This is a leverage buy-out in which a small company, which has only been listed on the Toronto Stock Exchange a couple of years, is paying a substantial price in terms of its resources in order to take over Teleglobe, but in doing so is being guaranteed by the Government a number of things which will ensure it will not have to function in the free market for at least the next five years, and possibly for some lengthy period of time beyond that. Teleglobe is the only international carrier of communications such as telephone, telex, and those kinds of communications, with Canada. It is a part of international treaties which give Canada access to the Intelsat satellite network. That status will continue for at least the next five years.

Teleglobe will be regulated in its profits. That means two things; first, it will be regulated in terms of not earning too much and, second, it will be permitted to have profits to ensure it does not earn too little. Therefore, in that sense it will not be in the free market. The telephone companies, which I think reacted perhaps irresponsibly, suggested they might find means of bypassing the services of Teleglobe Canada. They have been warned that legislation will be presented and adopted by the Government, presuming it maintains its majority, which will prevent the private sector companies from bypassing Teleglobe and routing overseas telephone calls through the United States. The American Government has effectively sought to break the internationally agreed to monopoly on international telecommunications through Intelsat and is setting up its own satellites in its place, if it can get them up in the air. Teleglobe Canada is also being told it has to maintain its role as Canada's participant in Intelsat so,

therefore, it is being maintained in a very much regulated environment.

There is a strong case for Teleglobe staying as a regulated entity. Let us consider the situation in other countries. When the United Kingdom privatized British Telecom, it kept about 49 per cent ownership and a controlling interest in government hands. Then there are countries such as Australia, New Zealand, and France, which now have a Government which is friendly to Prime Minister Thatcher and President Reagan. West Germany also has a Government which is on the right rather than the left of the spectrum. There is Italy, Norway and Sweden. All of these countries with Governments, some of which are to the right, some of which are to the left, have in fact maintained their international telecommunications systems in government control. The British Government has kept British Telecom under government control as well, although just under 50 per cent has been privatized in terms of control. Why is that? I suggest it is because they have seen that there are good and proper reasons, and reasons which must be seriously considered, why one cannot have a totally free market in terms of international telecommunications.

If the Government really wanted to go that route, then Canada should have notified the other signatories that we are withdrawing from the Intelsat Treaty which, among other things, would have meant that we would be contributing, as the Americans are,to a very large increase in the cost of telecommunications for developing countries around the world which benefit from the Intelsat arrangements. We should have decided that we would have given free range to the telephone companies to route their calls through the United States, or through any other means they could find available, to use private sector or pirate satellites as they begin to get thrown up into the ionosphere. That is what the free market would be all about. The Government knows, as we know in this Party—but the Government will not say it and we will—that that kind of situation would have wreaked havoc in terms of any kind of reasonable and fair access to telecommunications for an awful lot of Canadians. Once we did that internationally, very quickly we would face the same kind of pressure to do it nationally as well. The result would be that my constituents in Ottawa Centre would find that their telephone rates to Vancouver, to Toronto to Montreal and abroad might drop quite drastically. They would benefit. However, the people living in Inuvik and up in the riding of my colleague, the Hon. Member for Kenora-Rainy River (Mr. Parry) and my colleagues from northern Quebec, would have found an enormous increase in the cost of their telecommunications.

We do have cross-subsidization in this country and we need it if we are going to deal equitably in terms of access to communications for every Canadian. I think the Government surreptitiously recognizes that fact but publicly tells us that this is all for the free market. I am suggesting that that is a code word. It is designed to please the people of the National Citizens Coalition. This privatization stuff is only limited privatization and I want to suggest, as my colleagues have suggested, that a company which is earning $50 million a year in profits could be making a substantial ongoing contribution to the cost of government services rather than selling the Crown jewel as we have in this case, for what may be as little as $350 million.

I may wish to continue my contribution to this debate when debate resumes tomorrow.

• (1700)

The Acting Speaker (Mr. Paproski): When the Bill is called tomorrow the Hon. Member will have 10 minutes left on debate and there will be 10 minutes for questions and comments.

It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

AUTOMOTIVE INDUSTRY

ADVISABILITY OF ESTABLISHING AN AUTOMOTIVE STRATEGY

Mr. Steven W. Langdon (Essex—Windsor) moved:

That, in the opinion of this House, the Government should consider the advisability of introducing legislation in order to establish an automotive strategy for Canada based on the policy derived from "An Automotive Strategy for Canada", a report by the Federal Task Force on the Canadian Motor Vehicle and Automotive Parts Industries, which would not change the terms or spirit of the Canada-United States Automotive Products Trade Agreement, but would continue to limit the importation of certain motor vehicles and ensure that all motor vehicle manufacturers, who sell motor vehicles in the Canadian market, provide employment and create value within that market, commensurate with the benefits that they derive from it, and be required to produce Canadian content equal to at least sixty per cent (60%) of their sales in Canada.

He said: Mr. Speaker, it is a pleasure to bring this motion before the House today. However, it gives rise to extreme disquiet and concern in the automotive communities right across the country. That is what motivates my bringing it forward.

In 1983 we received a report which represented the views of both the unions and the companies within the industry. The report set out the serious future prospects and problems of the auto industry. The report was not acted upon by the previous Government. It went to the next Government, which also refused to act on it. I bring the motion before the House today because, first, it seems to me urgent that the House have a chance to debate what is a dire crisis emerging for the auto industry and, second, because it is a potential solution for the crisis.

We have just finished a series of hearings with representatives from the various parts of the auto industry, including the workers, as well as the Minister of Regional Industrial Expansion (Mr. Côté) who appeared before us this afternoon.

In the Standing Committee on External Affairs and International Trade we have begun to get into the debate. This motion comes at a particularly opportune time in response to some of the feelings and divisions which have arisen in the debate as reflected in the committee. It is now in order to bring it to the floor of the House of Commons.

It is essential that the House and the country understand that we are talking about a crisis, an economic crisis which could cost the country, we have been told in testimony, up to 40,000 direct jobs. The reason for this is that we have created one set of conditions for those companies which have traditionally produced cars in this country. Under the Auto Pact they produce at a value of 60 per cent Canadian content.

However, there is a second set of companies, a set of Japanese and Korean companies, which have not made a commitment to that 60 per cent Canadian value added. If there is a shift in purchases from one set of companies to the other and if there is a set of increased imports by the year 1990, we are likely to see a tremendous over-capacity, perhaps up to three million cars in North America, which will inevitably force companies to start shutting down their operations. This will happen not just in the United States, where Chrysler recently took action, but increasingly so in Canada.

The crisis is there. It is there with respect to the people who talked to us from St. Catharines and from St. Thomas last week. Specifically, they suggested that a shift could be eliminated to the St. Thomas plant and cost within the next three to four months something up to 1,500 jobs just in the one community.

There are solutions. This motion tries to set out some of the solutions, drawing on the 1983 report. First, we must obtain a commitment from the Asian producers so that we have some type of balanced playing-field. We need a commitment to 60 per cent Canadian value added from their plants as well as from the Big Four. Second, in order to reach this commitment we have to be prepared to use, with force, the quotas which are quite legitimately in place for us to use under the GATT. We have to be prepared to say to the Japanese and the Koreans: "If you are not prepared to accept these commitments, which have been accepted by the other companies, then we will have to impose quotas on you".

We have to commit ourselves to the maintenance of the safeguards in the Auto Pact as it stands at the moment. There are many ancillary parts to the auto trade upon which it is impossible to sit down and talk on a bilateral basis with the United States. However, if we get ourselves into a position in which we are prepared to negotiate away that 60 per cent safeguard, then we are committing economic suicide so far as central Canada is concerned.

It is not just central Canada which is concerned. This is a point I want to stress. Throughout the country there are at this stage something close to 450,000 workers who depend on the auto industry. They do not live just in central Canada. They are spread out across the country. They come from all the different sectors of the economy, including the steel, petroleum, plastics, chemical and tire sectors. They form the heart of our economy as it exists across the country. This is not an Ontario issue, or an issue that belongs to Quebec. It is an issue that cuts right across Canada.

• (1710)

In conclusion, we are a small country that faces a very tough world today with respect to automotive competition. In order to succeed in that tough world, we need to have a strategy which is tough and effective, and a strategy which we have tried to outline in this motion today.

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the motion of the Hon. Member who just spoke could be fairly summarized by saying that it calls for an automobile strategy for Canada. It also states that all motor vehicle manufacturers should be required to produce Canadian content equal to at least 60 per cent of their sales in Canada.

The Government is fully aware of the immense contribution that has been made by the Canadian automobile manufacturing industry to the economy of Canada. We know how many men and women work in the industry, and as the Member said, not only in southern Ontario but in other parts of Canada, including Quebec. Indeed, in western Canada we wish we had more manufacturing in that industry.

Our support for an efficient and internationally strong automotive industry has been unwavering. I wish to take the opportunity to tell Members of the House that over the next several months the Minister of Regional Industrial Expansion (Mr. Côté) will be consulting with representatives of the auto industry and labour to examine current and important issues which bear upon the future viability of the auto sector.

[*Translation*]

As a matter of fact, he has already met with representatives of the Automobile Parts Manufacturers Association, the Canadian Auto Workers, and the Motor Vehicle Manufacturers' Association to begin discussions and explore possible solutions to different concerns identified by the industry. During these consultations, the Canadian content issue in the automobile industry is likely to be raised.

The Government's policy has always been to encourage a higher Canadian content rather than to set a definite percentage based on the automobile industry output. At the international level, any legislation requiring a precise Canadian content would go against our multilateral commercial commitments under GATT. Beside these trade related arguments, to require a certain level of Canadian content would not necessarily guarantee additional permanent jobs which is our main concern. That is the essential. Several factors seem to indicate that such measures would result instead in a reduction of Canada's competition in this industry. The gains made recently by the Canadian Automobile Industry in the areas of productivity and competition stem to a large extent from the

individual reaction of each corporation to international competition. The increased competition within the industry has resulted in significant changes in the area of production and finished products, thereby improving Canada's competitive position.

[*English*]

The industry is undergoing immense structural changes. Around the globe automobile manufacturers and markets have become exceedingly competitive. I regret that the fierce level of world competition has meant that North American manufacturers have lost some of their traditional market share to imported vehicles. The new Asian manufacturers that are now establishing on this continent are bringing additional competitive pressures to bear on the domestic industry.

The Government has taken the position that the automobile industry must adopt new manufacturing technologies which are basic to world cost competitiveness. Therefore, the government policies are meant to encourage the adaptation of the Canadian automotive industry to meet those demands. For its part, the Government negotiated export restraint arrangements with Japan in order to provide the North American producers with a "breathing space". That action also served to prevent the diversion of Japanese vehicles through the United States and into the Canadian market.

The second step, the duty-free status which applies to vehicles currently imported from countries such as Korea and Mexico, was eliminated in the May 1985 Budget. That measure became effective January 1, 1987. The Government has also made efforts to ensure that Canada receives its proportionate share of Japanese investment in North America. Until recently, the majority of North American Asian investment has been made in the United States. Without our share of this new investment, as the Hon. Member for Essex—Windsor (Mr. Langdon) knows, the Canadian industry would have been faced with the prospect of lagging technological development and, as important, Japanese companies would have been able to import vehicles from their new United States plants, increase their penetration into the Canadian market, and yet make no significant contribution to our economy.

Since 1982, Japanese companies have made large investments in the North American assembly facilities. In Canada, Honda and Toyota have announced Canadian assembly investments amounting to $600 million. The GM/Suzuki project will add a further $500 million of direct investment, and Hyundai is planning to invest $300 million in an assembly plant near Montreal. These projects, and similar ones in the United States, will result in an additional annual production capacity in North America of 2.1 million units, of which some 480,000 units will be produced in Canada. These planned investments in Canada should result in an estimated 5,000 new direct jobs, and at least an equal number of indirect jobs.

In our discussions with Japanese and Korean automobile investors, the Government always stresses the importance of the objectives and performance requirements of the Auto Pact and our desire to have companies that participate in the Canadian market contribute to the Canadian economy. Joining the Auto Pact is not mandatory, but all new entrants including Toyota, Honda, and Hyundai have publicly indicated that they plan to achieve Auto Pact status. It is expected that the GM/Suzuki joint venture will achieve Auto Pact status virtually from the start of production.

Nevertheless, the Government recognizes that, at the start, Asian assembly operations will require less labour and will be more dependent on parts supplied from offshore companies than is the case for the domestic vehicle manufacturers. For this reason, from the beginning, the Government has worked to ensure that these companies maximize Canadian value added in assembly operations with the objective of meeting Auto Pact status within a reasonable time frame.

Developing sound, long-term relationships with suppliers requires a determined effort. Over time, we believe that exciting opportunities for Canadian auto parts companies will arise. Canadian parts companies are well positioned to supply the new assemblers, and the Government is actively supporting Canadian manufacturers in their efforts to identify products and develop links with Japanese, European, and Korean assemblers. Opportunities also exist for foreign assemblers and suppliers to establish parts facilities in Canada either independently, or through joint ventures with Canadian producers. Although actual direct parts investment remains small, Toyota has constructed an aluminum wheel plant in British Columbia. As of this time, Japanese and Canadian parts manufacturers have formed 10 joint venture companies to produce a range of automotive components ranging from instrument panels to seat belts. Canadian companies have also entered into joint ventures with European partners to produce a range of sophisticated parts and components.

It is important to recognize the contribution that North American producers have made to our economy. Over the past five years, these companies have made massive capital investments to improve process technology, and to introduce new product lines while continuing to reduce costs. From 1980 to 1985, domestic vehicle assemblers averaged over $550 million annually in capital expenditures in Canada. American Motors is well advanced in the construction of a $760 million state of the art vehicle assembly plant in Brampton. That plant will have a world product mandate to produce 150,000 intermediate size cars per year. General Motors has chosen Canada as the site for one of its most significant investments—the Autoplex project. This $2 billion investment will produce a new line of GM-10 front-wheel drive cars. Of course GM is also undertaking the $500 million GM-Suzuki project to introduce a new line of small cars. Chrysler and Ford have also made impressive investments in their Canadian operations, directed mostly to robotics and plant automation. These companies are either producing or will produce very competitive products such as the Chrysler Van from Windsor, the Premier from Brampton, and General Motors new GM-10 car from Oshawa.

• (1720)

Hon. Herb Gray (Windsor West): Mr. Speaker, the auto industry is central to the health of the Canadian economy. One job in every seven is dependent upon the auto industry in Canada. This means that there is no part of Canada which can accept with equanimity any weakness or deterioration in the Canadian auto industry. No matter how remote any part of the country may think it is from those parts of central Canada where most of the automotive assembly or parts plants are found, its health and well-being are in fact linked with the auto industry.

Whether we are talking about the mining of iron ore, the manufacture of steel, textiles, or even forest products, to a very major degree their health and well-being are linked to the health and well-being of our auto industry. This is why it is essential for the Government to have a clear and definite strategy to preserve and strengthen the Canadian auto industry.

One element of the strategy must be to ensure that the Auto Pact and its safeguards are not allowed to be up for grabs in the current United States-Canada free trade negotiations. In spite of questions posed to the Government in the House very regularly, there is still an area of doubt about its real intentions, created by the lack of firmness and precision in the answers given by government Ministers to these questions about whether the Auto Pact is or is not, will or will not be on the free trade negotiating table.

Last Friday, speaking at a University of Windsor seminar, Gordon Richie, chief deputy trade negotiator to Simon Reisman, Canada's representative at the free trade talks, said the following, as reported in the the *Windsor Star*:

—the Auto Pact isn't excluded by the Canadian Government, as cultural sovereignty and national security matters are.

Everything else, he said, is on the bargaining table, and of the Auto Pact he said: "We're always open to suggestions".

But when asked to state the Government's intentions, Richie replied: "I can tell you my clear understanding, and the mandate governing us in the talks, is we have not raised the Auto Pact, the Americans have not raised the Auto Pact. Neither the Americans nor Canadians have raised the Auto Pact, and for our part we don't see any pressing need for it to be raised".

I repeat, however, Mr. Richie said the Auto Pact was not excluded in advance from the free trade talks in the same way that the Government claims cultural sovereignty and national security matters have been excluded.

The lead story in today's edition of *The Financial Post* reported that U.S. trade negotiator Peter Murphy appears to be readying himself to propose major changes to the Canada-U.S. Auto Pact, and that he intends to put these changes on the table this coming March. Therefore, we need a clear declaration by the Government, which we have not as yet received, that as part of its strategy to preserve the auto industry, so fundamental to the well-being of the Canadian economy, the Auto Pact will not be on the table and that its safeguards will not be on the table no matter what Mr. Murphy intends to bring forward in March.

There is a risk that the Auto Pact is up for grabs in the free trade negotiations, that the Auto Pact itself or its key safeguards will be traded off, perhaps with the best intentions on the part of the Government, to get something else it considers important to the economy. The risks are there so long as the Auto Pact is on the table, along with everything else which is allowed to be on the table in the free trade negotiations.

There seems to be some pressure growing in the United States for changes to be made to the Auto Pact. These pressures are based upon a very fundamental misconception. Some people in the United States seem to think that the problems they have and the problems they foresee with their auto industry are linked with the operations of the Canada-U.S. Auto Pact.

As part of the strategy which the Government must have to preserve the health of our auto industry, it must make it clear to the United States and its people that any problems they have or they foresee in their auto industry have nothing to do with trade between Canada and the United States in the automotive sector. Instead, that trade, developed and enhanced under the Canada-U.S. Auto Pact over the past 20 years, has helped to build and strengthen the United States auto industry.

We must ensure that the Americans understand that hundreds of thousands of jobs in that country are dependent upon the continued existence of the Canada-U.S. Auto Pact and its safeguards in their current form. If the safeguards and that pact are allowed to be weakened in the free trade negotiations or otherwise, those hundreds of thousands of American jobs are in peril. Their future existence cannot be ensured.

We must also remind the Americans that for 13 years of the 20 years the Auto Pact has been in existence the Americans had a surplus. It is only in the last four or five years that the balance has shifted in the other direction. Surely it is not the American definition of a fair deal to be one in which only the American side can ever benefit. Surely any deals we have with the Americans and with other countries in the world must be deals where both sides win. Surely that is the experience of the Canada-U.S. Auto Pact.

We must ensure that the Americans recognize—and we must recognize it as well—that if there are problems emerging in the auto industries in both countries, they have nothing to do with the Canada-U.S. Auto Pact which, as I said, has worked to strengthen those industries. Instead, they have arisen out of the problems created by the import of cars from Japan and Korea. These problems are also developing, strangely enough and paradoxically enough, from the investments by Japan and Korea in Canada and the United States in new assembly plants. These plants will not be creating the same number of jobs as have equivalent plants built by North American producers, for a simple reason—Japanese and Korean producers in Canada with one exception, have not been compelled by the Government to meet the requirements of the

Canada-U.S. Auto Pact when it comes to assembly and Canadian content.

This means that a car produced in one of the new Japanese plants in Canada will be made or assembled primarily from parts imported from offshore, and therefore will not have the same job-creating potential as the same kind of car assembled in a plant built and operated by one of the Big Four.

A pillar of the strategy which the Canadian Government needs for its auto industry is that all those who wish to sell cars in Canada, above perhaps a certain very minimum level, must play by the same rules, whether they are the Big Four North American producers, the Japanese producers, or the Korean producers. They must meet the same requirements in respect of assembly in Canada and of Canadian content. This means basically the rules under which the big four North American producers operate the Canada-U.S. Auto Pact. Those are simple requirements, straightforward requirements and proven requirements, but so far only one of these new Japanese investors is subject to a clear binding commitment to meet those Auto Pact rules, and that is in the General Motors—Suzuki joint venture because of the commitments extracted from Suzuki by the Ontario Government.

• (1730)

This House should agree that our Government insist by force of law that the Japanese and Korean manufacturers, which are building automotive assembly plants here, meet, within a very short and reasonable deadline, the Auto Pact commitments regarding Canadian content and production ratios. If that does not happen, then surely they cannot be allowed to operate in the same way as the North American producers.

We need to have an automotive strategy in Canada. It must have two pillars. First, the preservation of the Auto Pact and its safeguards; second, to all those who wish to sell cars in Canada the extending of the requirements presently imposed only on North American producers for assembly and Canadian content. Failure to do that this will put at risk 40,000 jobs, something we cannot afford to do. Equally important, it will put at risk what I have said is a cornerstone of the Canadian economy, and we cannot allow this to happen. We need a strategy. The elements of that strategy are clear. We must insist that our Government get on with it, put that strategy in place, and make the Japanese and Korean producers play by the same rules as the North American producers in the interests of the workers in the automotive industry but equally in the interests of the entire community, of our country and all those in it.

[*Translation*]

Mr. Richard Grisé (Chambly): Mr. Speaker, I am grateful for this opportunity to take part in a debate on one of Canada's basic industry, the automotive industry.

The Canadian Government has clearly indicated its support for maintaining a strong and competitive automotive industry in Canada. Indeed, assembly operations and the manufacture of parts and related components rank as the foremost manufacturing sector in Canada, and I am very pleased to represent certain groups, certain regions of the riding of Chambly that are directly involved in manufacturing either parts or related components for the automotive industry. Incidentally, these firms are doing extremely well these days.

In 1985 this sector shipped various products valued at over $42 billion and employed about 129,000 people. According to Canadian steel manufacturers, the North American automotive industry absorbs roughly 35 per cent of their output. The Conservative Government is very much aware of the fact that North American auto plants make a major contribution to Canada's economy and Canadian consumers. The Government is also aware of the fact that the auto makers are becoming part of an ever more international and competitive industry. As a result, unfortunately North American car manufacturers have lost a share of their market to imported products. What is more, new Asiatic manufacturers who open their plants in North America are increasing the pressure on our domestic industry.

However the North American industry is now undergoing major structural changes. Since the industry's evolution has growing international implications, the Government believes that Canada's auto makers must adopt new manufacturing and management techniques if they want to remain competitive on international markets. This is why we tried to give them time to make the transition. Since 1981 we have maintained an export restriction agreement with Japan, and in the May 1985 Budget we announced measures which were to come into force on January 1, 1987 and which were designed to eliminate provisions under which such countries as Korea and Mexico were allowed to export duty free automotive products.

North American companies are adjusting under this pressure, yet they continue to make huge investments to improve quality and introduce new products while reducing costs. From 1980 to 1985, their capital expenditures in Canada averaged $550 million dollars a year. Let us look for instance at General Motors. We are all aware of the important fact that its Boisbriand plant, in Quebec, is still operating at full capacity. General Motors therefore invested in a number of projects, of which the most important is the $2 billion Autoplex program for the manufacture of a new line of front wheel drive vehicles. Chrysler and Ford also invested recently in their Canadian plants, mostly to automatize. Because of this, Canada will be in a good position to manufacture highly competitive cars, such as the American Motors *Premier*, the General Motors *GM-10*, and naturally, the Chrysler van which is manufactured in Windsor and already very popular.

As concerns foreign investment, we have tried to guarantee that Canada will have a fair share of Japanese investments in North America which, until quite recently, went for the most part to the United States. Without these investments in Canada, Japanese companies could import vehicles from their

new assembly plants in the United States and increase their share of our market without contributing to the Canadian economy.

Since 1982, the Japanese have been spending a lot of money on assembly plants in North America to strengthen their market and minimize the effects of possible trade restrictions. Honda and Toyota plan to invest $600 million to build an assembly plant in Canada. The GM/Suzuki partnership will invest $500 million and Hyundai will spend $300 million for an assembly plant at Bromont, in Quebec. Mr. Speaker, I had the privilege of attending the sod turning ceremony for this Hyundai plant in Bromont. Some 480,000 vehicles will be manufactured in Canada. These investments should create some 5,000 jobs directly, as well as a great number of indirect jobs, especially in the Chambly constituency. If a number of other projects go forward, thousands of additional jobs could be created in Canada.

We recognize that, in the beginning, these plants will use fewer workers and rely more on foreign parts suppliers than their North American competitors. However, we shall try to ensure that these new Canadian companies maximize the Canadian added value of their products and that, by so doing, they get gradually closer to compliance with the Auto Pact. There will be more openings for Canadian parts manufacturers. We know that they will try to determine which products could be supplied to these newcomers and we shall co-operate closely with them in this regard. Until now, certain Japanese and Canadian firms have gone into partnership to manufacture a whole range of products including instrument panels and rubber products. In addition, several Canadian and European companies have co-operated in joint ventures to produce sophisticated parts and accessories.

During our talks with Japanese and Korean car manufacturers, we insisted on the importance of the Auto Pact's goals and performanced requirements. It is important to stress that companies choosing to comply with the Auto Pact derive significant tariff benefits. Although they are under no obligation to comply, financial benefits cannot be ignored in a highly competitive climate. In fact, all new entrants, including Toyota, Honda and Hyundai have announced plans to comply with the Auto Pact.

Up till now, Mr. Speaker, the Government has been applying the general principle of encouraging rather than requiring the establishment of performance levels in Canada. We are not a dictatorial government, Mr. Speaker. Clearly, if we were to enact Canadian content legislation, we would be violating our multilateral trade obligations under the GATT. Not to mention eventual reactions by our trade partners, there is no indication that increased protection would improve the Canadian industry's competitive position or guarantee job creation. In fact, recent productivity and competitivity gains obtained by the Canadian industry largely stem from deep changes companies have been making in manufacturing methods and products, in the face of strong international competition.

Mr. Speaker, we are not convinced that increased restrictions will encourage North American and foreign manufacturers to invest in this country. Rather, the Canadian Government, in co-operation with provinces, will encourage significant automotive investments by creating a stable economic climate and implementing appropriate monetary and fiscal policies.

However, Mr. Speaker, the Government recognizes that the automotive industry is facing new problems that call for novel solutions. In that context, I would like to take this opportunity to inform Hon. Members that the Department of Regional Industrial Expansion has agreed to consult industry and labour representatives on a wide range of matters of importance to the automotive industry.

In conclusion, Mr. Speaker, the Minister recently met representatives of the Automotive Parts Manufacturers' Association, Canadian Automotive Workers and the Society of Motor Vehicle Manufacturers, to examine industry matters, including the one now before the House, and to look for solutions.

It is my belief, Mr. Speaker, that together we can establish policies that will ensure the industry's long-term viability and its contribution to the Canadian economy.

• (1740)

[*English*]

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I do not think anyone can sit in this Chamber for very long, regardless from what part of Canada he or she comes, before beginning to realize the importance of the auto industry in the Canadian economy. Before very long, he or she will also come to the realize that the auto industry is in somewhat of a crisis.

The importance of this afternoon's debate is that the Hon. Member for Essex—Windsor (Mr. Langdon) has suggested some ways to resolve this crisis and has pointed to potential solutions. His motion calls for legislation in the spirit of the Auto Pact, legislation which would apply to all automobile manufacturers who wanted to access the Canadian market. For vehicles that would be sold in the Canadian market, there would be a requirement that the manufacturers would have to reach a basic 60 per cent equivalent of Canadian content.

In the last few years, there has been a great deal of legitimate concern about the flood of Japanese and Korean imports. At present, more than 30 per cent of all automobiles purchased in Canada come from these two countries. It is expected that if current trends continue, this figure will increase to between 35 per cent and 40 per cent in two years. These are good cars. They are reliable and serviceable. The problem is that they do not produce Canadian jobs. In fact, as they replace cars that are made under the Auto Pact, they displace Canadian jobs.

Coming from British Columbia where there is an exceedingly high unemployment rate today, I must admit that I am slightly envious of members from central Canada where the

unemployment rate is considerably lower. Certainly the Auto Pact has had a good deal to do with the prosperity central Canada is enjoying right now. The motion we are discussing today, however, opens up the possibility that some of this prosperity could be shared by western Canada. Hon. Members who spoke previously already mentioned the wheel assembly plant Toyota is building in British Columbia, but this is minuscule in comparison to the number of cars sold in British Columbia and in comparison to the number of jobs that exist in the auto industry. We would like to see more jobs in western Canada. As a western Canadian, I do recognize the need of people in central Canada to protect the jobs that already exist.

The Hon. Member for Essex—Windsor pointed out that while we are in a surplus relationship with the United States, our over-all automobile trade is in a deficit position because of imports from Japan, Korea and Europe. Many of these companies have production facilities in Canada, but these facilities do not reach Auto Pact levels. Although some of them plan to reach Auto Pact levels, there have been no guarantees. It is expected that they will grow to only approximately 25 per cent to 30 per cent of Canadian content by the end of the decade rather than the 60 per cent of Canadian content required.

The combination of productive over-capacity with a rather flat demand will lead to ever-increasing competition in automobile sales. The share of the market covered by companies included in the Auto Pact could shrink to as little as 40 per cent by 1990. That means that an estimated 40,000 direct jobs could be lost. If we include the ancillary industries, it could mean that as many as 130,000 jobs in related industries could be lost. This is something Canada cannot afford, whether those jobs are lost in central Canada, western Canada or wherever.

The answer we have often heard from whatever Party is in power is that voluntary restraints are being negotiated. However, voluntary restraints have not been very helpful in the past. Under voluntary restraints, Japan's share of the market has gone from 18 per cent two years ago to 21 per cent today. Hyundai, a company from Korea, under duty-free access which was in effect a $100-million tax break, now has 8 per cent of the market in Canada. Imports have grown from a value of $332 million in the first half of 1981 to $2.6 billion in the first half of 1986. This gives us some idea of the rapid increase in the problem with which we are dealing.

We need to remember that the automotive sector is the most important part of Canada's manufacturing industry. There is a basic need to ensure that it is not destroyed. A good deal of Canada's economic health depends upon the extraction of raw resources, and in many ways we have a resource-based economy. However, in western and northern Canada, we are seeing the weakness of that kind of an economy. As resources become depleted, world markets become glutted or certain resources become obsolete, the economy that is dependent on those resources will become weak and have little flexibility. There is a need for a strong manufacturing sector that will be able to diversify.

The motion put forward by the Hon. Member for Essex—Windsor provides that if companies want to have access to the Canadian market, they will have to pay for it. They will need to pay for it by making a commitment to Canadian content. Sixty per cent of the value of everything sold in Canada will have to have the equivalent of 60 per cent Canadian content value added. This is a way to protect jobs we already have. It is a way to ensure that the prosperity we see in central Canada will remain and also to ensure that some of that prosperity will go to other parts of Canada like western Canada where there are very great needs indeed.

Mr. Bill Kempling (Burlington): Mr. Speaker, I will speak for a few minutes and then my colleague, the Hon. Member for Simcoe South (Mr. Stewart), will conclude. When speaking of the Auto Pact and the auto industry, Hon. Members seem to view it as a static situation. When the Auto Pact was put in place in 1965, Studebaker and Hudson were in the market. In fact, at one stage Renault had a manufacturing plant in Montreal and Toyota had one in Nova Scotia. They are gone and Toyota of course has recently opened a new plant in the Cambridge area.

• (1750)

The perspective I want to bring to this debate is that we are talking about a global industry. General Motors recently made an agreement with Volvo to produce certain models of trucks and buses in a joint venture. The Chevrolet division of GM imports Suzuki trucks from Japan and sells them through its dealer network. General Motors also sells two or three other automobile models by way of joint venture or direct import from Japan. Everyone is very familiar with the recent deal they made with Suzuki to produce that vehicle in southwestern Ontario. From their perspective it is a global industry. Ford Motor Company recently announced a joint venture with Volkswagen in Brazil. I do not know whether some of that production will come to Canada but I understand Volkswagen will run the plant, Ford will sell the production and have some engineering say so. Ford has a model in its line which was designed by Mazda. It is being produced in Taiwan, shipped to Canada and sold under the Ford name. Ford also brings in a sports car from Germany. Ford is a substantial investor in Mazda, which the Hon. Member for Windsor—Walkerville (Mr. McCurdy) will be pleased to know.

Chrysler Corporation has an array of automobiles which are either imported from Japan or have Japanese components. American Motors is controlled by Renault. Renault owns Mack trucks, which a lot of people do not realize. White Motor Company is controlled by Volvo. Freightliner is owned by Mercedes Benz. Discussions are under way between a Japanese truck manufacturer and some of the few North American truck manufacturers still in business.

All of these deals have come about for a variety of reasons. Some have to do with development, some with production, and

some with service facilities in some parts of the market. Others have to do with common components. By way of example, some European manufacturers are using a common engine block and machining it to their own requirements in order to achieve economies of scale in the casting of engine blocks. Japan is experimenting with a ceramic engine block. There are manufacturers working closely together to produce a common automatic transmission which can be used in small vehicles.

The Auto Pact, when it was crafted by our two Governments, had a little different form than some people believe. On the American side it is a bilateral agreement, while on the Canadian side it is a multilateral agreement. That is why we were able to bring in four cylinder engines from Germany, along with various other components from Brazil, Mexico and other places, to be used in Canadian production. We put them through our manufacturing process, added Canadian content, and then used them domestically and exported them to the U.S.

In my constituency, Tridon Manufacturing has just signed a licensing agreement with a Japanese company to produce windshield wipers. Degguse makes catalytic converters and has just signed a licensing agreement in Japan and Korea, I believe, to produce the ceramic cores for catalytic converters. So as the industry develops it is becoming more and more global in nature and I would not recommend that at this time we put any restrictions on that evolution.

I will stop at this point and yield the floor to my colleague.

The Acting Speaker (Mr. Paproski): I would like to recognize another member on the other side, so I will give the Hon. Member three minutes or so if he does not mind. Allowing everyone time in one hour is very difficult. I will recognize the Parliamentary Secretary to the Minister of Supply and Services (Mr. Stewart).

Mr. Ron Stewart (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, it is a pleasure to take part in the discussion of this motion. My friend from Windsor West spoke about the Auto Pact and freer trade with the U.S. I just want to say that remarks like that only play into the hands of Peter Murphy, the American negotiator. The more we talk about the Auto Pact, the more bad publicity we get on the Canadian side. If he was paying attention to what the Minister said earlier he would know that she said the Auto Pact is working well and will not be put on the table. It is as simple as that.

We are well aware of how important the automotive industry is to Canada, particularly Ontario where some 88 per cent of the vehicles are produced. Employment in the industry is at an all-time high with 129,000 workers, compared to about 98,000 in 1982. This Government has made significant progress in increasing productivity and reducing costs. Canadian workers have adapted to the new challenges and are building better cars than ever before.

I agree with my learned friend from Burlington who probably knows more about the automobile business than anyone in this House. It is a global business. The Japanese have made large investments in North American assembly facilities recently, one of which was the new Honda plant in Alliston, Ontario, in my riding. It now employs hundreds. As well, there is a huge Volkswagen plant which was sitting almost idle and it is now going to employ 150 new people. I know the manager of that plant very well and he and the president of the company have vowed to fill that plant with equipment to produce parts in Canada. Mention has also been made of Toyota and the GM/Suzuki project.

This Government recognizes that Asian assembly operations will be more dependent on parts supplied from overseas than our domestic manufacturers, and we hope they will quickly increase the Canadian content both in assembly and through local parts purchase, and do so without legislation.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I very much appreciate the opportunity to say a few words at the end of the hour set aside for this debate. It is clear that I rise to support the motion of my colleague from Essex—Windsor. I come from a community where half the jobs are related to the automobile industry. There are four plants in my riding and it is natural that I should rise to support a motion in defence of the jobs which are so important in my constituency. However, we should not overlook the fact that the automobile industry is largely responsible, far more than the Government, for the degree of economic improvement we have experienced in the last couple of years. While 50 per cent of the employment in my community depends upon the automotive industry, some 130,000 jobs in total depend directly on it, and indirectly some 430,000 jobs across Canada are dependent upon it. It is perfectly clear that Canadians generally benefit from jobs in the automobile industry which, as was shown earlier, is largely attributable to the effects of the Auto Pact signed some 20 years ago.

I was also pleased to hear the intervention of my colleague from British Columbia who recognized that this motion is of benefit to Canadians generally as well as to his own province. If these measures are adopted then not only Ontario and central Canada will benefit, so will the rest of Canada.

Some have called attention to the fact that there was a time when the importation of Japanese cars meant the availability of a high quality, innovative and attractive product at low prices in comparison with the American product. One of the reasons that we have benefited is that in the last couple of years the North American producers who are signatories to the Auto Pact have improved their technology and product to the stage of being of equal quality to Japanese cars. Most important, the manufacturers of those automobiles in this country produce a lot of jobs. They produce three to four times more jobs than the assembly plants now being established here by offshore producers.

• (1800)

The time has come, not to give North American manufacturers any advantage, but to ensure that they will be operating on a level playing field. The Japanese manufacturers, which are establishing assembly-only plants in North America, must be required to play by the same rules. If that is done, Canadian consumers will have good products, whether produced by the big four or the Japanese manufacturers, and Canadian jobs will be maintained. I understand it to be my responsibility and the responsibility of Parliament to act in the interests of the Canadian people.

The Acting Speaker (Mr. Paproski): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1) the Order shall be dropped from the Order Paper.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

IMMIGRATION—MINISTER'S BROADCAST STATEMENTS. (B) CONTENT OF STATEMENTS

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate the opportunity to say a little more this evening about a very unfortunate matter which occurred in January and which questions in the House have not resolved. On January 23 *The Montreal Gazette* published an article quoting a paragraph from a speech given by the Minister of Employment and Immigration (Mr. Bouchard) a few days earlier. The speech included the following paragraph:

> A lot of pride, a lot of pride.

That is in reference to his home area. It continues:

> Because it's—a protected francophone enclave. Three hundred thousand—undisturbed by immigration, by the presence by other realities in the country. So it has a purity at the demographic level, at the ethno-cultural level, at the ethno-cultural level especially.

That paragraph aroused enormous reaction in various quarters in this country, to which I can testify. I know that the Canadian Ethnocultural Council has protested this to the Prime Minister's Office and has urged the withdrawal of these words and an apology to those who make up the other realities in the country to which the Minister referred in this political statement.

The intensely regrettable fact is that this was pressed upon the Minister himself. I can say that advisedly. It was pressed upon him to withdraw the statement and recognize how contentious and objectionable it was to many Canadians. That has not been done. For that reason I felt compelled again, after having raised the matter on January 29, to press the Deputy Prime Minister (Mr. Mazankowski), in the absence of the Minister, to have him withdraw this statement in order to have this expunged from the record. That has not been done.

The Minister of Employment and Immigration should be conscious of the words that he uses, what they evoke, and what the dangers are. I want to address that briefly in underscoring the urgency of such a withdrawal. In the process, I want to demonstrate that this is a shallow view, even of the Minister's own region and of the people of whom he is justly proud.

To talk of a protected francophone enclave is to take a very limited view of the Lac St. Jean-Saguenay region. This is, after all, a region in which British and Anglo Canadian trading interests and forestry interests long had a very, very large role. There was a day when William Price was regarded as the uncrowned king of the Saguenay. With that kind of a reality, surely there are realities to consider in asserting that this is a protected francophone enclave. To talk about it as undisturbed or untouched by immigration involves the question of how to translate *deranger*.

• (1805)

Surely to speak of it in those terms is to ignore what is true for Canadians generally, that we are first a nation which has grown from immigration. The Minister of Employment and Immigration failed to recognize that fact in talking about an area "untouched by", suggesting that here was a native element, a protected francophone enclave, which was not touched by these other realities. That is exactly what has aroused the fear of so many Canadians as to what the Minister actually meant.

To speak about "pure in population and in culture", if I could paraphrase slightly what the Minister actually said, is most assuredly to talk in terms of race. The intensely regrettable thing is that the Minister had pointed out to him that this was precisely the language which in the Third Reich in Germany was the language of Nazi race legislation to be applied to population as a basis for extermination of the Jews and others.

We do not talk about being pure in population and culture. We want to celebrate the richness of culture. As a sort of concluding note on this plea to the Government and to the Minister himself, I note the fact that the Minister responsible for Multiculturalism in the very week this came up in the House was launching an advertising campaign in which he wanted Canadians to realize that Canada is no longer a nation of two solitudes and the others, but rather a family of all of us. There is the most grievous failing of the Minister of Employment and Immigration.

Surely a precise description of one of the solitudes is a protected francophone enclave undisturbed by other realities. It is in the most parochial terms, the worst terms of regional penny politics, to talk about one's home region in that way, especially when one is the Minister responsible for Immigration, instead of celebrating the diversity of the country and enjoying the fact that "francophonia", if I can use that kind of

new word for French-speaking Canadians, has been enriched by immigration to this country. In fact, the City of Montreal and the Province of Quebec have had French-speaking elements added to their population and this has enriched society. To ignore that, even if it is in the Lac—Saint Jean—Saguenay region, was an incredible oversight from our Honourable Minister of Employment and Immigration.

Mr. Ron Stewart (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, I regret the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) has chosen such a distasteful approach to such a sensitive matter. I regret that he seems to place the partisan business of trying to score political points above any careful consideration of the matter.

The Minister of Employment and Immigration has already made it perfectly clear to all Hon. Members of the House that the characterization given to his words was not only completely contrary to his intention, but completely contrary to his meaning. What is most important here is that such a characterization of his words is also completely contrary to the Minister's demonstrated beliefs, which all of us on this side of the House know. The Minister's meaning was not misunderstood by any who know him or his work. The Minister also said:

[*Translation*]

Because of a wrong choice of words, this may and does happen. If I thereby insulted anyone, I am deeply sorry.

[*English*]

That was clearly understood. The sincerity and convictions of the Minister are beyond question. All of his actions as a Minister of the Crown gives solid support to his words, which I quote from *Hansard* of January 29 at page 2879:

—I have the highest regard and respect for all immigrants and refugees who have at last reached a country where they can enjoy freedom.

I think all Hon. Members of the House know this to be true and nothing more needs to be said.

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE—(A) LANGUAGE POLICY. (B) REQUEST THAT GOVERNMENT ASSERT ITS POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, in this adjournment debate, I would like to pursue with the House the issue of equitable representation within the Royal Canadian Mounted Police and the manner in which the Official Languages Act is implemented within a national agency that also has a responsibility to reflect the regional interests of this country.

• (1810)

Mr. Speaker, the House will recall that on December 18, I asked the President of the Treasury Board (Mr. de Cotret) when the Government intended to take a firm and public stand on equitable representation, and to quote the wording of my question: "The Government has adopted a passive attitude in this matter, preferring to do nothing. Delighted with this lack of action and leadership, the RCMP is still bent on its decision to reduce from 20 to 14 per cent the proportion of francophones among its regular officers."

Mr. Speaker, in the fall of 1986, in a monthly publication called the *Pony Express*, RCMP Headquarters announced its decision to reduce from 20 to 14 per cent the proportion of francophones among its regular officers. Mr. Speaker, this 20 per cent figure is not something I dreamed up. In fact, it was set in 1982 by the RCMP and Treasury Board in accordance with the requirements of the Official Languages Act, as a target for 1996. It was a policy agreed on by Treasury Board and the RCMP.

In the fall 1986 issue of *Pony Express*, we read that this figure would be reduced to 14 per cent, and according to documents we received, this was done with the approval of Treasury Board. When I asked my question, the House will recall that the Minister replied: No, certainly not. There will be no relaxing of the implementation of the Official Languages Act, and these agreements are only preliminary agreements, discussions among officials. There have been no concrete decisions, and no decision will be made without our being involved.

I waited, and the fact is that the Committee on Official Languages to which many Members of this House belong asked the RCMP to appear before the committee, and we had an opportunity to question Commissioner Simmonds of this national police force. It turned out to be a rather tumultuous confrontation, as Hon. Members may recall. It all began with the tabling of a unilingual English document, and one might say the situation was somewhat tense because we had the impressison that it might have been a way to humour us or to challenge us. But I think the commissioner just made a mistake and, finally, the meeting got under way, although the proceedings were not fully productive because the answers were not forthcoming. We could not get the commissioner to say whether or not the RCMP was intent on reducing staff from 20 to 14 per cent, which would create difficulties with respect to fair representation on this police force. It would also eliminate forever the possibility of having a sufficient number of employees and officers which would give Canadians an opportunity not only to work but also to be served in their own language whenever they may have dealings with this police force, the RCMP.

Well, the meeting was not an unqualified success, as we recall. Rumour has it that certain members and the Minister himself was heard to say in public after the meeting that he was getting impatient and wanted the problem to be settled. So I asked him a question here in the House on December 18: What is going to happen, when can we expect to have results, and can you give us dates, some kind of time-frame? The Minister replied the following, as shown on page 2263 of *Hansard* for December 18, 1986:

I wrote my colleague the Solicitor General on October 22 to ask him to submit to Treasury Board at his earliest convenience the plan which the RCMP meant to follow to implement the Treasury Board guidelines. I was told that it would take a few weeks, and I can accept that.

This was four months ago, Mr. Speaker. When I raised this issue recently in the House, I was told to be patient and that the report was forcoming. We are still waiting for this famous report and we are really impatient to see what will come out of this.

Early in January, an internal note of the RCMP written by Commander J.E. Julien, of Division C in Quebec, to Commissioner Simmonds related certain points and commented on this established policy to reduce francophone participation from 20 to 14 per cent. In this document, Commander Julien wrote, and I quote, that the RCMP was violating the rights of francophones and that francophone officers felt rejected by the anglophone majority. In other words, Mr. Speaker, this document confirmed everything that we already knew, namely that the RCMP was very reluctant to keep its commitments under the Official Languages Act.

We did not have long to wait for all this to be confirmed. The management of the RCMP appeared before the committee and confirmed in reply to my questions to the commissioner that its established policy was still to reduce its francophone personnel from 20 to 14 per cent and even to 12 per cent and that it had no intention of changing the existing training program, in other words, that nothing would change and that, if it did, the change would be to reduce further its commitment under the law.

Mr. Speaker, we advised the Government of the problem last September. Nothing was done. We restated our concerns and expressed our fears publicly, but still nothing was done. Meanwhile, virtually irreversible policies are being developed and we urgently ask the Government to publish as soon as possible the report of the Solicitor General (Mr. Kelleher) which will give us the components of this policy so that we may put an end to this controversy and know exactly where this Government is going after two Throne speeches in which we were promised that something would be done in relation with our official languages. We were told that two years ago and nothing has happened yet. I am asking this Government to act, to do something positive and to publish this long-awaited report.

Mr. François Gérin (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, first of all, I must say that we have no lesson to learn from the Liberals as far as the use of French is concerned. One good example is the use of French in the House of Commons. Under the Liberal Government, in 1983 and 1984, only 8 percent of our proceedings took place in French. Under our Government it has gone up to 20 percent, a meaningful improvement which is not due to the Liberals. That is the result of unrelenting efforts by our Government in this regard.

Mr. Speaker, on behalf of the President of the Treasury Board (Mr. de Cotret), I would like to clarify tonight the matter raised by the Hon. Member for Ottawa-Vanier (Mr. Gauthier). First of all, as the President of the Treasury Board already said, the language policy applying to federal institutions is set by the Government and in particular by Ministers of the Treasury Board. One of the purposes of the federal language policy is to ensure the full participation of members of both the French and English speaking communities in federal agencies.

Pursuant to the measures approved by the Treasury Board in order to reach that objective, the affected departments and agencies submit to the Treasury Board annual reports on the progress of implementation of the Official Language policy within their organizations. When the participation rate of one or the other language group departs too much from the percentage of that group in the workforce or the general population, the departments or agencies must state how they intend to reach a more acceptable balance in order to conform to their terms of reference as far as language is concerned.

Mr. Speaker, since language is not a discrimination factor under the Human Rights Act, one cannot use the provisions of Section 15 of that Act, such as the Affirmative Action Program, in order to restore a better balance. In that case, staffing procedures followed by departments must be in line with the Public Service Employment Act and the merit principle must be the determining factor in staffing decisions.

One of the measures Treasury Board would consider acceptable would be for instance for a Department to determine a long term quantitative participation objective. Yet, a set of goals or numerical quotas indicating the number of francophones or anglophones to be appointed to a number of positions over a specific period of time would be considered unacceptable. Likewise, members of an official linguistic group could not be promoted by a department or an organization by means of arbitrary identification of the linguistic requirements of the positions or by imperative staffing methods in order to achieve their long term participation objectives.

Finally, concerning the Royal Canadian Mounted Police, as already mentioned by the President of the Treasury Board (Mr. de Cotret), Treasury Board has neither considered nor approved any reduction in the participation objectives of regular officers who have indicated French as their first official language. In this connection, the Treasury Board President has asked his colleague the Solicitor General (Mr. Kelleher) for changes which the RCMP would like to make to its plans regarding the implementation of the official language policy and more specifically concerning Francophone participation. That was in December last.

In conclusion, Mr. Speaker, may I indicate that the President of Treasury Board wants to assure the House that the Government is aware of the need to readjust the participation of minority official linguistic communities in certain departments where there are shortcomings. This aspect, like others, is currently under consideration in the framework of the comprehensive review of official language policies. Thank you for granting me extra time, Mr. Speaker.

• (1815)

[*English*]

UNEMPLOYMENT INSURANCE—LEVEL OF BENEFITS. (B) REQUEST THAT GOVERNMENT CATEGORICALLY REJECT ALL BENEFIT REDUCTIONS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, on December 3, I raised an extremely important question regarding the recommendations in the report of the Forget Commission, particularly the fact that women especially would be disadvantaged by the implementation of those recommendations. I asked for an undertaking from the Government that neither Canadian women nor men would be disadvantaged in the implementation of any of the recommendations of the Forget Commission.

The main way in which people will be disadvantaged if the recommendations are acted upon is by the ending of the so-called regional extended benefits part of the program and the replacement of the benefit calculations by the use of the so-called annualization principle for calculating benefits.

The idea is to establish eligibility for unemployment insurance after 10 weeks of work, but the earnings for the payment of UI would be based upon earnings over 52 weeks. Of course that would be very disadvantageous for people in areas of high unemployment, especially Atlantic Canada.

The total savings to the unemployment insurance scheme if these recommendations are acted upon are in the order of $3 billion, or about the amount of money spent for regionally extended benefits and for fishermen's special benefits. Of course this money comes from consolidated revenues, from taxpayers' dollars, not from employer-employee contributions.

Specifically there would be losses of $1 billion to Quebec, $540 million to Ontario, $660 million to Atlantic Canada, and $600 million to the west. All parts of the country would certainly be adversely affected.

Let us look at how people would be hurt if there is action on the recommendations. Benefits would go to 66.6 per cent of the last year's earnings or maximum insurable earnings. Therefore, a person who had worked the entire year before would be fairly well off on unemployment insurance. However, for someone who was unemployed for most of the previous year and only worked 10 weeks, the unemployment insurance benefit would provide only 13 per cent of income replacement. That is very little money. For the worker earning $400 per week with 52 weeks worked in the past year, the UI would be $277 per week. An employee in an area of high unemployment with only 10 weeks of work would only be receiving $52 per week. We are not talking about much income replacement. We are talking more about a welfare scheme in terms of its actual impact. Over 75 per cent of UI claimants have worked fewer than 52 weeks before filing a claim. They are the ones who will be hurt, and there are many such people.

Annualization, even with the 66.6 per cent benefit rate, would actually mean that half of Canada's unemployed would have less than 40 per cent of their week's income replaced by unemployment insurance. These changes mean a starve-out policy for depressed regions and a starve-out welfare program for workers with the least access to new jobs.

• (1820)

Another area of real concern is that women would be hit under annualization. Ironically, while women are supposed to be brought into the system increasingly by including part-time workers, most part-time workers are also seasonal workers. They would be hit as well. The National Action Committee, which wants to speak to the proposals, has been denied access to the committee. It will not have a chance to raise these extremely important issues, and I would hope that would be reconsidered.

[*Translation*]

We want to see changes which would improve the unemployment insurance scheme and extend its coverage to many more Canadian men and women workers. The NPD wants the inclusion of more workers, especially in areas of culture including the theatre, dancing and music. Artists' associations have been asking for a long time for the inclusion of their members into the unemployment insurance scheme.

The Standing Committee on Communications and Culture has proposed amendments to the tax legislation which would indirectly promote this objective. Unfortunately, neither the Forget Commission nor the Government has directly addressed these concerns, namely, the implementation of measures to give a greater number of Canadians unemployment insurance coverage. In fact, the answer is no. It is not an overly generous system. The measures provided by the vast majority of western industrialized countries are better. The priorities of the NDP are clear and they have been for a long time, since the Party's inception.

In our view, job creation is preferable. Canadians would rather work than collect unemployment insurance. However, an unemployment insurance scheme is absolutely necessary in the present situation. Nevertheless, Canadian men and women have had to wait a long time, for decades, because of resistance on the part of the Conservatives and the Liberals, who have refused to enact such a scheme.

The unemployment insurance scheme is relatively recent, having been established in the forties, and it has been under persistent attack by the private sector since the beginning.

[*English*]

At the very least the Government ought to respond to the concerns I have raised to ensure that any changes to unemployment insurance are to improve the system, not to cut benefits to workers who still need that unemployment system.

Mr. Ron Stewart (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, on behalf of the Minister of Employment and Immigration (Mr. Bouchard), I would like to elaborate further on the question asked by the Hon.

Member for Broadview—Greenwood (Ms. McDonald) on December 3, 1986.

• (1825)

As the Minister indicated, the Government has stated in this House that the purpose of any UI reform would not be to save money on the backs of Canadians. Rather, any reform to the UI program would have as its objective to make the system better. In this regard, it is both reasonable and responsible to consider carefully all recent studies that have reviewed the UI program, such as the Macdonald Royal Commission, the House Commission in Newfoundland and the Commission of Inquiry on Unemployment Insurance.

It is evident from the reactions to these reports that unemployment insurance is important to all Canadians. However, the recommendations of these several studies are not compatible in many instances. In fact, the Commission of Inquiry was not able to arrive at a consensus. For all of these reasons the Government considers it premature at this stage to give assurances on any specific part of the report. I repeat that the Government will be reviewing UI with the objective of improving it, simplifying it and making it fairer. In this regard, the Government is committed to return to the House by May 15 with its plan to modify and improve on unemployment insurance.

[*Translation*]

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.29 p.m.

HOUSE OF COMMONS

Tuesday, February 17, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petitions Nos. 332-676 to 332-685.

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COMMITTEES OF THE HOUSE

ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT—SECOND REPORT OF STANDING COMMITTEE

Mr. André Harvey (Chicoutimi): Mr. Speaker, I have the honour to present the second report of the Standing Committee on Aboriginal Affairs and Northern Development, which deals with three issues to which, pursuant to Standing Order 99(2), the Committee requests that the Government table a comprehensive response.

COMMUNICATIONS AND CULTURE—FOURTH REPORT OF STANDING COMMITTEE

Mr. Jim Edwards (Edmonton South): Mr. Speaker, I have the honour to present the fourth report of the Standing Committee on Communications and Culture, in both official languages. Our study and recommendations are based on the annual report of the Canadian Broadcasting Corporation for 1985-86. Our Committee requests that the Government table a response to this report, pursuant to Standing Order 99(2).

The Committee examined the circumstances that prevented the Auditor General from completing the audit of CBC books. In presenting its findings and recommendations, the Committee wishes to help define solutions to CBC problems.

[*English*]

The committee's report reaffirms the importance of the CBC in Canadian broadcasting and expresses agreement with the Caplan-Sauvageau Task Force that it is upon the CBC that we must rely for an abundance of compelling radio and television programs by, for and about Canadians.

The committee regards the CBC's accounting problems as a serious matter because they resulted in CBC's management being unable to provide a full accounting to its board of directors and, as a result, prevented the corporation from giving Parliament a reliable account of its expenditures. Our hearings raised issues related to the financial management and accountability of the CBC and, specifically, the role and responsibilities of the CBC's board of directors, its audit committee, internal auditor and president.

Thus the committee recommends immediate amendments to the Broadcasting Act to clarify the role and responsibility of the CBC's board, the audit committee and the internal auditor; to expand on the rights and duties of the Auditor General; and to provide separately for a chairman of the board and a president.

[*Translation*]

I take this opportunity to thank the representatives of all three parties for their sustained efforts in drafting this unanimous report to the House. The results of our work prove beyond a shadow of a doubt that parliamentary reform is a success.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

[*English*]

PETITIONS

CANADA POST—POSTAL SERVICES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, this morning I would like to present to the House a number of petitions from the riding of Glengarry—Prescott—Russell. The petitions are signed by a total of 1,447 people who are from a variety of communities in my riding. I will not recite the petitions in every case, but merely identify the different communities involved in each one.

The petitions ask that Canada Post restore the postal service to which Canadians are accustomed, that it not proceed with the corporate plans to cut back on door-to-door delivery in urban areas, and that it not proceed with the proposed closure of 1,700 rural post offices and the privatization of 3,521 other post offices. They ask that the price of postage not be increased at the same time as Canada Post is reducing its services.

The communities affected in these petitions are the communities of St. Paschal Baylon, Embrun, Bourget, St. Bernadin, Curran, L'Orignal, Hawkesbury, and a number of other villages in the constituency of Glengarry—Prescott—Russell, namely, Fournier, Alfred, Dunvegan, Rockland, Apple Hill and Chutes à Blondeau.

[*Translation*]

REQUEST FOR ESTABLISHMENT OF COMPREHENSIVE FEDERAL-PROVINCIAL CHILD DAY CARE SYSTEM

Mrs. Lucie Pépin (Outremont): Mr, Speaker, I should like to table today some hundreds of petitions from Newfoundland to Victoria, British Columbia, signed by several hundreds of women and parents concerned about child care services.

I should like, Mr. Speaker, if you would allow me, to read at least the introduction of those petitions. They have been signed by women and parents urging the Conservative Governement which has recognized at the time of the annual Conference of First Ministers in November, 1986, that child care is a priority measure ensuring the support and strenghtening of the Canadian family and promoting women's economic equality.

The report postponement of the Special Parliamentary Committee on Child Care suggests that it is possible that the Conservative Government will not set aside funds in its next Budget tomorrow for the development of adequate child care services.

We also pray and call upon the Government to negotiate and sign by the end of 1987 a federal provincial agreement which provides a detailed framework for a comprehensive child care system.

I merely wish to mention it again. Those hundred of names and petitions are from all parts of Canada and I should like to table them to stess to the Conservative government that it should recognize the importance of child care services.

• (1110)

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my privilege and honour to present a petition under Standing Order 106 on behalf of a large number of constituents. The petitioners are very concerned with the Government's decision to proceed with changes to the Patent Act which they believe will significantly increase the price of prescription drugs to Canadians, and make it difficult for those people who can least afford it to pay additional costs. The petitioners make the point that this will also add to the cost of provincial drug plans in terms of government pharmacare programs, which are indirectly paid by the taxpayer. The petitioners are asking the Government of Canada to reconsider its decision to proceed with this measure in an effort to keep prescription drug prices to an absolute minimum.

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour to present a petition from citizens of a number of communities in my riding, and elsewhere in Canada. The petitioners are from Thompson, Flin Flon, The Pas, Leaf Rapids, and Churchill. In addition, there are petitioners from Calgary, High River, and Ontario. The petitioners express their concern that the Government is going ahead with the attempt to change the Patent Act relating to prescription drugs. They believe that this will increase drug prices for Canadian consumers, and will severely restrict the ability of average Canadians to buy the necessary prescription drugs. The undersigned petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

* * *

CANADA SHIPPING ACT

BILL C-39—SECOND READING, REFERENCE TO LEGISLATIVE COMMITTEE, COMMITTEE REPORT AND REPORT STAGE DEEMED TO HAVE BEEN ADOPTED

BILL C-75—REFERENCE OF EVIDENCE AND DOCUMENTS TO LEGISLATIVE COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties, and I believe there will be unanimous consent to the passing of the following motion:

That, notwithstanding any standing or special order of this House, Bill C-39, an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof, introduced on Monday, February 16, 1987, be deemed to have been read a second time, referred to and reported by a legislative committee without amendment, concurred in at the report stage, and ordered to stand on the Order Paper for consideration by the House at third reading stage;

And that the evidence adduced and documents received by any legislative committee of this House in the First Session of the Thirty-third Parliament in relation to Bill C-75, an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof, be deemed to have been referred to a legislative committee in this present session.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, there have been discussions and deliberations, and I wish to say that the Government has seen the wisdom of removing what we thought was an inappropriate clause establishing user fees. Now that that has been done, we are anxious to proceed with this legislation.

I wish to thank the Parliamentary Secretary for the initiative that the Government has taken to remove this obnoxious clause from the legislation. We are only too willing to co-operate and proceed.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, on behalf of the Official Opposition I wish to state that there has been all-Party agreement to the motion that was

presented by the Deputy House Leader (Mr. Lewis) on the government side.

The Acting Speaker (Mr. Paproski): Does the Hon. Parliamentary Secretary have the unanimous consent of the House to move his motion?

Some Hon. Members: Agreed.

The Acting Speaker (Mr. Paproski): The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, Question No. 59 will be answered today.

[*Text*]

DSS—CONTRACTS AWARDED TO CALGARY BUSINESSES

Question No. 59—**Mrs. Sparrow:**

In (a) 1983 (b) 1984 (c) 1985 (d) 1986 to date, in how many tenders and for what total sum of money have Calgary businesses been successful with the Department of Supply and Services?

Hon. Monique Vézina (Minister of Supply and Services): The number of contracts awarded to suppliers in Calgary are the following:

Year	No. of Contracts	Value $
(a) Jan. 1 — Dec. 31, 1983	5,052	45,281,652
(b) Jan. 1 — Dec. 31, 1984	6,382	68,556,087
(c) Jan. 1 — Dec. 31, 1985	7,154	77,278,137
(d) Jan. 1 — Dec. 31, 1986	6,429	70,379,468

The number of contracts awarded to Calgary suppliers from the regional purchasing office in Calgary did not decrease from 1985 to 1986. However, some contracts from the procurement directorates (headquarters) were not realized in 1986.

[*English*]

Mr. Boudria: Mr. Speaker, I rise on a point of order. I wish to draw to your attention under Standing Order 64(3)(a) of the House of Commons that questions on the Order Paper that are so designated are to be answered within 45 days.

I wish to bring to the attention of the government side that Question No. 60 standing in my name has been on the Order Paper since December 18, 1986. The 45-day period has long since expired. The Government has breached this Standing Order. I hope the Government House Leader will see to it immediately that this question is answered forthwith, hopefully at the next sitting of the House.

Mr. Lewis: Yes, Mr. Speaker, I will certainly undertake to investigate and see why the question has not been answered, and bring forward an answer as soon as possible.

The Acting Speaker (Mr. Paproski): Questions as enumerated by the Hon. Parliamentary Secretary have been answered.

Mr. Riis: Mr. Speaker, I rise on a point of order. When the question was originally submitted did it require or request the 45-day response time? Standing Order 64(3)(a) clearly indicates that that request has to be in place in order to expect a response within that period.

Mr. Boudria: The answer to that is yes, and it is so designated on the Order Paper bearing the numeral 2 beside the question which is indicated at the bottom of the Order Paper as signifying a response requested within 45 days. That is, in fact, a question placed under Standing Order 64(3)(a) of the rules of the House.

[*Translation*]

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

The Acting Speaker (Mr. Paproski): The question enumerated by the Parliamentary Secretary has been answered. Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed from Monday, February 16, consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, I welcome this opportunity to speak to Bill C-38, especially since yesterday, my hon. friend from the riding next door, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) who is in the House today, rose in the House to express the hope I would speak to this Bill.

Teleglobe Canada

Mr. Speaker, as you know, I was a Member of the Committee on the Reform of the House of Commons, and at the time I was in the Opposition. Now we all know that the Opposition always criticizes whatever the Government does, but when it forms the Government it insists everything is all right. The Hon. Member will recall that when his Government was in power, it tabled a Bill whose purpose was to privatize Teleglobe Canada. It was a good idea at the time, but today it is no longer a good idea. They are looking for all kinds of excuses to call this a bad idea, because they are now in the Opposition. However, when they were on this side of the House, when they were the Government, there were no objections to selling the corporation. And now we are finally proceeding with privatization, they suddenly come up with all kinds of reasons why it no longer makes sense.

An Hon. Member: What a shame.

Mrs. Bourgault: What a shame indeed. Mr. Speaker, I would like to say, for the benefit of those who are not aware of the fact, that the overseas facilities are located in Weir, in the beautiful riding of Argenteuil—Papineau. Seventeen employees work there in a magnificient setting and excellent working conditions, since they are using the very latest technology which is a real challenge for them. In fact, Teleglobe receives hundreds of Canadian visitors during the summer, who come every year to travel around this beautiful part of my riding. According to the statistics, it seems quite a few of these visitors later decided to buy a lot or a cottage because the area is so beautiful people can't help but invest their money there. I would invite Hon. Members to come and visit. In fact, the Hon. Member for Saint-Jacques (Mr. Guilbault) is familiar with the area because his wife lives nearby.

Mr. Speaker, the Government would have lost its credibility by only selling Crown corporations that were not making a profit. People tend to want to get rid of the bad stuff and keep the good stuff. I believe that if the Government is to be credible, it must sell all Crown corporations according to the schedule agreed on by the Government and the Minister of State (Privatization) (Mrs. McDougall).

Mr. Speaker, I am sure that in most Opposition ridings, constituents agree with our plan to privatize Crown corporations. Mr. Speaker, there are those who object and say: Why sell the one that happens to be the most profitable Crown corporation? Mr. Speaker, simply because Teleglobe has a monopoly on international communications in Canada and because in the long run, a monopoly position can only have an adverse effect on profits and efficiency. We know that in Canada, efficiency and profits are at a very low ebb, and that is not good for our companies.

Furthermore, considering that five years from now, the market will be opened up for competition, it was essential to start by privatizing the existing monopoly. Mr. Speaker, can any business compete with a Government-supported company? Now that Teleglobe has been sold to Memotec, it will no longer pay dividends to the Government, but it will now have to pay federal and provincial income tax as well as all the local taxes, like any other business. I, for one, believe that as a result, there will be a better distribution of the corporation's profits.

There is another objection that is always raised. It is that a country's international communications have strategic importance and thus cannot be sold off to the private sector. Mr. Speaker, a case could have been made during the war, but the argument is no longer valid at this time, when individuals and especially businesses are increasingly using a service that has now become strictly commercial. It is no longer a matter of military considerations. And so, there is no justification for having a state monopoly on what is almost exclusively a telephone service.

What counts for my constituents is lower overseas rates and the knowledge they will be protected from now on by the CRTC. Mr. Speaker, do you think Canadians will buy the Opposition's arguments, especially those made by the New Democratic Party, which would like to see the Government own more, not fewer businesses? Where will the money and the taxes come from? I have some constituents who are saying they wished the tax reform would be put through, because it is getting very expensive to pay for all this. There is no need for that, Mr. Speaker. There is no need for the Government to own private businesses.

This became quite obvious during the electoral campaign. Our constituents gave us a very clear message: Please, get out of private business. See to it that the taxpayers' money is fairly and adequately administered instead of wasting your time with business activities when you are not in competition with the private sector. This is what the Progressive Conservative government has done. We had promised that we would do so and we are doing it.

Do you not think that this is a unique and fantastic opportunity for Memotec, a young and dynamic Montreal business with everything going for it, which did not hesitate to offer more than all the other bidders? This is Quebec entrepreneurship. I congratulate the management and the employees of Memotec on this deal and I am glad to know that big businesses are not the only ones able to purchase Crown corporations and other large companies.

Memotec is certainly not as big as Bell, Power Corporation or other large companies. It is a young, growing business based on risk capital and with serious shareholders, such as the Deposit and Investment Fund, and on the pension funds of public servants financed by the National Bank. Memotec has more to offer and it limits its operations to communications. I am convinced that, with the way Canadian broadcasting and telecommunications are controlled, the risk of conflict of interests in this company will be minimal, I therefore congratulate Memotec. I met its president when the sale was announced and he was very enthusiastic. Naturally, what I was most interested in knowing was whether there would be more

jobs in Weir, for instance, in my constituency. Of course, that is what these people want.

In the last two years, I have often visited that part of my constituency and I remember meeting the employees of the company last summer. Naturally, they were a bit worried about losing what benefits they had then if the Government sold Teleglobe. On the contrary, Mr. Speaker, they will now be able to purchase shares at very favourable conditions. They will have a pension plan comparable to the public service plan and their jobs have been guaranteed. Indeed, if I may emphasize this point, under the special provisions related to the workers, Teleglobe employees will continue to come under federal jurisdiction as concerns the Labour Code and all existing collective agreements will continue to apply. As I said earlier, Memotec has offered to current employees of Teleglobe a pension plan similar to that of federal public servants. A special provision has also been made to establish a shareholding plan for employees. This offer involves 5 per cent of shares and provides a 10 per cent discount on the purchase price. Employees who wish to apply can also obtain an interest-free loan. I would like to say that I am happy for the people of my constituency who will be able to benefit from this sale.

Last Sunday, we saw on the French network of the CBC the Gémeaux Awards which reward excellence in radio and television programs. Awards should also be given to private businesses such as Memotec since its partnership with Teleglobe is the best way in my opinion to guarantee a great future for communications in Canada, which will be of great benefit to Canadian consumers.

Mrs. McDougall, in her speech to the House of Commons in February—

Mr. Boudria: Order!

Mrs. Bourgault: stated that, and I quote: "We could have—

• (1120)

[*English*]

The Acting Speaker (Mr. Paproski): I should like the Hon. Member to be aware that a point of order was raised with regard to her using the Minister's name. She should refer to the Minister of Communications, the Minister of State for Privatization, or whatever. I hope she will refrain from using the Minister's name.

Mrs. Bourgault: I am sorry, Mr. Speaker.

[*Translation*]

I am sorry, Mr. Speaker, the Minister of State (Privatization) (Mrs. McDougall) commented in debate, on February 13, 1987, and I quote:

> But the Opposition is correct in one respect. We could have structured this transaction to get a higher sale price, but only if we had been prepared to sacrifice the interests of Canadians by allowing higher overseas telephone rates, or allowing the new buyer to charge monopoly rates, or if we had been prepared to allow foreign bidders who might have bid higher.

Mr. Speaker, this Government is more responsible than our Opposition friends suggest we are.

Mr. Speaker, they say this is a Crown jewel that should not be sold to the private sector. As I said, it is just as well in the private sector. Crown corporations are not viable, because they need blood transfusions from Canadian enterpreneurship. Again they say Mr. Speaker, when they are not viable they should be sold, when they are they should be kept.

Mr. Speaker, let us be serious. Any State corporation is restricted because the administrative system is complex. In her statement to the House, the Minister also said Friday last, and I quote:

> In many ways Crown ownership is inhibiting to corporations. For example, Teleglobe is a well managed and profitable company, but it is extremely restricted in what it can do.

This should be repeated!

> It cannot be entrepreneurial. It cannot move into new ventures built around its own technological sophistication and its link to international markets. This synergy is precisely on what Memotec proposes to build to develop new products, expanded markets, new exports, and ultimaely more jobs for Canadians.

Mr. Speaker, each time a Crown corporation must make a decision in this highly competitive world, it becomes unreal. That corporation cannot compete because it has to deal with 10, 20 officials who must then conduct studies on the proposal, submit that to Cabinet, obtain a signature. And while all that is going on, Mr. Speaker, the train has left and the Crown corporation missed it.

This is why those corporations must be transferred to the private sector.

In conclusion, Mr. Speaker, I am very happy as a Quebecer, and more still as a Canadian that this Government chose one of our own companies, that the headquarters will remain in Montreal. As we know, Montreal is going through difficult times, so this further certainly is sure to materialize the areas of communications and aerospace in Montreal. It is my belief, Mr. Speaker, that in the near future, when I go back to Weir—because naturally I would like to reassure my constituents there that I will be going back no later than next summer—there certainly will be corporate developments in Weir and other people in my constituency can get a job in that magnificient industry.

• (1130)

I would therefore invite my Opposition colleagues to exercize caution, especially my friends in the Liberal Party. Because we very well remember at home, and you can bet I will do it, that they initially proposed the sale of Teleglobe, and now they suggest in Opposition this is no longer good.

Mr. Speaker, all this, parliamentary reform is in the air. They say we should support legislation when it is good, and criticize it when it deserves criticism. But right now the Opposition is criticizing across the board—then do not go in depth, they do not even remember what they did when they were the Government. I therefore invite them to be cautions. They should rather be commending this Government for once

more having been consistent with its policies, for having sold Teleglobe to a young Quebec corporation with headquarters in Montreal. Mr. Speaker, I say bravo for this Government.

Mr. Boudria: Mr. Speaker, I take for granted that the last remarks made by the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault) to the effect that Members of the Opposition were congratulating the Conservative Government was made in jest, and not seriously. Surely she was trying to play a little Tuesday morning trick on us in the House. We are going to laugh about this, because we know that to congratulate this Government would not be responsible. As a matter of fact, the Canadian people have now other things on their minds beside congratulating this Conservative Government. As you know, they have decided what place or rank they give this Government in public opinion pools and whether or not it deserves such congratulations as those the Hon. Member for Argenteuil—Papineau referred to a little while ago.

In her speech, the Hon. Member was saying that a Crown corporation, in view of its very structure, was unable to compete effectively because, before making a decision, a whole slew of Government officials had to be involved through the chain of command and because of this process, the Government had to divest itself of Crown corporations.

Well, Mr. Speaker, I disagree with her on this. I suggest that the Government should consider the possible divestiture of a Crown corporation only after it has ascertained that it no longer meets its political objectives; in other words, when an industry serves a national policy the preservation of a Crown corporation is necessary to meet these objectives. In such a case, there should be no divestiture. If a corporation is failing, if its structure must be changed, then the Government should change it, but keep it when it serves the public interest.

Therefore, I ask the Hon. Member opposite if under the present circumstances, where the Minister of Communication (Mrs. MacDonald) and her predecessor referred to a new communication policy, it would not have been better to wait and see what this new communication policy was going to be about before deciding what to do with this Crown corporation?

Mrs. Bourgault: Mr. Speaker, my colleague the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) obviously has a job to do as a critic, but I have yet to hear him come up with an interesting proposal or solution. No! My colleague spends his days phoning left and right scrounging for a bit of gossip rather than do the job he should be doing, namely to take a good hard look at bills and attempt to uncover—and that is the role of the opposition—whatever aspect of a bill might be detrimental to Canadians and to raise it before the House in all objectivity so that this or any other Government might reconsider certain clauses which could . . . We do not all claim to have a monopoly on truth. The role of the opposition, rather than chase pipe dreams and scandals, each time my colleague rises . . . And yet he is an intelligent man. But each time he rises, he brings up a scandal. He seems to thrive on scandal. He has nothing else of interest to add.

When I ask him—when you think, Mr. Speaker, that they are the ones who had proposed to sell Teleglobe, it is nonsense. Sheer nonsense! Those Canadians who are watching must wonder what is going on, and rightly so. Before losing the elections, the opposition had introduced a bill regarding the sale of Teleglobe. Having taken power, we conceded that the idea was a damn good one, one of the few good ideas the opposition had come up with, and now they say it is not a good idea any more. Now they say we should have kept Teleglobe.

Now, I ask, when are the Hon. Members of the Opposition going to stop shifting from side to side and focussing exclusively on pipe dreams and scandals?

Mr. Boudria: I would like to ask a supplementary question, Mr. Speaker.

The Acting Speaker (Mr. Paproski): The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) on a supplementary.

Mr. Boudria: Mr. Speaker, all that was very nicely put but, as you probably noticed yourself, it did not mean anything. I will repeat my question more slowly for the Hon. Member, so that she can understand it and answer it, because she did not, as you certainly noticed.

I ask the Hon. Member one more time: Given the fact that the Ministers of Communications, the two of them, because as we know Ministers have a tendency to change quite often in the Conservative Party, for various reasons—

• (1140)

[*English*]

The Acting Speaker (Mr. Paproski): I would not like the Hon. Member to get the Chair involved in these arguments. I would hope that he would just debate whatever it is he is debating without getting the Chair involved.

Mr. Boudria: Mr. Speaker, I made no reference to the Chair. However, I will take your preventive note under advisement in the event that I would want to do so at some point in the future.

[*Translation*]

Now, Mr. Speaker, I am coming back to the question I was going to ask the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault).

Given the fact that both Ministers of Communications have said in the past that the Government of Canada should have a new communication policy, should we not have waited for that policy to be released before selling this company? That is the question I was asking the Hon. Member previously.

Secondly, does she think it is normal for the shares of the company which acquired Teleglobe Canada to rise so much in the last few days? Is it not proof, for the Hon. Members opposite, that this Crown company has been sold at a bargain price, a price much too low under the circumstances?

Mrs. Bourgault: No, Mr. Speaker, the time had come to sell, although Communication Ministers had stated, as my hon. friend has just mentioned, that it would be better to wait until the policy had been announced. I think this is a responsible Government. Cabinet Members have approved the initiative of the Minister of State (Privatization) (Mrs. McDougall), and that is what is taking place.

The Hon. Member mentioned in his second question that the shares had gone up. I say this is great for Memotec and that corporation's shareholders.

Mr. Boudria: The current shareholders—

Mrs. Bourgault: Why take offence at that? It is only fair that the shares of Memotec, a corporation registered under Quebec's Stock Savings Plan, should fluctuate as the shares of any other corporation. That is normal. They could have gone down in value just as they could have gone up. I assume that the shares of Power Corp. and other tenders went down when the sale was awarded to Memotec. Mr. Speaker, the Hon. Member should remember that the CDIC had recommended the sale of Teleglobe because this Crown corporation had become obsolete.

Mr. Boudria: Mr. Speaker, I have a supplementary question.

Mr. Speaker, I have a question for the Hon. Member opposite. She said that it was a great thing for Memotec shareholders that their shares had gone up. My question is this: Is it not our duty to protect the interests of Canadian taxpayers, the shareholders of Teleglobe at the time of the sale of this corporation? Have we not been elected by them to sit here and defend their interests? Since the Hon. Member is likely to answer this question in the affirmative, I ask again the Hon. Member opposite: Is it not true that the Government did not get for Canadian taxpayers all the money it could have obtained? If this purchase was such a good deal for Memotec, it certainly means that Canadian taxpayers did not get all they could have had for this corporation. You cannot have it both ways. If it was such a great deal for one, the other obviously did not get enough money.

Mrs. Bourgault: If anybody benefited from this sale, Mr. Speaker, it was the Canadian consumers. The CRTC will now regulate their telecommunication business, they will pay less for their overseas communications, and they will be paying taxes to municipal, federal and provincial governments. A corporation such as Teleglobe which was once justified was now in fact supported by Canadian taxpayers. Now, the Government has collected dividends, and so have Canadian taxpayers. Now the time has come for the private sector to benefit from it, and for this corporation to be regulated, it had to be sold to the private sector.

The Acting Speaker (Mr. Paproski): The time for questions and comments has now expired. Resuming debate. The Hon. Member for Essex—Windsor (Mr. Langdon) has the floor.

[*English*]

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I must begin by making a brief comment on the speech of the Hon. Member. She made a great point of the fact that the Government was being responsible by not selling this firm to a foreign company. I must say that those are sentiments with which I agree, but I wonder if this same sentiment applied to the purchase of de Havilland by Boeing which occurred earlier this year. We have seen clear cases of the Government attempting to find a bidder which turned out to be a foreign purchaser. The Government has expressed not only no apology for doing so but pride in managing to attract to Canada a grand foreign firm that would be the salvation of a particular Crown corporation. The Government cannot have it both ways. It must accept either that it considers the ownership of a company to which it is selling a Crown corporation as important or it is not important. It cannot try to play both ends against the middle as evidenced by the Hon. Member's comments.

I would like to try to analyse this sale and show that it is somehow typical and a sign to the country of what privatization Conservative-style will mean. There is a very easy acceptance in Canada that it makes sense to sell off assets which have been built up over many years and which have fulfilled important public purposes for the sake of short-term economic returns. It seems to me that this case gives us very serious pause to reconsider that acceptance. I would hope it will force the Canadian people to raise questions that will affect not only this sale but the entire thrust of the Government's efforts to get rid of what is, after all, the historical legacy the people of Canada have built up over the years.

We must begin by asking if we have here a case of a whale being swallowed by a minnow. An extremely small firm that in its annual revenue had only something in the order of $31 million, which it received during the first nine months of 1986, is purchasing an extremely huge firm. It is purchasing this firm, not with its own money, not with money that it had somehow accumulated through a share issue to Canadians, but with money from bank loans and debentures. That is a very, very profitable way to purchase and take over another company. That is because the profits of the company compared to the actual equity invested are extremely large. It is also an extremely risky way to do a takeover.

• (1150)

This is exactly the kind of predatory takeover which has led people to talk, not about minnows taking over whales but sharks taking over whales. They then carve up the carcass, selling off bits and pieces and generally demolishing the company and its future prospects. I am not suggesting that that will necessarily take place in this case, but it smacks very much of that kind of approach to financing. It is not yet commonplace in Canada and I hope it never becomes commonplace. However, this kind of sell-out is likely to encourage the same kind of thing. It can be very devastating for the

private companies who experience it and I regret that is the approach taken.

The second reality we have to deal with is that even in the case of a Crown corporation which was very easy to sell, the Government still could not do it properly and competently. On the very day that the decision, a supposed secret, was announced, the shares of Memotec started to sky-rocket on the stock exchange. They went up a total of $2.38, over 20 per cent. After that Memotec announced it had an interest in taking over Teleglobe. It is very clear that there was a leak of information.

Once more we have gross incompetence demonstrated by the Government in the process it used. That is unfortunately all too typical of the Government. That is the scandal which the Member who spoke previously was unprepared to recognize. It cannot be sloughed off to the side because it involves incompetency and, I must say, dishonesty. Clearly people with insider information bought shares in Memotec when no one else had heard of that little minnow in the economic community. They bought the shares and pushed the price up by 20 per cent and, I suggest, made a tremendous and unconscionable financial killing, I hope it will rest heavily on their consciences in the future. This is a classic case of incompetence of which no Government should be guilty.

We also have to recognize there has been a tremendous effort to throw up a great smoke-screen over the price of Teleglobe so the Government can say it got a tremendous price. It has been suggested that over $600 million was poured into the Government's coffers by this deal. *The Financial Post*, hardly a paragon of socialist economics, after a careful analysis indicated quite clearly that the price paid is only $345 million. Once again the Government demonstrates not only its incompetence but its congenital incapacity to be forthright with the people of Canada. That is the third reality demonstrated by this sell off.

There has also been the suggestion that this deal provides protection to the consumer. All of us in this place have a tremendous concern about consumer protection. Yet nowhere in this deal is there any evidence of protection for the consumer. We have instead a five-year monopoly given to this corporate minnow so it can make as much money as possible. It is not doing that with its own money but with the bank's money. Memotec will do very well. At the end of the five-year monopoly it will likely sell the company, carve it up and give the various telephone companies a piece. It will have done handsomely without making any contribution whatsoever to the economic prosperity and well-being of Canada.

In addition to the five-year monopoly the Government has promised to bring in legislation to prevent competition involving communication lines running through Canada and those running through the U.S. The Government talks about competition and consumer protection, yet it creates a five-year monopoly and promises to eliminate certain competition through legislation.

• (1200)*

It is not just those of us on the opposition side of the House who raise questions about this sale. The union representing the company in question has suggested that tremendous risk for Teleglobe is embodied in this sale. Again, the minnow swallowing the whale is apt to get indigestion. In addition, there is absolutely nothing in the legislation which demonstrates a guarantee of any sort for the workers in the company that their jobs are in any sense secure. At least there was some suggestion of that in previous privatizations. According to the unions, there is a probability that there will be lay-offs in the future in Teleglobe.

This is privatization Conservative style. It is ill-thought through. It is inconsistent. It is incompetently put into effect. It is dishonest with respect to the price which is actually being announced, and it has established monopolistic, uncompetitive conditions while it trumpets about competition to all and sundry.

That kind of approach has brought the Conservative Party to a position where only 23 per cent of the people of the country are prepared to vote for it. It is unfortunate that a Government which was elected with so much promise should have brought itself to that position, but it is completely and utterly understandable that that should be where it stands when its *modus operandi*, its approach to even such a simple, straightforward sale as that of Teleglobe, should be so marked by incompetence and lack of thought about what was being undertaken.

We suggest that the Government think again, that it take three months, that it allow itself, as it has claimed is its responsibility, to investigate the insider trading charge which has been made on the various stock exchanges. After such investigation is undertaken and assurances are provided to the workers in this enterprise, the Government should return to the House with a revised Bill with more honesty and more competence than it has demonstrated in this case.

Mr. Stackhouse: Mr. Speaker, I would like to draw attention to three points made in the Hon. Member's address. He dwells upon the smallness of the purchaser as if there were something wrong with that. One could infer that he might have been in favour of the purchase had the purchaser been large. I had to wonder whether he would have voted for it if the buyer had been Northern Telecom or some other large corporation. The real test should be the price offered to the public and the ability of the company to pay it. There is a good side to the company being small. Do we not want to give smaller enterprises an opportunity to build themselves up and progress in the interests of Canada?

Second, the Member dwelt upon the leak of information which was supposed to be confidential. He was right to draw attention to that. However, he knows, as we all know, that due process is taking place. This matter is being investigated by the proper authorities. We can expect that when the investigation is complete appropriate action will be taken.

Apposite to that I would like to quote from an editorial in this week's issue of the Toronto *Financial Times* which refers to the leak of information which was supposed to have been confidential. The editorial writer says: "This doesn't detract from the good sense of the sale". That is the point for us to recognize and stress. This sale serves the interests of the people. With respect to the cash involved, I have different figures from his. I will quote from the February 23 issue of *Maclean's* magazine as follows:

> The Government picked up $608 million in the deal, $102 million in cash which the telecommunications company had accumulated, as well as $488.3 million from the sale and an estimated $18 million in future income in cash.

These figures are different than mine. It seems to depend, in part, on what paper one is reading. However, I put that into the record.

I ask that the Member and the House see the wisdom of the sale which brings in cash for the taxpayers of Canada to partially finance programs which the Government has undertaken in their names. Finally, this is the kind of sale that the Government was elected to carry out. The Government was elected to privatize Crown corporations and reduce the Government's involvement in business. We are taking this step as part of that mandate. I trust that it will receive the approval of the House, as I am sure it will receive the approval of most Canadians. Indeed, if there is any criticism from the public it should be with regard to why we are not doing it faster and doing more of it.

Mr. Langdon: Mr. Speaker, if I may, I will deal seriously with the issue of smallness. Of course, it is not the fact that the company happened to be small that is the concern. The concern is that the company happened, because of its smallness, to have to rely very heavily on bank loans in order to take over this company. In short, we have what is commonly referred to in commercial circles as a very highly leveraged company. Such a company has much less flexibility to face the ups and downs of the international business cycle than does a company which, as in this case, had over $108 million in reserves before the sale. That is the crucial difference.

With regard to small companies, it makes far more sense to encourage small companies to expand and to grow by themselves, thereby creating jobs, opportunities and exports, rather than to grow through quite ludicrous takeovers such as this. We have advocated that position quite widely.

My point in stressing the leak was to make what I think must be recognized as the ultimate criticism of this Government. While there are many Canadians who dislike the Government because of scandals, I can honestly tell the Hon. Member that it is my experience from talking to people in my constituency and elsewhere in Canada that those who put their faith in the Government have now withdrawn that faith, perhaps forever. I suggest they have done so because of a sense of incompetence in the Government, and this leak demonstrates such incompetence. I wish the Minister would get up and offer the House an apology for that incompetence in light of what has taken place.

• (1210)

Let me deal with the price. As someone who has worked for *Maclean's*, I hesitate to say that *The Financial Post* does have a slightly better grasp of financial figures than *Maclean's*. If we examine those financial figures in detail, there are two categories included in that $608 million. One category is dividends which could have been paid to the Government at any point. It is incorrect to say that they were received as part of the price. That reduces the price to under $500 million.

The second category is more questionable. It is a loan which was made by the Government to Teleglobe, which Memotec has taken over. Perhaps that should or should not be included in the price, but in any event, it does not mean that that money is suddenly available for the kinds of allocations to programs that the Member discussed. In fact, the $345 million I talked about seems to be the correct figure with respect to money available for allocation to programs.

Finally, the Member suggested that the Government was elected to sell our Crown corporations. I took part in the last election and I do not believe it was a promise that was either widespread or consistently made. In fact, in many cases, the opposite promise was made. Even if it was a promise, it was surely not to sell off our Crown corporations incompetently and at a low price, about which there is a sense of dishonesty. It just confirms to Canadians that the Government cannot be forthright.

[*Translation*]

The Acting Speaker (Mr. Paproski): The time for questions and comments has now expired. Debate. The Hon. Member for Saint-Jacques (Mr. Guilbault) has the floor.

Mr. Jacques Guilbault (Saint-Jacques): Under public pressure, Mr. Speaker, I have decided that I too should speak for a few minutes in this debate on Bill C-38 which, as we all know, is aimed at privatizing Teleglobe Canada. First I should like to clear up any misunderstanding on the intentions of the Liberal Party about this question. Earlier the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault) took the floor and made a clumsy attempt to imply that the Liberals wanted to sell Teleglobe when they were in office, but now that they are in the Opposition they have had second thoughts and systematically denounce every single Government initiative. In my book, that is an exaggeration and a subjective interpretation of another Party's intentions. For openers, had the Liberals wanted to sell Teleglobe they would have done so. But they did not, and the best evidence of this is that Teleglobe is still there and still belongs to the Canadian people, and that it is the Conservative Party which is trying to unload this company. Besides, had the hon. Member for Argenteuil—Papineau wanted to be honest she could have said that, at one time, the Liberals did consider selling Teleglobe but changed their mind.

The philosophical approach of the Liberal Party of Canada is not to sell most Crown corporations, but it is not against that either. In fact we believe that selling Crown corporations is

something possible and even well-advised in certain cases. We study each case. For example, with respect to Canadair which the Government sold not too long ago, we were in favour of privatization for various reasons which I will sum up briefly. First, because Canadair was producing something, aircraft among other goods. We do not think that the Government has a role to play in replacing the industry to produce consumer goods. Then of course the sale rallied public support in Quebec because Bombardier was the buyer. Most Quebecers agreed with the sale, even including the labour union.

However the situation is altogether different in the case of Teleglobe. First of all, we are talking about a public utility. Teleglobe can be compared with a hydro power company or a public service such as highway and bridge maintenance. Teleglobe is a day-to-day service. Since this service has until now been provided by the Government—indeed, a benefit for Canadian consumers—we see no reason to change anything. Why fix something which runs smoothly? Everybody knows that in Canada you only need to lift the receiver off the hook to be able to talk to the person you are calling. Unfortunately it is not the same thing in all countries of the world. More particularly, international communications networks in Canada are extremely efficient. I simply cannot understand why the Government has decided to sell this company. It will now have to be regulated, yet there was no need for that before since it was a Crown corporation which set its own rates!

[*English*]

Why should something that is working so well be changed and given away at a price that is shamefully low?

The Minister of Finance (Mr. Wilson) stated in his budget speech of 1985 that the Government's philosophy on selling Crown corporations is that Crown corporations without a policy role could be dissolved. Why is the Government selling Teleglobe before the establishment of a national communications policy? It is in clear contradiction with the philosophy previously stated by the Minister of Finance.

[*Translation*]

But the aspect which I find most revolting in the sale of Teleglobe is the price that was asked. To anyone prepared to listen the Government said that the company sold for $608 million, and that is what the newspapers have been reporting. But they have been somewhat more honest than the Government and delved for facts. This is how we learned that the Government is not going to recoup anywhere near $600 million from this sale. I will try to show that it is more like $300 million.

To begin with, consider the fact that Teleglobe cash assets now amount to $102 million. Of course we have been told that Teleglobe will give that money to the Government. Good gracious, how could it be otherwise? These $102 million belong to the taxpayers. So it seems normal to me that the Government would keep this money before the company is turned over to Memotec, the buyer. But no, Sir, this is not what they are going to do. They will hand over the $102 million to Memotec and then tell them: Give it back. This leaves under the impression that the government has obtained $102 million more, which is not the case. Moreover, Memotec will also have to return to the government $18 million in dividends. This means that the stated price of $608 million is now reduced to $488 million. That is not all. Teleglobe was indebted to the government to the tune of some $145 million. If that amount is deducted, we realize that the government will only collect $343 million for that sale. It is far from the $608 million announced. The government should refrain from boasting that it is a very good deal.

• (1220)

[*English*]

That is not a very good deal for Canadians. It is not a very good deal, it is a fire sale.

[*Translation*]

In addition, we should not only consider the selling price of $343 million which makes its a fire sale, we should also consider the benefits made by Teleglobe for the Government, hence the Canadian taxpayers. In 1985, Teleglobe paid dividends of $108,100,000 to the Government. In 1986, Teleglobe paid $80 million. This means that the corporation made handsome profits for the Government. It is easy to see that by letting it go for $343 million, we are deprived of returns of almost $100 million per year. With its anticipated profits the successful company, Memotec, must surely be laughing since—

Mr. Boudria: —all the way to the bank!

[*English*]

Mr. Guilbault (Saint-Jacques): It must be laughing all the way to the bank. It is paying only $340 million for a corporation that has given to the Government $108 million in dividends in 1985 and $80 million in 1986. I am sure that Memotec already has an application in for the purchase of the next Crown corporation that will be put up for sale. In my opinion it is a repetition of the great de Havilland give-away to Boeing. We see—

[*Translation*]

I also want to deal with the fact that the Minister promised to the Canadian people that one of the major benefits flowing from the privatization of Teleglobe was that rates were to be reduced by 13 percent, she said, as of January 1, 1988. That is some interesting news for the Canadian public. However, the Minister must at least not take credit for announcing that news because we already knew it. As soon as November 1986, Mr. Jean-Claude Delorme, Chairman of Teleglobe, submitted his corporate plan to a committee of this House. It was already provided that in early 1988, rates would be reduced by 10 percent in view of the profitability of the company. Therefore the Minister cannot ask us to believe that the sale of Teleglobe to Memotec will suddenly bring about a rate decrease for

Canadians. It was already provided for in Teleglobe's corporate plan. That is easy to understand since it is a company that has been very profitable for a few years.

I stated earlier the huge dividends which it paid to the Government. It was therefore decided in the corporate plan to pay some of those dividends to the consumers through a decrease in rates. So much for the nice present that the Minister was announcing!

[*English*]

This attempt by the Minister to make us believe that this so-called generous rate reduction is coming out of the privatization is false. It had to come about in any event. This was said previously in committee in November of 1986 by Teleglobe. It is another weak attempt by the Government which has a chronic habit of embellishing things, a weak attempt to make a bad deal look good.

[*Translation*]

What about the response to that sale? Let us see what those people who are the closest to the company, that is workers who go there every day, who earn their living in that company, think about the sale. I quote from the newspaper *La Presse* of February 12, 1987:

> The communication employees union of Teleglobe, which represents 275 white collars of the firm, critized the sale of the company. The president of the national organization, Mr. Fred Pomeroy, said that the Conservative Government has sold out a profitable company—

Those are no gentle words from the very people who work within the company. I quote again:

> —that the sale is not in the taxpayers' interest.

Of course the employees are right there, they are familiar with the operations of the company, and they know what they are talking about. They are against the sale. They are against it and say that it does not serve the interests of taxpayers. I will go further by adding that it does not serve the interests of the employees, who have now been guaranteed a workplace for the next five years. However they wonder what will become of their job security after those five years, the regulation period provided under the Bill. And this is not the beginning of difficulties experienced by the unionized workers of this company, considering that for some time already the Government has been playing with the emotions of Teleglobe employees—up and down like a roller coaster. As early as 1984 there were rumours that the company would be up for sale, and this worried the employees who were wondering about their job security.

Since we are talking about past events, I might recall that when a Conservative Government was briefly in office for nine months in 1979 the Conservatives at the time were already toying with the idea of getting rid of Teleglobe. Ever since the employees have been asking themselves whether or not their heads were on the block as well.

[*English*]

I am saying that it is immoral to play with the emotions of the workers of a Crown corporation and to bring them up and down in a roller-coaster fashion. That is what has happened since 1979 in the case of Teleglobe.

Another item worth mentioning is the lack of involvement by the telecommunications carriers in this sale. They were not involved. In order to try to be involved they bid on the company. In fact, they bid twice. The Minister can correct me if I am wrong, but I believe the first bid did not qualify with the 40 per cent bench-mark that had been established. The second did not qualify either. The involvement of the telecommunications carriers would represent a protection to the consumer, that is, a protection against a possible by-pass of international communications. By by-pass I mean that someone can call the United States and then have that call routed overseas through a communications agency located in the United States, in other words, by the American version of Teleglobe. Some 70 per cent of communications traffic in Canada could not be routed in this fashion. I refer to the traffic of Bell Canada and B.C. Tel which are federally-regulated companies and which cannot do that. What about the rest of the traffic, the 30 per cent that could be by-passed through the United States?

[*Translation*]

Finally, Mr. Speaker, I want to refer to another aspect, namely the leaks which occurred before the official announcement that Memotec was the successful bidder, before the news was made public. We all know the story, and I am not going to repeat all the details before the House. During the week before the announcement was made, the value of the shares suddenly started to rise. We know that the Toronto Stock Exchange and the Montreal Stock Exchange are investigating, and, I wonder whether the Minister is doing so as well and what is taking her so long to report to the House. Obviously, the name of the lucky bidder was known only in Government circles. Memotec didn't know, and neither did the TSE or the MSE. Only a small circle of Ministers and senior officials knew the decision had been made. I am not accusing anyone, but it is pretty clear the information had to come from that direction. Only the people who had the information could leak it. I therefore want to ask the Minister, if she intends to speak again in this debate, to report on the progress of her own investigation, so we will know where the leaks came from and who had an interest in taking advantage—

Mr. Charest: If there were any leaks!

Mr. Guilbault (Saint-Jacques): —of privileged information, and finally, how it happened.

Mr. Charest: Has that been proven?

Mr. Guilbault (Saint-Jacques): On the other side of the House they are asking whether there were any leaks. I say there were leaks.

Mr. Charest: No, I asked whether it had been proven?

Mr. Guilbault (Saint-Jacques): Whether it was proven?

Mr. Charest: Yes, whether it was proven, that is what we are asking!

Mr. Guilbault (Saint-Jacques): You will have a chance to ask questions later on, but here is part of the answer. When shares start rising all of a sudden on the stock exchange, and then people tell us there were no leaks, well I say the onus is on these people to prove there were none.

Mr. Charest: That's a new wrinkle! The whole system of justice in Canada has changed. The whole principle of the burden of proof is no more!

• (1230)

[*English*]

The Acting Speaker (Mr. Paproski): Order, please. In two minutes there will be an opportunity to ask the Hon. Member questions or comments. I would like the Hon. Member to be able to finish his debate.

[*Translation*]

Mr. Guilbault (Saint-Jacques): Mr. Speaker, I thank you for cutting off the junior mini-minister who is trying to get involved in my speech.

[*English*]

This company has been sold cheaply, at a give-away, fire sale price for a public utility that should not have been sold in the first place. To summarize, unfortunately Teleglobe has been sacrificed on the altar of privatization.

[*Translation*]

Mr. Charest: Mr. Speaker, I had not planned to speak following the speech of my hon. colleague from Saint-Jacques (Mr. Guilbault) this morning, but since I have been irresistibly invited to do so, I shall now say a few words. First, I imagine that, now that he can sit down for a few moments and reflect on what he said, he is probably regretting having called me the junior mini-minister from Sherbrooke. Such behaviour is clearly unusual on the part of the Hon. Member for Saint-Jacques, whom I respect deeply. I am sure that, now that he is sitting down, he will be thinking that he should not have made such a comment, that he does not usually lower himself to petty personal attacks, especially against people with whom he usually has good relations, and that people who behave in this way or use such arguments are running out of things to say and are scraping the bottom of the barrel.

I would like to say one thing about another of his comment, and I am certain that he will want to correct what he said. He insinuated, and such insinuations are common practice for the present opposition, that there might have been suspicious activities in the sale of shares. This is a possibility which no one is denying. It is why there is an investigation. However, you overstepped what any Canadian would find acceptable as well as the democratic principles of our society when you said that, because the price of shares had increased, the onus of proof was on those who had purchased these shares or on someone else to prove that there had been no illegality, immorality or irregularity in this sale. This is completely wrong and you know it. Even to question the application of this principle in Canadian society would go against all the democratic principles this House stands for. I am certain that my colleague for Saint-Jacques will want to use this opportunity, at least to tell us exactly what he thinks about this matter.

Mr. Guilbault (Saint-Jacques): Mr. Speaker, I would like first to return to the comments of the mini-minister. He is asking that I regret calling him a mini-minister. I am quite ready to do that. I think he is right. We should refrain from personal attacks. By the same token, I imagine he will regret having interjected on top of his voice from across the House, which led me to label him in a way he did not appreciate. As a matter of fact, I was not attacking, I as the assailed was simply using defence.

Coming back to the issue of possible leaks, in answer to the Minister's question I would not take a legalisitic view of the matter as he does.

Actually, the Government is not before the courts fighting a charge of having caused leaks. It is rather that the media and Canadians across the land believe there has been a leak. It is in that sense I am suggesting the Government should clear the air. It is not my business, I am not part of that Government. But if I were on that side of the House, and rumours were circulating there had been leaks, I would feel the onus was on me to defend myself. I do not mean that in the legal sense, Mr. Speaker, but in terms of perception. So much so that we have been paddling about for some months in an atmosphere that does not reflect favourably on the Government in terms of perception, integrity and those matters, on which I have no intention of dwelling, because it is not the subject at hand.

That is why I say that, as reported in various newspapers, some Canadians believe that there must have been leaks for the shares to appreciate so quickly. The Government should feel the need to dispel any doubt concerning this matter.

While the Minister was shouting from his seat in the House, he asked me a question: Are you saying that there has been a leak? I could not certify that there has been one. But I hear everywhere that there could have been a leak. And I am quite concerned that there could have been a leak of this type from the Government. I did say there could have been— We have not reached the point where we know for sure that there had been a leak, but just the fact that the Canadian public may think that privilege information such as this may have seeped through the Government process is quite unacceptable. And especially in the interest of the governing party. This is why I tell Conservative Members to please disperse this cloud of suspicion for your reputation is at stake.

[*English*]

The Acting Speaker (Mr. Paproski): Since there are no more questions, on debate, the Hon. Member for Sarnia—Lambton (Mr. James).

Mr. Ken James (Sarnia—Lambton): Mr. Speaker, I am pleased to again address the House on this Bill. The Bill before us today is very important, and I am delighted to have the opportunity to clarify some of the points that have been made.

First, I wish to make mention of a point about no guarantees for employment, which was made by the Hon. Member for Essex—Windsor (Mr. Langdon) in an earlier statement or speech in the House.

• (1240)

I should like to bring to the Hon. Member's attention a press conference held on February 11 and attended by representatives of the company and members of the media. Mr. McKenzie, an official of the company, was asked the following question:

—will there be management changes at Teleglobe or any staff lay-offs, anything like that? Any surplus people?

Mr. McKenzie answered as follows:

I am glad you asked that question. Absolutely not. The Teleglobe, as we all know and as the Minister already indicated, is a very well run company . . . and his people are very, very good managers. One of the key points of our bid is that management is to be retained and all of the employees are to be retained. In fact, you know, that is the strength of Memotec—

He want on to say:

And we need the support of those people, the help of those people. We need those people to be motivated and enthusiastic towards what we are all trying to do. There will be absolutely no changes. In fact, we hope to create more employment through the synergies of the two groups. And that is the point we are trying to make, that we will create new employment opportunities, not decrease employment opportunities. I think this is a very positive story.

I think that answers the point raised by the Hon. Member for Essex-Windsor in which he attempted to cast suspicion.

The sale of Teleglobe is a good deal for the Government of Canada, for the employees of Teleglobe and, indeed, for all Canadians. The delaying tactics of my colleagues, especially those in the New Democratic Party, are not only unwarranted but unjustified. It is true that there is an ongoing investigation, as a previous speaker mentioned, but it is not an unusual occurrence. The Toronto Stock Exchange routinely investigates increased activity in any stock. The Minister is assisting in this investigation and is working very closely with the TSE to have the issue investigated. She is in constant contact with the Exchange and has requested her Deputy Minister to provide whatever details and assistance is necessary.

I am confident that the questions in the minds of the Opposition will be answered very satisfactorily and very directly. Surely the Opposition is not suggesting or accusing Memotec of any wrongdoing. It is necessary for us to allow the investigation to go forward, even as we move forward with the speedy delivery of the legislation to the appropriate legislative committee.

Once again I will go over the details of the bidding process and the sale to Memotec just to clarify some points. On November 19, 1986 the Minister announced that proposals would be received for the sale of Teleglobe based upon the comprehensive policy positions and the conditions of sale provided by the Government.

On January 9, 1987 CDIC received seven bids for the purchase of Teleglobe. A series of meetings between CDIC and the seven bidders were held to clarify points on the bids. Of course, these clarifications were needed by CDIC.

On January 27, 1987 the CDIC board met and considered the bids, including in its considerations a meeting with each of the seven bidders. At the conclusion of that meeting the management of CDIC was instructed to correspond with each bidder to allow them to consider their bids in light of the technical amendments to the draft agreement and the purchase of sale. In light of those changes, as per normal business practice, bidders were invited to refine, if they so chose, their proposed price for the purchase of Teleglobe.

On February 5, 1987 the CDIC board again met to consider the revised bids and determine its recommendations to the Government.

The next step is the crucial one, so I invite all Hon. Members of the Opposition to listen closely. The decision of CDIC was hand delivered by Mr. Paul Marshall to the Minister of State for Privatization (Mrs. McDougall) on February 8. The CDIC recommendations were taken to cabinet committee by the Minister on February 9 and a final decision was made by Cabinet at 5 p.m. on February 10, and the Toronto Stock Exchange was notified immediately.

These are the accurate details of the process. There were no difficulties with the bidding process and the utmost of secrecy was maintained until the date Cabinet made its decision.

It is important to remember that any of the six bidders could have closed the deal and had the financial backing to support the acquisition. The hue and cry from the Opposition about it being a leverage buy-out obscures one very important business point. To acquire a large and viable company such as Teleglobe, there are few companies in the country which could have done so without loans, and we were determined to keep Teleglobe in Canada.

I despair at the disparaging remarks the Opposition is making about the integrity and viability of Memotec. For the past few days in the House we have heard over and over again about the minnow that swallowed the whale. I ask you, Mr. Speaker, what is wrong with that? Would the entire sale have been more digestible if we had sold Teleglobe to a major conglomerate? No, Mr. Speaker, I do not think so, because the Opposition would then have railed at the notion of too many assets in the hands of too few companies.

The second point I wish to make is to put an end to the Opposition's scare tactic that our Government is bent and determined, not only to privatize all Crown corporations, but

additionally somewhere along the line—opposition members have this mistaken notion—we are to move into the privatization of social programs. I cannot understand from where this would even come. It guess it is just rhetoric, something to say to fill in their 20 minutes.

Just to keep a balance on things, I want to take a moment to quote from the Minister's statement last Friday when she said:

> Our policy is to better manage all Crown corporations, to wind down those entities which are no longer required, and to privatize on a case by case basis those Crown corporations where the public interest can be better served through private ownership with public regulation as and when required.

This point by the Minister must be remembered and addressed. It is our policy—and indeed it is sound policy—to examine individual cases. I can without hesitation assure the House that we will never move to privatize arbitrarily every Crown corporation, nor will we turn over to the private sector our existing social programs.

Let us take a minute to examine the Minister's statement in respect of private ownership and public regulation. Once again the Opposition has seen fit to muddy the waters. The new Teleglobe, unlike the old Teleglobe, will be subject to CRTC regulations for as long as the legislation remains in place. The five-year reassessment proposed in the legislation applies only to the monopoly situation, not to the CRTC regulations. This point has been mistakenly raised by the Opposition. It must be made very clear that rates offered by Teleglobe will be subject to CRTC scrutiny for many years to come.

Consumers will benefit from an average rate reduction on overseas telephone calls and from CRTC regulations in connection with the sale. Employees of Teleglobe Canada will benefit from a pension plan which is comparable to the current government plan. Additionally, they will have an opportunity to purchase equity in the new firm on extremely favourable financial terms.

• (1250)

Lastly, Teleglobe Canada will benefit by being able to pursue new opportunities, expand and grow under skilled private sector management. I would like to quote from a statement made by former Liberal Minister of National Revenue as reported in *Hansard* for May 28, 1984 while this House was debating second reading of then Bill C-25. He said:

> The fifth part of the Bill—concerns CDIC's subsidiaries: Canadair Limited, The de Havilland Aircraft of Canada Ltd., Eldorado Nuclear Limited, Teleglobe Canada and, in the near future, Pêcheries Cartier Inc. and Fishery Products International Ltd., . . . The clause deals with the relationship between the CDIC and its subsidiaries, and the aim to change the status of those subsidiaries to private sector corporations.

Obviously the Official Opposition has changed its stand somewhat from that of 1984.

Similarly I quote the Hon. Member for Vancouver—Kingsway (Mr. Waddell) during the debate on second reading of the Canadair Bill. On December 1, 1986, he said:

> We in the NDP are not necessarily against privatization. We are not saying in every case we should not privatize; we are saying you have to have sound economic reasons for it.

I have sat in this House and listened for the past few days to the Opposition's rhetoric and waffling. It seems the minds and opinions change to fit the issue of the day. I am reminded of Prime Minister Mackenzie King who also had a gift for speaking his mind clearly. He said:

> Conscription if necessary, but not necessarily conscription.

I believe that in this case the sale of Teleglobe is not only a good deal but a great deal, and I believe the facts speak for themselves.

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, I was interested in hearing the Hon. Member for Sarnia—Lambton (Mr. James) describe how great is this Teleglobe deal. He notes particularly the observation of my friend from Vancouver—Kingsway (Mr. Waddell) about the possibility that the sale of some Crown corporations might be appropriate if there were sound economic reasons. Does the Hon. Member think that the reasoning here is sound?

To put it in the context of the Government's actions in the matter of regulation of various services in the federal area, which communications obviously is, what we see the Government doing is reducing the amount of regulation that has been applied in the past. What the Government is doing with Teleglobe is putting it into private area responsibility. The Government is taking out an international communications monopoly in Canada and turning it over to a private interest which, of necessity in the private sector, has other concerns than the public interest. First, it is obsessed with its own profitability. Every member of the Government would insist on that. Recognizing that that is the preoccupation of the privatized Teleglobe and the only control over the situation is staff regulation, what kind of assurance do we really have that a privatized Teleglobe will serve the public interest as it should?

We have a company which is, in the fullest sense, a utility in the communications area. Utilities tend to be monopolies. What has been recognized for 100 years by every economist, no matter how deep his or her dedication is to competition, is that monopolies need to be regulated. A Government that has no vision for creative regulation but wants to get out of it will take a utility and put it into the hands of private interests obsessed with their own profitability rather than serving the public interest. What kind of sound economic reasoning can one put forward for taking this vital communications utility and putting it into private hands, as the Government has done?

Mr. James: Mr. Speaker, I am pleased my hon. friend has asked that question. This sale gives a lot of opportunity for providing jobs. I know the Hon. Member for Thunder Bay—Nipigon (Mr. Epp) is very concerned about that, I say that sincerely, and I think that is very important. The employees are pleased with the transaction and I would think the Hon. Member would be very positive about that. I cannot recall seeing any statements that they were unhappy.

It has been said, and I think the Hon. Member heard me read a statement made by Mr. McKenzie at a press conference

on the situation and his belief about how important the employees will be to Memotec. I think the Hon. Member would have to agree that it has been written extensively in Canada, and I tend to believe it, that when employees have the opportunity to purchase shares in the company for which they work, have the opportunity to buy those shares at less than market price with interest-free money loaned by the company, it goes to excellent working conditions.

The rationale for divestiture of Crown corporations is to see them expand, grow and get into other areas not encumbered by the bureaucracy and the Government which really are not the best at being in business. The Hon. Member has a little trouble agreeing with me on that because the philosophy of the New Democratic Party is that the state runs everything.

In the May, 1986 Budget is this statement:

> We expect the results of returning federal Crown holdings to the private sector, that privatization will reduce the size of the Government and leave room for more private sector initiative which will promote market competition and more efficient allocation of resources. It will improve company efficiency.

We can talk about a lot of things that are of value in this sale. It is important that we are doing good things for the people who work for Teleglobe and for those who will be able to work for the new important company with its new jobs and new opportunities.

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, with respect to my colleague, the Hon. Member for Sarnia—Lambton, he has completely refused to answer the questions. There was not the slightest recognition of the fundamental difficulty that I put to him, namely, that the Government is backing away from regulation and making it easier for companies, whatever industry they may be in, to pursue their own ends rather than serve the public interest. Here we have a monopoly being put into private hands. What kind of protection is there for the public interest? The Hon. Member has not provided any of that. He has talked about other things. Let me challenge him again to respond. He said in passing that enhancement of competition was the goal of privatization. That is completely missing the point I was making. More particularly, the Hon. Member began by praising the increase in employment that will result from this sale. The Hon. Member will have to concede, surely, that there are no guarantees in the sale at all? The Hon. Member was forced to read a press conference and the statement by a principal of the new owner to defend of that. But there are no assurances. This is another of those cases of putting all sorts of things forward before the Canadian public without any assurance. That is the form of Government action far too often these days.

The Acting Speaker (Mr. Paproski): Perhaps the Hon. Member might want to answer that question when Orders of the Day are called after Question Period today.

It being one o'clock, I do now leave the chair until two o'clock later this day.

At 1 p.m. the House took recess.

S. O. 21

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

MARINE TRANSPORTATION

EFFECT OF TAX SYSTEM ON CANADIAN REGISTERED SHIPPING

Mr. George Henderson (Egmont): Mr. Speaker, Canada conducts over $50 billion worth of trade annually with countries other than the United States. This represents transportation fees of about $5 billion per year. Of that amount, less than 1 per cent is carried on Canadian ships. Twelve billion dollars of this trade is conducted with countries which have enacted legislation which will only allow cargo to be carried on ships of their national registry. Canada is the only country, to my knowledge, which does not allow tax exemptions of some sort or another on earnings from carriage of deep-sea cargoes. Even the United States and the United Kingdom allow companies to defer taxes indefinitely.

There are currently 120 ships owned by Canadian companies registered abroad which do not hire Canadians. These companies have expressed a desire to be able to operate out of Canada but state that their greatest hindrance is the present tax regime of the federal Government. In light of the fact that over 50 per cent of Canadian merchant seamen are currently unemployed and the fact that the Minister of Finance (Mr. Wilson) is bringing down his Budget Wednesday night, I would ask the Minister to make the necessary changes in the tax system so that these merchant seamen can be put back to work.

* * *

IMMIGRATION

PASSENGERS DESTROYING PASSPORTS ON BOARD AIRCRAFT—SUGGESTED DEPORTATION TO POINTS OF DEPARTURE

Mr. John Oostrom (Willowdale): Mr. Speaker, on KLM Royal Dutch Airline flights 691 and 677 from Amsterdam to Toronto, a total of 22 illegal immigrants were apprehended by immigration officials last week. These individuals deliberately tore up their passports and other identification, thus committing an illegal act. If these individuals were legitimate refugees, there would be no need for them to destroy their documentation.

Under these circumstances we are not compelled by international law to admit such law-breakers into Canada. I strongly urge the Government not to give these individuals the right to land in Canada and to return them immediately back to their points of departure where they presumably had the legal right to be present since they boarded these flights. There

is no need to have such abusers stay in Canada at great cost to the Canadian taxpayer.

Canada must send out a clear message that those who cheat and lie will never be welcome in Canada. Moreover, the airlines are willing to co-operate as well.

* * *

[*Translation*]

PENSIONS

REQUEST THAT CORRECTIONAL SERVICES CANADA EMPLOYEES HAVE RETIREMENT ELIGIBILITY AFTER 25 YEAR'S SERVICE

Mr. Robert Toupin (Terrebonne): Mr. Speaker, for almost fifteen years now the employees of the Correctional Service of Canada, more specifically correctional officers, have been seeking the right to retire after 25 instead of 35 years of service, as is the case for most public employees, with the exception of air controllers, the RCMP and the Armed Forces who may choose to retire after 20 to 25 years of service.

The federal Government must take into consideration the risks, dangers and stress associated with the duties of correctional officers. The extremely difficult working conditions of our correctional officers fully justifies retirement after 25 years of service.

Again recently the Minister said he had the intention of taking action on this matter. It is now more than time to do something and, hopefully, tomorrow's Budget should cover this measure of fairness with respect to our correctional officers.

* * *

[*English*]

SHIPBUILDING

SHIPYARDS IN NEED OF CONTRACTS

Mr. Joe Reid (St. Catharines): Mr. Speaker, six years ago some 14,000 people were employed across Canada in the shipbuilding and ship repair industry. Today that number has been reduced to about 5,000. We know that there is no free market in shipbuilding today but still we do not have a rational shipbuilding policy.

It is in the interest of all of us to maintain a healthy, modern shipbuilding industry to meet defence and commercial requirements. Canada is a maritime nation, heavily dependent upon trade, and we must not permit our marine industrial base to wither and fall. One preventive step is to impose a tariff on ships purchased offshore to work or to fish in Canadian waters. Another is an acceleration of the naval, Coast Guard, and government vessel procurement programs. Given fair competition, Canadian shipyards can do much to provide Canadians with wide employment in shipyards and in hundreds of related industries. They need help and they need it now.

* * *

TARIFFS

REPEAL OF TARIFF ON BOOK IMPORTS URGED

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Great Depression, two World Wars, a small and spread out population, recessions, inflation, and overwhelming intrusion and competition from the United States—none of these could kill Canada's book-publishing industry. However, collecting $36 million for the Budget through the Government's current imposition of the 10 per cent retaliatory tariff on books can. Not only is the tariff a tax on reading and a disguised form of censorship but it discriminates only against English-language books, and it has seriously harmed individual unit sales in the Canadian book industry. Publishers alone estimate they will lose $15 million by absorbing the tariff duty this year.

Some Canadian publishing houses are incurring losses as high as $30,000 a week in a gallant effort to hold on to their customers. They cannot continue much longer. With this loss of income, they have less cash available to publish Canadian works. I ask the Minister of Finance (Mr. Wilson) to take the opportunity to remove this regressive countervail tax on reading in his Budget tomorrow so that the Canadian book industry can once again flourish in Canada. As well, this was a poor policy response to the shakes and shingles countervail in the first place.

* * *

RAILWAYS

WINNIPEG—STREET CROSSING PROJECT PRIORITIES

Mr. George Minaker (Winnipeg—St. James): Mr. Speaker, on February 10, 1987, the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) made a statement in this House concerning the proposed Waverley Street grade separation. This statement requires clarification. The Hon. Member suggested that a tragic accident might not have occurred had the federal Government followed through on a commitment made by his Government in 1984 to build an underpass at that location. This implication is false.

• (1405)

On March 27, 1985, the City of Winnipeg requested that government funding be reallocated from the Waverley Street grade separation to Keewatin Street which has a higher safety risk. Based on those facts the City of Winnipeg set the Keewatin Street crossing as top priority. A new application was submitted to the Canadian Transport Commission on November 27, 1986, by the City of Winnipeg, and is now

being considered. The promised funding is available and will be allocated based on the CTC's recommendation. In future the Hon. Member for Winnipeg—Fort Garry may wish to get his facts straight before condemning this Government's policy.

* * *

REFUGEES

FORT ERIE—LEAFLET DISTRIBUTED TO SALVADORAN AND GUATEMALAN REFUGEE CLAIMANTS

Mr. Dan Heap (Spadina): Mr. Speaker, I am reading excerpts from an informal translation of a leaflet given to Salvadoran and Guatemalan refugee claimants entering Canada from the United States at Fort Erie, Ontario. It says:

FOR THOSE THOSE WHO BELIEVE THEY ARE REFUGEES FROM EL SALVADOR AND GUATEMALA

1. The Immigration Officer has written a report that reads: you violated Canadian Law because you came across the border without bringing a passport and/or without bringing an immigrant visa.

9. The Minister's Permit is described in Section 37 of the Canadian Immigration Act. This section says that this permit can be annulled at any time by written order if you violate other Canadian laws or if the government decides you are not a refugee.

11. For example, if you prefer robbery to work, you would spend time in jail, the government would revoke your permit, and would deport you to the United States.

This leaflet not only denies Canada's regulations which protect Salvadorans and Guatemalans, but it also suggests they are likely to be criminals. I call on the Government to revoke this letter and apologize for this racist slur.

* * *

[*Translation*]

MERCURY AWARDS

EIGHTH MERCURY AWARDS—SUCCESS OF ARGENTEUIL—PAPINEAU RESIDENTS

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, my constituents of Argenteuil—Papineau and more particularly the residents of Lachute have had one more reason to be proud because, last Saturday when prizes were given at the Eight Mercury Awards organized by the Chamber of Commerce of Quebec, a young Lachute firm, Mobilier Form-D, received the Mercury Award given to a new business.

Mr. Speaker, Mobilier Form-D management have succeeded in making a name for themselves as a result of their quality products and avant-garde design in an extremely competitive sector. Congratulations to the shareholders and employees who can righfully be proud of this prestigious award which proves they had every reason to have faith in their own aspirations.

I also want to commend Mirabel's Nationair airlines for being nominated for the second consecutive year, IBM Canada for deserving the 1987 Mercury Award, and the 71 Quebec firms which took part in this event.

To Quebec firms the Mercury Awards are what the Gémeaux awards are to artists, craftsmen and producers of the artistic and cultural community. Mr. Speaker, we must encourage and support this initiative taken by Quebec's Chamber of Commerce, and congratulate the many people responsible for the success of these Mercury Awards.

An Hon. Member: Very well said.

* * *

ADMINISTRATION OF JUSTICE

RAPE IN SHERBROOKE—REQUEST THAT AGGRESSORS BE IMPRISONED

Mrs. Lucie Pépin (Outremont): Mr. Speaker, last May 26, a 26 year old woman was raped by three aggressors in Sherbrooke. There was so much violence used during this sexual assault that the victim has not been able to go back to work since. Last December 3, a jury unanimously found the three aggressors guilty and each one was sentenced last January 27 to five years in prison. However, the very next day, their case was appealed and they were set free. The reasons given were that the rapists had no criminal record, that they are young and that they are successful at school and in sports.

Mr. Speaker, the fact that her aggressors are out means that the victim, Dominique, has to be very careful about what she does and to try not to attract any attention. Her assaulters have been freed, they live in the same city as she does, Sherbrooke, which is not New York, and she is afraid of reprisals. If anyone should be hiding out of fear and shamed, it should be the aggressors, not the victim.

Mr. Speaker, I ask that the Minister of Justice review this case and that the appeal be heard as quickly as possible, and also that the aggressors be put in jail. If they are in prison, justice will perhaps be done more quickly in the case of this odious and serious crime.

* * *

SMALL BUSINESS

CONGRATULATIONS EXTENDED TO SOLIDARITY FUND OF QUEBEC FEDERATION OF LABOUR

Mrs. Suzanne Duplessis (Louis-Hébert): Mr. Speaker, I would like to congratulate the Solidarity Fund of the Quebec Federation of Labour for investing a few weeks ago over $200,000 in a high technology company located in Sainte-Foy, in my constituency, thus protecting and creating jobs. In addition, the Fund will invest $2 million in an office tower to be built in the Hull region at the end of the month.

It is the first time in North America that a union creates a fund whose major objective is to protect and create jobs by investing in the Quebec small business sector.

Once more, I congratulate the Solidarity Fund of the Quebec Federation of Labour and its president, Mr. Claude Blanchette!

* * *

• (1410)

[*English*]

HUMAN RIGHTS

U.S.S.R.—RELEASE OF JEWISH DISSIDENT WELCOMED

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I know all Members of Parliament will want to join in welcoming the announcement of the release of Iosif Begun, a leading Jewish dissident in the U.S.S.R. who had been imprisoned for supposed anti-Soviet agitation and propaganda. It is heartening that his release comes after the release of another 150 prisoners this month. We know that there are still several thousand prisoners of conscience incarcerated in the Soviet Union. We hope the Soviet Union will release many of them and that many of the Jewish dissidents will again find it possible to leave the Soviet Union.

We note and regret the fact that beatings and repression are still used against those from the Soviet Union who wish to demonstrate that such treatment of dissidents is the denial of human rights. Such incidents are sharp reminders that there is a great disparity in what is said about human rights by the Soviet Union and what actually happens to dissidents in that country.

* * *

THE ECONOMY

NATIONAL ACCOUNTS OPERATING SURPLUS

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, with regard to the national finances we have turned the corner and can now see the light at the end of the tunnel. For the first time in many years the national accounts show an operating surplus. The third quarter results are now in for 1986 and reveal a small surplus, about $1 billion, over the preceding 12-month period.

Huge public debt service charges, the legacy of years of mismanagement by former Liberal Governments, still result in large over-all deficits, but the trend toward reduction has definitely been established. The Minister of Finance (Mr. Wilson) is to be congratulated on his exemplary performance to date and urged to stay the course.

VISIBLE MINORITIES

JAPANESE CANADIANS INTERNED DURING WORLD WAR II—CALL FOR GOVERNMENT TO HONOUR COMMITMENT

Mr. Sergio Marchi (York West): Mr. Speaker, it has become painfully obvious that the Government has placed the Japanese Canadian redress issue on the political back-burner. When the current Minister responsible for multiculturalism, the Government's third, assumed his responsibilities, there was great fanfare that the Tories had finally found the ideal individual to address this most sensitive national matter. However, we have heard precious little since.

The Japanese Canadian community was promised before, during, and after the election campaign that the Conservative Government would conduct negotiations on redress and that a settlement would be worked out with the National Association of Japanese Canadians. Regrettably, both previous Tory Ministers ignored these two principles. Now we have the current Minister who is still occupied with obtaining cabinet approval on the process to follow.

This kind of action is simply an offensive response to what were clear promises made to a very important segment of Canadian society. It is about time that the Government finds its morality in dealing with Canadians. It should begin to honour its commitments, fulfil expectations which it created, and re-establish the people's confidence in their national Government and national institutions.

Otherwise, the Government should do everyone a favour and step aside so that Canadians can receive the kind of representation which they demand, rightfully deserve, and have not had for the last two and a half years.

* * *

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

PURCHASE OF AGRICULTURAL COMMODITIES FOR DEVELOPING COUNTRIES

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, the Canadian International Development Agency was formed back in the 1960s to administer the major portion of Canada's official assistance to developing nations. New projects to be funded by CIDA include $310 million to the World Food Program for the next two years, $89 million worth of canola oil and technical assistance to India, $13 million worth of canola oil as food aid to Pakistan, and $40 million for the next three years to the Canadian Food Grain Bank which is primarily a humanitarian relief agency.

These development and assistance programs will involve more than $450 million worth of agricultural commodities, many of which originate in western Canada. These projects are good news for they not only provide help for the developing countries, but also for our own farmers whose commodities

form the basis for the assistance. The Government should be commended for its continuing support of these initiatives.

* * *

• (1415)

ABORIGINAL RIGHTS

HUNGER STRIKE LAUNCHED BY NON-STATUS INDIAN

Mr. Simon de Jong (Regina East): Mr. Speaker, six days ago Kevin Daniels started a hunger strike on the steps of the Saskatchewan Legislature. Mr. Daniels, a non-status Indian, has taken this extreme form of protest in order to draw attention to the plight of the indigenous people of Canada.

He hopes that his action will spur federal and provincial Governments to include land claims and self-government in the Constitution.

In a conversation I had with Mr. Daniels yesterday, he told me that the suicide of a close friend was the final reason that led him to go on a hunger strike. While I do not encourage anyone to undertake a hunger strike, it is a sad commentary on our society that somebody feels compelled to use this extreme form of protest.

The aboriginal people of Canada want to take control of their destinies. They are tired of welfare dependency, unemployment and high suicide, crime and alcoholism rates. They must be given the resources that were promised them so many years ago. They are tired of waiting.

* * *

CANADA POST CORPORATION

SUPERMAILBOXES BURIED IN SNOW

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, several months ago Canada Post introduced its latest contraption under the name supermailbox. This supermailbox could do almost anything and could guarantee mail delivery—should I say mail pick up—24 hours a day, seven days a week. That did not quite happen.

First, everyone and his cousin could break into the supermailbox with their bare hands. Then one's key could open personal mailboxes everywhere. Of course, this was part of the safety feature of the new supermailbox. Now people cannot break into these supermailboxes any more and there is no need to worry about the keys. The latest feature of the supermailbox is inaccessibility.

For four days last week my constituents in the Orleans area had no access to their supermailboxes because it snowed in Orleans and Canada Post could not keep up with the snow removal. Canada Post should install these supermailboxes where they really belong, in the junkyard.

ORAL QUESTION PERIOD

[*Translation*]

IMMIGRATION

EXTENT OF FEDERAL RESPONSIBILITY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Employment and Immigration, my question is directed to the Prime Minister. Since the federal Government cannot reach a decision on its refugee policy and is depending on Quebec to pay the several million dollars in costs incurred while coping with the recent influx of thousands of people claiming refugee status, and since the Minister, aware that more than 80 per cent of these people arrived in Montreal, nevertheless expects the provincial Government and charitable organizations to pay the cost of dealing with a problem that is after all a federal responsibility, why, after taking the credit for a humanitarian act, is the federal Government refusing to pay the bill and live up to its responsibilities as the Government of this country?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I think the last part of the statement the Leader of the Opposition just made is particularly false. The federal Government is paying 50 per cent of all costs connected with the Canada Assistance Plan, under which program the Government of Quebec is providing many of the services being given to the people who have applied for refugee status. The Government of Quebec has made a specific request, considering the considerable influx of people in Quebec at this time. I said yesterday that the federal Government did not have the funds in its Budget to meet a specific request by one province, and would in any case have to ensure that if the same situation were to occur in another province, it could take the same kind of action. In the present situation, as far as cost sharing by the provinces and the federal Government is concerned, both parties, and it has always been that way, pay 50 per cent of the costs incurred by the influx of refugees.

REQUEST FOR ADDITIONAL FUNDS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister knows perfectly well that every week over 1,000 people are applying for refugee status, and most of them are now in Montreal. Quebec does not have the necessary funds to pay for their food and board. Why won't the Minister provide the funds to deal with a problem that, after all, is a federal responsibility and arises from the lack of clear-cut policy in this area? Why won't he meet Quebec's request for funds?

Hon. Benoît Bouchard (Minister of Employment and Immigration): This is exactly the same question, and the same answer applies. Again, the Government of Canada has spent a lot of money on the refugee issue. I agree we are experiencing an exceptional influx of refugees in this country. I said yesterday and I say it again today that we are going to take

specific action with respect to refugees, and we will soon be introducing a Bill to deal with the substantial increase in refugees. Now as far as the respective jurisdictions of Quebec and Ottawa are concerned, we are each doing what our respective Governments have an obligation to do.

• (1420)

[*English*]

FEDERAL-PROVINCIAL CONSULTATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the whole issue of dealing in a humanitarian way with refugees coming to Canada has been handled very poorly. The Province of Quebec claims that there has been absolutely no consultation on the new law that the Minister describes. Will the Minister give an undertaking to consult in detail with Quebec and the other provinces about the new refugee project? Or is he really admitting that this is another sad case of failure in federal-provincial relations?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I don't think I have anything to learn about federal-provincial relations from the Liberal Party.

Some Hon. Members: Hear, hear!

Mr. Bouchard: Mr. Speaker, two weeks ago I had a three-hour meeting with the Quebec Minister of Immigration. My hon. colleague, the Minister of State (Immigration) did as well. My predecessor, the Hon. Member for Waterloo (Mr. McLean) also had a meeting with Quebec last May, when changes were proposed to the provisions for the recognition of refugee status in the Immigration Act. I have never refused to attend a meeting, and there will be more meetings if necessary.

I think there is sufficient evidence that in all our Departments, there has been a continuing emphasis on regular meetings with the Government of Quebec.

* * *

[*English*]

THE ADMINISTRATION

STATUS OF MINISTER OF STATE

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, my question is directed to the Prime Minister. Last Friday the thirteenth the Minister of State and Hon. Member for Joliette was interviewed on *The Journal*. He was asked whether he had discussed with the Prime Minister his involvement in the $5,000-a-piece reception. He answered as follows:

No, never . . . I did not speak with the Premier on the subject. I think I can take my responsibility on this matter.

How can the Prime Minister explain that as of last Friday some 13 months elapsed since the facts were brought to his attention in January of 1986 and that he has not yet discussed the Minister's involvement?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I answered that and all questions related thereto completely last Friday.

[*Translation*]

INQUIRY WHEN PRIME MINISTER WILL MEET WITH MINISTER

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, it is inconceivable that, in the last 13 months, the Prime Minister did not find it necessary to meet with his minister to discuss his role in these receptions where it cost $5,000 per person to get on board the train to "Contractland".

I would like to ask the Prime Minister when he will accept his responsibilities and meet with his minister to discuss his future in Cabinet.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, it seems to be impossible for the Hon. Member to ask a question about the behaviour of another Member of Parliament without making any calomny or discriminatory comment. I think that this shows the state of mind on the other side of the House. They are not looking for answers to their questions, they simply want to destroy reputations and drag people through the mud. I answered your questions last Friday, including the most foolish and the most small-minded. I answered them fully!

* * *

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Fisheries. In the discussion of the possibility of a new agreement between the Government of Canada and the Government of France pertaining to the fishery off the coast of Newfoundland the Minister said the following in the House on January 28:

Our commitment to the people of Newfoundland and Labrador is that any price which is too high for Newfoundland and Labrador is too high for Canada.

The next day he went further and stated:

If, in negotiating—the conditions required by France are unsatisfactory to the fishermen of Newfoundland and Labrador—there will indeed be no agreement.

• (1425)

I wish to ask the Minister if he stands by those two commitments now?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, those comments, and many that have been added since, including references to the possible outcome of a series of negotiations which will unfold over the coming 11 months,

all indicate the objective of the Government in reaching a satisfactory referral to international arbitration of the long unresolved boundary question and the question of interim fishing arrangements beyond the present fishing year. Those agreements will only be concluded in accordance with full consultation with our colleagues from Atlantic Canada, Newfoundland, and in particular the Minister of Transport, to the satisfaction of the fishermen and the people of Atlantic Canada.

MINISTER'S STATEMENT

Hon. Edward Broadbent (Oshawa): I remind the Minister on this very important matter, and he will recall, that the people of Newfoundland, as well as the Government of Newfoundland, felt betrayed by the Government by the process undertaken about a month ago. What the Minister stated in the House on January 28 and 29, which I have just quoted to him, was not that they would simply be consulted, but that there was a commitment by the Government that if the deal was unsatisfactory to the fishermen of Newfoundland and Labrador, and to the Government, that there would be no deal. Does the Minister stand by that today, or are we witnessing another betrayal of a commitment to the Government of Newfoundland?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, as is so typical of the Opposition in these very difficult matters, they would prefer to have us quit before we get going.

In fact there is an agreement setting out a timetable to negotiate two very important agreements which will bring untold benefit to the fishermen of Atlantic Canada. I am pleased to report that in my discussions with the Atlantic Council of Fisheries Ministers yesterday in Moncton, all five Fisheries Ministers who represent the five Atlantic provinces have agreed to continue to participate in negotiations and consultations according to the format set out, and that four of those provinces appear to agree entirely with the course of action the Government has followed.

ACCESS TO NORTHERN COD STOCK

Hon. Edward Broadbent (Oshawa): I remind the Minister that we are talking about a commitment. The Government of Newfoundland has made clear that it recognizes the constitutional right of the federal Government to sign an international agreement, and it is not challenging that, but it also said that there is one matter that it regards to be fundamental and ought not to be put on the negotiating platter, namely, access to the northern cod. Will the Minister now live up to his commitment to the people of Newfoundland, and not put northern cod on the platter?

Mr. Crosbie: The 1972 treaty puts it there.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): The Government of Canada has agreed with France to a process wherein a long-standing border boundary grievance will be resolved to the benefit of the fishing industry and the fishermen of Atlantic Canada, including Newfoundland and Labrador. Rather than pre-empting the process and writing it off, as the Hon. Leader of the New Democratic Party would prefer, we intend to proceed with the support of Atlantic provinces, as I have indicated, and in accordance with the commitment that the Prime Minister made to the Minister of Transport last week, and I quote what the Prime Minister wrote in his letter:

> At the conclusion of the negotiation, the Government of Canada will determine, considering all advice received, whether any proposed agreement is in the long-term interests of Canada and Newfoundland.

The letter further states:

> The outcome must be in the best interests of the people of Newfoundland and Atlantic Canada or there will be no deal.

CANADIAN POSITION

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Speaker, my question is directed to the Prime Minister on the same topic. In the letter that was just quoted from the Prime Minister to the Minister of Transport, who at that time claimed that he was the lead Minister in the fish deal with the French, it was stated:

> The outcome must be in the best interests of the people of Newfoundland and Atlantic Canada or there will be no deal.

• (1430)

However, this morning, when the Minister of Fisheries was asked who Ottawa would side with if no compromise was reached, he said: "It would be unwise to take an arbitrary position now that might jeopardize the process." He refused to repeat the commitment of the Prime Minister to the people of Newfoundland. Why is there a clear and unmistakable difference between what the Prime Minister wrote and what the Minister of Fisheries said this morning on the CBC? Who speaks for Canada? Why is there this discrepancy? And why is the Government selling out the rights of Newfoundland fishermen?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is no disparity. I note the Leader of the Opposition seems to find amusing that one of his members would ask: "Who speaks for Canada?" Clearly the Liberal Party is always speaking in favour of anyone who is at variance with the federal Government. The Government of Canada and the Parliament of Canada alone will speak for Canada in all matters under our jurisdiction. We will seek to do so at all times in harmony and consistent with the interests of the provinces, but the interests of Canada must prevail.

GOVERNMENT COMMITMENT

Hon. William Rompkey (Grand Falls—White Bay—Labrador): Mr. Mr. Speaker, I simply want to ask the Prime Minister, on this very serious question which he committed in writing, why he and the Government of Canada are now backing down on the commitment that in the deal the rights of

Newfoundland and Labrador fishermen must be paramount. Why is he backing down on that commitment?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are not backing down. Every—

Mr. Rompkey: That is what the Minister of Fisheries said this morning.

Mr. Mulroney: The Minister of Fisheries said nothing—

Mr. Rompkey: He would take no position this morning.

An Hon. Member: Does he ever say anything?

Mr. Speaker: The Right Hon. Prime Minister.

Mr. Mulroney: I invite my hon. friend to reflect upon what the Minister said. It is completely consistent with the position the Government has adopted and I have set out. Surely as a member of the federal Parliament of Canada, as a former Minister of the Crown, he is not suggesting that Parliament abdicate its responsibility in regard to treaty making, or the representation of Canada, and our capacity, our right and obligation to conclude treaties in the national interest. If that is the position of the Liberal Party, let the Liberal Party state it clearly, because this Parliament speaks for all Canadians.

COMMITMENT TO NEWFOUNDLAND AND LABRADOR

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. When the Prime Minister was away in Africa, in the special debate on January 28 the Minister made a clear and unambiguous commitment that everybody in Canada, particularly everybody in Newfoundland, could understand. He said:

> Our commitment to the people of Newfoundland and Labrador is that any price which is too high for Newfoundland and Labrador is too high for Canada.

Why is the Minister now backing away from that, hedging, and qualifying it in a thousand different ways? Does he stand by the commitment as he stated it on January 28, or not?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, I absolutely stand by those words. If the Hon. Member would reflect upon the quote I just read from the Prime Minister's words, he would find that those two positions are absolutely consistent. The Hon. Member is referring to a phrase taken out of context in something I said yesterday in Moncton, when asked point blank whether we would accept Newfoundland's demand to remove the reference to 2J3KL from the agreement which had been signed with France. I said: "We will not accede to that demand at this point. We will cross that bridge when we come to it", and that is all.

STATEMENT ATTRIBUTED TO NEWFOUNDLAND MINISTER OF FISHERIES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the statement which the Minister made on January 28 and the statement in the Prime Minister's letter are not exactly the same. I would like to ask him about a statement which was made by the Minister of Fisheries for Newfoundland who said that he was dumbfounded and confounded that there were not some explorations of other options instead of just trying to bribe France to the negotiating table. Why was the stick not used instead of just the carrot?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, what is so peculiar is that the Hon. Member and other members of the Opposition who say that these statements are well known have not yet come to accept these statements and commitments by the Government of Canada. I repeat, in the words of the Prime Minister, that the outcome will be in the best interests of the people of Newfoundland and Atlantic Canada or there will be no deal. Why does the Opposition refuse to accept that the Government is acting in the best interests of the fishermen, the people, and the provinces of Atlantic Canada?

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF INDONESIAN MINISTER OF FOREIGN AFFAIRS

Mr. Speaker: I should like to draw the attention of Hon. Members to the presence in the gallery today of His Excellency Dr. Mochtar Kusumaatmadja, Minister of Foreign Affairs of Indonesia.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF GOVERNMENT LEADER IN YUKON

Mr. Speaker: I also wish to draw to the attention of Hon. Members the presence in the gallery of the Honourable Tony Penikett, Government Leader in Yukon.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF NORWEGIAN MINISTER OF DEFENCE

Mr. Speaker: May I also draw the attention of Hon. Members to the presence in the gallery of Mr. J. J. Holst, Minister of Defence for Norway.

Some Hon. Members: Hear, hear!

* * *

HUMAN RIGHTS

EAST TIMOR—INVASION BY INDONESIAN TROOPS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, the Secretary of State for External Affairs knows that Canada has allotted $300 million in aid through CIDA to

Indonesia over a five-year period. In fact, that represents the fourth largest Canadian aid program in all of Asia. How can the Government continue to ignore the fact that Indonesia has invaded East Timor with 40,000 troops and is conducting "Operation Extinction", which is tantamount to genocide? What kind of representations will the Secretary of State for External Affairs make to the Minister of Foreign Affairs of Indonesia, Dr. Mochtar, who is in Ottawa at the present time?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I trust that the Right Hon. Leader of the Opposition is embarrassed by this kind of grandstanding.

Mr. Turner (Vancouver Quadra): Not at all.

Mr. Clark (Yellowhead): He says that he is not, which speaks volumes for his judgment.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): The Hon. Member is considerably out of date with his accusations with regard to East Timor. I have in fact discussed the matter with Dr. Mochtar during my visit to Indonesia in 1985. At our suggestion, the Canadian Ambassador in Indonesia was invited to visit East Timor to see conditions for himself. He believes the arguments which have been made by various groups are exaggerated. I am sure that I speak for the Government of Indonesia in indicating that they would be prepared—

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): —to welcome the Hon. Member to come and see for himself. It would be a change in the basis of his representations in the House, if they were based on fact.

REQUEST FOR REPRESENTATIONS TO UNITED NATIONS

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, in view of the incontrovertible evidence which has been put before the Government by the Roman Catholic Church, by the Red Cross, by all kinds of non-governmental organizations, and most recently by an editorial in *The Globe and Mail* in January of this year—

Some Hon. Members: Oh, oh!

Mr. de Corneille: In view of the representations made by non-governmental organizations, about which he pretends to be so concerned and whose advice he pretends to care about, what will the Minister do in terms of making representations before the United Nations Human Rights Commission, which is now in session in Geneva, to bring the dreadful situation that is presently taking place to the attention of that body and to see that this massacre is ended?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I wonder if the Hon. Member shares the view of the publisher of *The Globe and Mail* with regard to advertisements respecting South Africa. I repeat the point that I have just made in the House. There have been representations made by Canada to the Government of Indonesia. I have made them myself. There have been visits to East Timor by representatives of the Government of Canada. I would invite the Hon. Member, rather than relying upon the editorial opinion of *The Globe and Mail*, to learn the facts for himself and to avoid making accusations which he cannot support with facts.

MINISTER'S POSITION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and it is on the same subject.

Mr. Crosbie: Rambo Jewett.

Mr. Nystrom: There is "Codfather" Crosbie.

Ms. Jewett: Yes, the "Codfather". Is the Minister saying that he has received from the Minister of Foreign Affairs of Indonesia, from our Ambassador in Indonesia, and from other sources, sufficient evidence that the military occupation of East Timor has come to an end and that the massive human rights violations have also come to an end?

Right Hon. Joe Clark (Secretary of State for External Affairs): In a word, Mr. Speaker, yes.

• (1440)

EXPORT OF MILITARY GOODS TO INDONESIA

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, that is not the evidence, as the Minister knows, that we have received from Amnesty International which is a body upon which we usually rely. May I ask specifically in my second question about Canadian arms exports to Indonesia which have been going on during the period of the military occupation of East Timor, to the tune of $2 million worth of military goods? Next month, High Tech 87 is encouraging further military exports to Indonesia. Will the Minister seriously look at the continuation of such exports in light of the reports that we have received from very reliable sources?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I know the Hon. Member takes these matters seriously and would not want to engage in representations that would be misleading. She made reference to the export of military equipment. The military equipment in question is not arms. She made reference to the question of massive violations of human rights and asked if I was satisfied that those were not occurring. I am satisfied that there are not massive violations of human rights.

There was very legitimate room for concern for a period of time with regard to this situation in East Timor. It is our information that that cause for concern has diminished considerably in recent years. I would welcome the Member to acquaint herself with the current facts in East Timor.

Ms. Jewett: I have.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF NEW BRUNSWICK MINISTER OF THE ENVIRONMENT

Mr. Speaker: I wish to draw the attention of Members to the presence in the gallery of the Hon. Robert Jackson, Minister of the Environment for the Province of New Brunswick.

Some Hon. Members: Hear, hear!

* * *

TRADE

CANADA-UNITED STATES LUMBER AGREEMENT—REMANUFACTURING COMPANIES

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a question for the Minister for International Trade. The Minister will know that the delegation sent to Washington on Friday to renegotiate the lumber agreement on behalf of the secondary lumber manufacturers failed to get any agreement from the United States Government to reopen Appendix B. Considering this now presents a threat to close to 80 to 100 companies across Canada, would the Minister tell us what specific concrete actions the Government will take to assist that industry at a time when it is faced with total relocation or total dissolution?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Hon. Member's information is at variance with my own. I have been advised by my officials that they tabled their arguments with the U.S. officials. I have already told the House, I believe, that I met with Under-Secretary Bruce Smart in Switzerland who agreed that the remanufacturers should not be paying tax on the value added, as is enshrined in the agreement. The U.S. officials undertook to take the list, to consult with higher officials, and get back to us.

REQUEST FOR RENEGOTIATION OF APPENDIX B

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, by way of supplementary I would say to the Minister that, based upon the committee hearings of last week, she will know that it will be a matter of a week or two before these industries are forced to take drastic action, either to move across the border or shut down.

Considering that the External Affairs officials have already called industry people to say that the meetings were not successful, will the Minister personally intervene with the Secretary of Commerce and ask right now for a proper renegotiation of Appendix B before these industries are put out of business?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, I have just told the House that I have already done that, at least in the person of the Under-Secretary of Commerce in Switzerland. The officials when they met Friday, as I said, tabled the changes to the Appendix B list, about which the industry was carefully consulted. I think the Hon. Member is aware that the original Appendix B list was an industry list—

Mr. Axworthy: No.

Miss Carney: —that was supplied to the U.S. negotiators. It was an industry list supplied by the remanufacturers which was not complete.

Mr. Axworthy: And you cut it back. You reduced it.

Miss Carney: We are making every effort to address this matter and I am glad I have the Hon. Member's support for it.

* * *

TARIFFS

IMPORT DUTY ON SKI-BOOTS AND BINDINGS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Minister of State for Finance. As the Minister is aware, a three-year duty remission on imports of downhill ski-boots and bindings expired last month resulting in a very hefty increase in the import duty on these products. As no ski-boot or binding manufacturing industry exists in Canada, this duty places an unfair and unnecessary burden on the shoulders of Canadian skiers, ski equipment retailers, and the Canadian winter tourism industry. Will the Minister tell the House why this duty remission was allowed to expire and when relief will be given to those negatively affected by this punitive tax measure?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, with regard to this matter, the original decision to reduce the tariff was in fulfillment of an obligation we had as a result of the quotas we brought in on footwear. Those quotas are expiring and, therefore, the tariff relief will be finished ordinarily.

As you know, Mr. Speaker, in this country we do not have that many manufacturers of ski equipment. We want to encourage that industry to develop, and the Tariff Act is really in place to try to develop this climate. Let me also tell the Hon. Member that we are trying to find a way to get reciprocal relations with foreign countries, not only with regard to this sector but other sectors. Therefore, the Hon. Member's representations affect all trade policy and we will take them into account.

ENERGY

SELF-SUFFICIENCY—GOVERNMENT POLICY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is for the Right Hon. Prime Minister. At the Premiers' conference in Edmonton in August, the Premiers stated that self-sufficiency was a natural advantage in energy that this country could not afford to lose. The Prime Minister has always endorsed the principle of self-sufficiency, yet his Minister of Energy has denounced it. What is the Government's policy on this very important question? Is the Government in favour of self-sufficiency or not? What is the Government going to do to bring on these very important energy projects that we need in Canada, such as Hibernia and the upgrading of heavy oil?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member is certainly aware that the first federal-provincial conference on energy matters in nearly eight years was held about ten days ago. All the provinces and the federal Government agreed unanimously to sign a press release recognizing the importance of energy matters in Canada and creating task forces to ensure security of supply, which includes self-sufficiency for oil and gas. This must be taken into account. There is therefore a task force and a time-table. For the first time in at least two generations, the provinces and the Canadian Government have agreed unanimously on what should be done in the field of energy.

[*English*]

REQUEST FOR NEW POLICIES

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I think consultation is wonderful, but the Minister of Energy has taken this too far. He has gone beyond consultation. He is abandoning his role as Minister of Energy and leaving it for whomever wants to pick up the pieces. You cannot continue to allow this to drift, Mr. Speaker. When is something going to be done for the energy sector? When are we going to have the federal Government interested enough to provide some policies to generate oil and gas activity in Canada?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, unlike the previous Government, we recognize that, in the field of energy, we are dealing with a natural resource and that constitutional jurisdiction is shared by the provinces and the Canadian Government. The provinces own the natural resources in this country. The Government recognizes that fact. It is in this context that we want to develop joint policies to ensure security of energy supplies for Canadians, and this must not be done on the backs of the provinces because they have a major and basic role to play in the field of energy.

[*English*]

REGIONAL DEVELOPMENT

REPORTED PROPOSAL TO OPEN WESTERN INITIATIVE OFFICES

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Deputy Prime Minister who, I am sure, will recall the Liberals' phantom Western Development Fund of a few years ago that was so roundly and rightfully criticized by western Canadians, including Conservatives. Can the Minister confirm that this Government is soon to announce the opening of four western initiative offices from Winnipeg to Vancouver? More important, can he confirm that there will be no new money for these offices, that they will use the same pencils, papers, the same computers, and the same people who already work in the Department of Regional Industrial Expansion in western Canada? Is this a serious initiative, or is it just smoke and mirrors?

• (1450)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is very interesting to hear the Hon. Member criticize the Liberal Party when his Party supported that Party so loyally over the last number of years.

Some Hon. Members: Hear, hear!

Mr. Broadbent: You better watch it. You've got two years to go, fellow.

Mr. Axworthy: Are you guys fighting over third place again?

Mr. Speaker: Order, please.

Mr. Mazankowski: Yes, I am indeed aware of the Liberal phantom fund. It never really got off the ground. In so far as the Hon. Member's reference to the western initiative offices goes, perhaps he could give me his briefing document and I would check it out to see whether there is any validity to it.

Mr. Nystrom: He is sounding more like a Liberal every day, Mr. Speaker.

POSSIBLE PUBLIC RELATIONS CAMPAIGN

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, before I have a chance to brief the Minister, I wonder if he can also confirm that his Government now has plans for a slick audio-visual presentation to kick off this four-city announcement and if he will confirm that this is just a public relations gimmick when there is no more involved than moving a shingle from one door, renaming the shingle and putting it on another door within the same Department. Can the Minister confirm that?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, of course I would be very interested in that. Ian Deans always told us that

we needed to improve our public relations and I suppose he has gotten to the Hon. Member.

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TELEVISION

BROADCASTING OF *AMERIKA* MINI-SERIES

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, my question is directed to the Prime Minister. During this week the only thing to get more bad press than the Conservative Government is the mini-series that is being run on television, *Amerika*, a disgusting program purveying propaganda from the American point of view. Could the Prime Minister explain to the House why federal government tax dollars are being spent on such a propaganda apparatus?

Hon. David Crombie (Secretary of State): Mr. Speaker, the Minister is out of the House today on business. I will take the Hon. Member's question under advisement and will so advise the Minister.

EXPENDITURE INQUIRY

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, my supplementary question is directed to the Prime Minister. Since the Government will continue to spend funds on this particular program, could the Prime Minister give us his assurance that no more federal money will be spent on it throughout the balance of the week?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I want to know what the Hon. Member of the NDP is doing watching such American programs while there are excellent Canadian programs to watch. Stop wasting our time.

Some Hon. Members: Hear, hear!

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ENVIRONMENTAL AFFAIRS

ACID RAIN—GOVERNMENT POLICIES TOWARD UNITED STATES

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, my question is directed to the Prime Minister and has to do with acid rain. At the present time the Government of Canada is pursuing two acid rain policies with the United States of America. One policy agreed upon by the Prime Minister at the 1986 summit, and pursued in January with Vice-President Bush, is for the Government to have the U.S. live up to the envoys' agreement which calls for further research and demonstration projects for the next five years. The other policy pursued in recent weeks by the Minister of the Environment is to demand a cut of two million tonnes of sulphur dioxide pollution on the part of the U.S. Which of the two is the official policy of the Government of Canada? Which of the two will the Prime Minister pursue at the next summit?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, because the Hon. Member was responsible for a while for the acid rain policy of the Government of Canada, he will well know that this Government, particularly at the initiative of the Prime Minister, has put acid rain at the top of Canada's priorities in discussions with the United States. It is not easy to convince the Americans of our position on that question. We hope to make progress and we would look forward to support from members of the Opposition toward that end.

GOVERNMENT POSITION

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, I thank the Secretary of State for External Affairs for his non-answer. In his position he will realize that he has also to make up his mind and help the Prime Minister decide which of the two policies is Canada's foreign affairs policy with the U.S. on SO2 emissions. The question is very simple. Even the Secretary of State can understand it. Are we pursuing a policy of further research and demonstration projects, which is the policy adhered to by the Prime Minister at the 1986 summit, or are we changing tactics as the Minister of the Environment has in the last few weeks to demand SO2 emission cuts that are meaningful for Canada at the next summit? This is the policy question.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we are seeking to have the President of the United States maintain and honour his commitment to Canada with regard to action on the Envoy's Report and action to control acid rain.

* * *

[*Translation*]

AUTOMOTIVE INDUSTRY

ELIMINATION OF 9 PER CENT TARIFF ON AUTOMOBILE TRADE BETWEEN CANADA AND THE UNITED STATES—GOVERNMENT POSITION

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I have a question for the Prime Minister. Yesterday, the Minister of External Trade stated the Government was ready to discuss the automobile trade in general with the Americans. Is he ready to eliminate the 9 per cent tariff on automobile trade between Canada and the United States?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I feel that in the absence of the Minister for External Trade, I can answer the Hon. Member's question. He appears to be suggesting that Auto Pact matters are still being discussed in the Canada-U.S. negotiations. I

know it is the New Democratic Party's position that the Auto Pact should be discussed but it is not ours.

[*English*]

REQUEST FOR MAINTENANCE OF TARIFF DIFFERENTIAL

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, does the Government realize that the elimination of the 9 per cent tariff, if it takes place, would make the Auto Pact safeguards a dead letter, something that would be completely inoperative? Will he therefore commit himself to maintaining that 9 per cent tariff differential between ourselves and the United States?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as the Minister for International Trade made clear yesterday, the only people in Canada who insist on putting the Auto Pact on the negotiating table between Canada and the United States are members of the New Democratic Party and the Liberal Party.

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FISHERIES

CANADA-FRANCE AGREEMENT—STATUS OF NEWFOUNDLAND

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Minister of Fisheries. The Minister should know that the people and the Government of the Province of Newfoundland believe that Newfoundland has in effect a veto power to be exercised at the conclusion of negotiations with France on the East Coast fishery, and they believe that because of the Prime Minister's letter to the Minister of Transport and indeed because of statements made by the Minister of Transport himself. My question is quite simple. Will the real Minister of Fisheries stand up to tell us whether or not this veto power in fact exists?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, indeed the real Minister of Fisheries will stand up. In response to the Hon. Member's question, I would like to suggest that what seems to rankle members of his Party and particularly those from Newfoundland and Labrador is that we have, for the first time in history, an opportunity to resolve a long-festering problem to the benefit of the fishermen of Newfoundland, Labrador and indeed all of Atlantic Canada. He further knows, or should know, that France has been fishing in the precious 2J3KL cod stocks area for decades if not for centuries, and that this year French fishing in those waters and indeed in all of Canadian waters is at a level of at least one-quarter what it was during the 1970s while the Government of which he was a part had the power to do something about it.

• (1500)

Mr. Tobin: Mr. Speaker, I want to assure the Hon. Minister that I am no more and no less rankled than the fishermen of Newfoundland about the job he is doing, and I hope the Prime Minister keeps him there for another two years.

PRIME MINISTER'S POSITION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I want to direct my supplementary question to the Prime Minister in an attempt to set the record straight. While there are two Ministers of Fisheries there is only one Prime Minister. Will he tell the House, as indeed Premier Peckford understands because of his letter, whether he has given the Province of Newfoundland a veto in effect over the final conclusion of negotiations with France? That is a question only the Prime Minister can answer.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I can tell my hon. friend the answer to that is a flat no. He is signifying his approval. Is that approval on behalf of the Liberal Opposition or will it be withdrawn tomorrow after the Liberals consult some of their friends in Newfoundland and Labrador, or perhaps elsewhere?

Newfoundlanders are Canadians. The people of Canada want this Parliament to speak for all Canadians on matters of national and international import. That is what we have done and that is what we will do. As to whether we will keep the Minister there for two years, I can give my hon. friend that assurance. I can also assure him that I am going to keep him where he is for 22 years.

Some Hon. Members: Hear, hear!

ACCESS TO NORTHERN COD STOCK

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my supplementary question is directed to the Prime Minister. No federal Party would dispute the constitutional position which the Prime Minister has just taken—

Mr. Crosbie: Then why are you up?

Mr. Broadbent: —about the federal Government having the ultimate right to make this decision. Newfoundland is on the record as agreeing with the Prime Minister that the Government of Newfoundland does not have a veto right under the Constitution. However, we have the Prime Minister's commitment and the very specific commitments of the Minister of Fisheries and Oceans with respect to part of the deal that the fishermen and the Government of Newfoundland would have to agree to. Since they have only singled out the northern cod as being unacceptable, will the Prime Minister agree that the French should not be given access to new fish in the northern cod area?

Mr. Crosbie: What area is that?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, if the Hon. Leader of the NDP were ever to enjoy the awesome responsibility of being part of a Government—

Some Hon. Members: Hear, hear!

Mr. Merrithew: Heaven forbid!

Mr. Siddon: —he would know better than to ask questions which relate to constitutional reality. More important, I think it time opposition Members understood the nature of the harmonious discussions I have held with all Atlantic Fisheries Ministers.

Some Hon. Members: Oh, oh!

Mr. Siddon: They have concurred in this process and agreed to give the process time to work.

Some Hon. Members: Order!

Mr. Speaker: Order, please.

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REFUGEES

FORT ERIE—SALVADORAN AND GUATEMALAN REFUGEE STATUS CLAIMANTS—SIGNING OF AGREEMENT FORMS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. As he must know, the immigration office in Fort Erie requires refugee claimants coming from the U.S., including Salvadorans and Guatemalans, to sign an agreement that they will return to the U.S. if Canada rejects their refugee claim. This is contrary to our regulations. The U.S. has been deporting these people, some of them to their death, and Canada, by deporting them to the U.S., is really deporting them to El Salvador and Guatemala. Therefore will the Minister assure this House he will not do that?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I have indeed been informed that what transpired in Fort Erie was of course a personal initiative by one individual, and I can assure the Hon. Member this will not happen again. As to the matter of deportation to the United States—I think we will very soon be in a position, as I said earlier to the Leader of the Opposition— to announce steps that will enable us to control the problem referred to by the Hon. Member.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

The Acting Speaker (Mr. Paproski): When the House rose at one o'clock there were two minutes remaining in the question and comment period. I believe the Hon. Member for Sarnia—Lambton (Mr. James) was just about ready to answer the Hon. Member for Thunder Bay—Nipigon (Mr. Epp).

Mr. James: Mr. Speaker, I believe the Hon. Member for Thunder Bay—Nipigon asked me why we are selling Teleglobe and why we want to have it privatized. I have in my hands an article from the *Financial Times* dated February 16, 1987.

The Acting Speaker (Mr. Paproski): Order, please. Hon. Members will know that this is Orders of the Day and I hope they will let the Hon. Member respond. If there are any further conversations could you please have them behind the curtain?

Mr. James: The article has some interesting things to say about the sale, including this:

> But the most amusing comment on the sale was from Ian Waddell of the New Democratic Party. "I think they're selling it for ideological reasons," he said.
>
> He's right, of course.
>
> Barbara McDougall, the Minister of State for Privatization, said the sale was in line with the Conservative government's commitment to reduce the size of the public sector and to avoid having Crown corporations competing with private business.
>
> She said the public interest would be better served if "there is a more dynamic economic future for the company and its employees and government can get on with managing things that government is supposed to do."

The article went on to say, referring to the Hon. Member for Vancouver—Kingsway:

> His party once advocated public ownership of the means of production. In more modern times it has said public ownership is no panacea but is one of the means by which "social" ends are pursued. It is put forward as a way of "limiting the power of giant corporations" and assisting social planning by the state.
>
> These are the roots of the ideology that has got us into the mess we're in. It puts a lot of stress on action by the state, as though this meant action by some collection of benevolent and all-wise archangels.
>
> In practice it means control by bureaucrats instead of by the free play of market forces which reflect the buying pattern of all of us.
>
> This ideology had a great vogue in the 1970s, when present patterns for budget deficits were set. Governments, including the federal government of Canada, got into all kinds of businesses, dispensing the hard-won money of the taxpayers with a lavish hand.

Mr. Epp (Thunder Bay—Nipigon): Point of order.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate. The Hon. Member rises on a point of order?

Mr. Epp (Thunder Bay—Nipigon): I had understood the Hon. Member was responding to questions. He did not answer the questions I put to him. Instead he wasted his time reading an editorial into the record.

The Acting Speaker (Mr. Paproski): I regret he did not answer the Hon. Member's question but perhaps the Hon. Member would like to debate the point when he is recognized.

Questions and comments are now terminated. Debate.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am pleased to have this opportunity to spend a few minutes on the matter of the divestiture of Teleglobe. We must make clear to the House and the country that this is not a planned development of the economy. It is not a long-term decision by the Government that we must do these things in order that in five or ten years our economy will work well for the benefit of the citizens of Canada. Rather, this is a decision by the Government to divest itself of one of the central requirements of any country in relationships with the rest of the world. The Government's decision has been a matter of Conservative ideology. Instead of building a structure for the benefit of Canada, this is a general rejection of the notion that public enterprise should be used to achieve public policy.

• (1510)

The tradition in this country has always been for Crown corporations to be used for the needs of the country. Instead, we have the rejection of a traditional position taken by Canadian Governments, not only New Democratic or Liberal Governments, but Conservative Governments for many years. The history of Crown corporations in Canada shows that a good number of the Crown corporations which served Canada well were put in place by Conservative governments.

The Government holds the belief that Government should not be involved in any enterprise which can be carried out by the private sector, even if in the process it eliminates some of the public interests and policies which have been put in place. Instead of doing something to increase the economic development of the country, the Government is eliminating that possibility.

Let us look for a moment at the apparent reasons for what the Government is doing, besides the rejection of the fact that Crown corporations can be used to develop public policy, and besides the ideological basis for saying that the private sector should have the right to take as much profit as it possibly can from the country instead of allowing it to accrue to the people as a whole. The Government says it is doing this because it thinks the private sector will do a better job, or it needs to be done by the private sector. The Government seems to forget that we now have a company owned by the citizens of Canada which is being taken away from all of the citizens of Canada and given to one small group. It is said that that is the market system, that it is now within the market. I fail to see the logic of that.

The Government keeps saying that this is one method of reducing the deficit. Although it may put $100 million or so into the coffers right now, over the long term it will increase the deficit because we will not have this well developed, profitable organization continuing to earn profits for Canada on overseas developments.

You must realize that this company has a certain amount of responsibility in the world as a representative of Canada. The Government should realize what it is doing. It is making into a private corporation an organization which has represented Canada in international communication affairs many times in the past and will apparently continue to do so. That was one of the responsibilities which Teleglobe fulfilled as a Crown corporation. It was Canada's representative on many international organizations, such as the Commonwealth Communications Committee which made decisions on our place in the world of communications. Will that mandate be fulfilled in the future by a private corporation, the aim of which is not necessarily to serve the best interests of Canada, but to serve its own best interests by earning as much profit as possible from its operations?

First, we must question the basis upon which the decision was made. We must question the plausibility of the reasons given for this decision being fulfilled by selling the assets of Canada in this way. This is exactly what has been done in Saskatchewan recently by the Government's friends there. The assets of that province have been reduced. The rating given to Saskatchewan by the financial institutions of the world has dropped from a triple A to a single A because the assets which were considered to be the base of the province were sold. Crown corporations are no longer provincial property and are not recognized as assets by the financial institutions of the world.

There are questions which will be asked when this Bill goes to committee. Those questions will deal with the authority and activities which Teleglobe will fulfil. We will ask who will fulfil these authorities when Teleglobe becomes a private institution.

• (1520)

Teleglobe Canada was created under the Teleglobe Canada Act and was mandated to establish, maintain and operate Canada's international telecommunications service and coordinate these services with those of other countries. Apparently the Government has decided to put the control that was ordinarily vested in the Government into the hands of a private, profit-oriented corporation.

The privatization of Teleglobe means that the Government is also relinquishing its control over our ability to contact other countries via telecommunications. The United States is the only other country in the world that depends upon the private

sector for such communications. Apparently, the Americans have a parallel communication network through their defence system. Since our defence communication system is not worldwide, and there will not be government control over these communications system, we may be unable to communicate with the world. Other countries such as Australia, New Zealand and Japan have government control over their international communications systems.

The Government has designated Teleglobe Canada as the Canadian signatory to the International Telecommunications Satellite Organization. Periodically, each of the signatory's ownership share is adjusted to conform with the percentage of their total use of the system and any other percentage that they elect to have within the agreement. If Teleglobe Canada is privatized and its purpose is not to serve Canadians but to make a profit from its operation, how can it fulfil its responsibility to Canadians within this agreement?

That percentage of ownership share in the telecommunications satellite organization is part of Teleglobe's asset. Therefore, one must assume that this share of satellite operation has been sold to a private corporation and the Government no longer has the ability to make use of those satellites for national purposes.

The corporation is also designated as the Canadian participant in the Commonwealth Telecommunication Organization, the purpose of which is to develop efficient operations of a Commonwealth communication structure. The operation of this global system is also apportioned to those in the Commonwealth who have taken part in the development of a global telecommunication system. The Government, through this Bill, is selling our interest in that telecommunications system. Yet, I wonder if the other nations of the Commonwealth who are involved in this organization were asked if they wanted as a partner a private corporation whose aim is profit rather than service to the Commonwealth or the country which it possibly represents?

Teleglobe Canada primarily functioned on behalf of the Government. We are told that it will continue to have this monopoly for five years and there is a commitment to reduce the price. When we consider the Government's previous policies in these areas, there is no assurance that the Government will not increase its subsidy to Teleglobe in the next five to ten years to keep it afloat. We know that the Government's mandate and responsibility is to assist in the development of a corporation.

We are told that the pension plan of the employees involved in this takeover has been settled. However, I was the member of our Party responsible for dealing with the Bill privatizing Canadian Arsenals. When I contacted employees of that organization I discovered that, although the Government thought it had settled that issue, the employees had quite a different opinion. In fact, that Bill was held up in committee for several days because the employees were dissatisfied with the proposal.

There is a retirement benefit equivalent to one-half the accumulated unused sick leave days up to March 31, 1981, with additional credits of five days per year of service after that date, calculated at the salary level in effect at the time of retirement. This is a commitment to people who are presently working for Teleglobe Canada. While government documents on this divestiture indicate that there has been some discussion on this question, there is no guarantee that this kind of commitment from the Government to the employees is safeguarded. While this may have been discussed, the unions and the employees should beware, because we know from other divestitures of Crown corporations that employees may lose in the long run unless they are very careful.

This divestiture also raises a question about the relationship of Teleglobe with the Department of Transport. The Department of Transport has supplied the use of cable ship ice-breakers such as the *John Cabot* and others to Teleglobe on a reimbursement basis. This amounted to a cost of some $6.8 million a year. Will the Government be required to continue to give this kind of service to Teleglobe when it becomes a private corporation? Will we put at the service of Teleglobe, a private corporation, ice-breakers and cable ships, something which will cost and has cost the Canadian Government in the past as much as $7 million a year? Will the Canadian Government be reimbursed for the provision of these services? Or will they just be services to Teleglobe as have been delivered in the past to some extent?

• (1530)

These are the questions which have to be asked. Not only must we ask why we are selling it, we must ask how we will replace the services which Teleglobe has put in place for Canada, how much it has cost us and how much it will cost us in the future.

Mr. Stackhouse: Mr. Speaker, I draw to the attention of the House one of the points made by the Hon. Member for Prince Albert (Mr. Hovdebo), namely, the contrast he made between profit and service. His assumption is that if a utility is purchased by a private enterprise organization it is suddenly no longer a service corporation. I draw to the Hon. Member's attention the number of corporations in the country which have become known not only throughout Canada but throughout the world for the services which they render. I refer to Bell Canada, Consumers' Gas, Interprovincial Pipe Line and TransCanada Pipelines. Do members of the NDP not realize that if one wants to make a profit in private enterprise then one has to provide a service? If there is no service then there is no business and thus no profit. It simply does not follow, as the Hon. Member assumes, that once something is operated for profit, *ergo* a service is no longer being provided. It is quite the opposite.

We cannot believe more confidently on this side of the House that the transition of this enterprise into private hands will actually increase the possibilities of rendering service to the public. The difference here lies not in the picayune points

that have been brought by way of criticism of this deal, for one can believe that members of the NDP would criticize it no matter what were the details of it, but in the ideological-philosophical aspects. They are opposed to anything but state-owned enterprises. They are opposed to private enterprises. That is what they have been saying to the country in this debate while the Government is carrying forward another message to the people of Canada. It is one that we can be confident will be supported by the majority, that is, most business should be in private hands, one Canadian or a group of Canadians serving others.

Mr. Hovdebo: Mr. Speaker, the alternative to one Canadian serving all Canadians is all Canadians serving all Canadians. That is what we believe. The ownership of Teleglobe by the citizens of Canada operating for the benefit of the citizens of Canada is what we would like to see. That is not happening in this situation. We have no guarantee that it will happen.

If a Crown corporation serves no useful national interest or any commercial purpose and cannot be brought to do so, then I have no concern about getting rid of it. It simply clutters up commercial operations around the country. However, if we have an organization which is owned by all Canadians which is providing services not only to Canada but to others, then why give that organization to one Canadian and allow him to provide those services instead? What the Government is doing is taking this away from all Canadians and giving it to one or two people. That does not make sense. It does not create a structure which will allow Canada to develop.

We know what happens to corporations which use tremendous amounts of money in terms of grants given them by the public to provide a service which they now operate for their own benefit such as the CPR. If one were to look at the structure of that organization one would find that all of the money that went into it in terms of lands and grants has been used to increase the wealth of a very small group of people.

Let us consider Ma Bell in this respect. This is a company which provides service. That service has been developed over time and the profits used to develop a corporation which now has nothing to do with service. What has happened is that the exploitation of the need for communications has been used to develop exploits in other areas. The CPR and Bell Canada are probably the two worst examples of the use of taxpayer funds to develop corporations which then go on to exploit the people in other ways.

Some Hon. Members: Question.

Mr. Keeper: Mr. Speaker, my colleagues are in a hurry for this legislation to move forward. However, I am sure they will understand that I have a question to ask my colleague. It is the following. Can a publicly-owned Teleglobe which provides service to Canadians in the area of telecommunications provide the same type of service that will be provided by a privately-held Teleglobe which will be out to make a profit and whose bottom line will be profit? A publicly-held Teleglobe can be directed by the Government to put in place a policy framework with regard to international telecommunications policy. Moving this company into the private sector will cause the company to respond on a profit basis. Will we lose the opportunity to direct our policy internationally as a result of this privatization?

Mr. Hovdebo: Mr. Speaker, as I pointed out before, Teleglobe has been used by the Government of Canada as an agency responsible for telecommunications development and the relationships involved in telecommunications development around the world. As far as I can see, in terms of this divestiture structure there is no indication that the responsibilities taken by Teleglobe in the past will be left to the new Teleglobe. The new company's basic reason for being will be profit. We will have to put in place a new structure within our communications field which will do what Teleglobe Canada has been doing in the past with other countries around the world, particularly Commonwealth countries.

The Acting Speaker (Mr. Paproski): The time allotted for questions and comments has terminated. The Hon. Member for Yorkton—Melville (Mr. Nystrom) on debate.

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, I wish to say a few words on the privatization of Teleglobe Canada. First, as Members of the House are aware, Teleglobe is a Crown corporation that has the responsibility for all overseas telecommunications that enter and leave Canada. It is an important Crown corporation. These telecommunications include, of course, overseas telephone calls, telegraph transactions, cable and telex communications. Teleglobe Canada is a joint owner of submarine ocean cables and a telecommunications satellite system. This particular corporation has an effective monopoly in Canada on all overseas telecommunications. Overseas telephone calls account for some 85 per cent of its revenue. The primary source of revenue is from overseas telephone calls.

• (1540)

What puzzles me about the move of the Government to privatize Teleglobe is that this has been the jewel of Crown corporations in terms of making money. It has been a consistent profit maker for the Government. It seems to me to be sound Conservative business practice that if a company makes money, it is kept, or if it is a good investment, it is kept for the people of Canada. Sometimes you sell it, comes the answer from the Conservatives across the way. I think that they like to sell anything that is profit making. If it makes money, I would keep it.

In my Province of Saskatchewan even the Devine Conservatives would not sell some of the more profitable Crown corporations because they make money for the people of Saskatchewan. These companies help make sure that our massive deficit is not even more massive in the Province of Saskatchewan. There are some Conservatives who believe in public ownership. Our present Minister of Finance (Mr.

Wilson), in a different incarnation before he came to this place, was one of the people responsible for securing funding in the United States for the creation of a Potash Corporation of Saskatchewan. The Potash Corporation of Saskatchewan is the largest potash company in the world. It produces and mines more potash in the world than anywhere else except the Soviet Union.

Why is the Conservative Party so insistent on selling a profitable Crown corporation like Teleglobe Canada? As I have stated, it has been a consistent money maker. In 1985, it recorded profits of $53.2 million. Its profit picture for the last 10 years has been very good. In 1985, the revenues of the company were some $678 million with a profit of $53.2 million.

[*Translation*]

Mr. Speaker, it is a public sector company which has made handsome profits for the people of Canada, it is a sound investment for all Canadians. I wonder why the Government of Canada and Members like the Hon. Member for Joliette (Mr. La Salle) want to sell this company which has made a lot of money and a lot of profits for Quebecers and other Canadians, men and women alike. Why did you do that, Mr. Minister? It was a good thing for Canada. It was a source of considerable profits for Canada.

Mr. La Salle: And so it will continue.

Mr. Nystrom: He says he will continue to sell good companies which make good profits. This is why the Progressive Conservative Party has become so unpopular throughout Canada. This is why the Progressive Conservative Party now ranks third in Canada, according to the polls, with 23 per cent of the votes, with 17 per cent of the votes in Quebec.

Mr. La Salle: That is not the reason.

An Hon. Member: After the elections—

Mr. Nystrom: After the elections the Progressive Conservative Party will be the third Party in Canada and here in the House. And it is strange, Mr. Speaker—

Mr. La Salle: We will see.

An Hon. Member: You are third in Ontario.

Mr. Nystrom: We are third in Ontario, true enough, Mr. Speaker. Now, only for now, but with the help of the Prime Minister and some of his Cabinet colleagues we will soon be second in Ontario.

An Hon. Member: First!

Mr. Nystrom: First in Ontario.

Mr. Keeper: We like Brian, our friend.

Mr. Nystrom: But it is strange, Mr. Speaker. Every time the Progressive Conservative Party gets a huge majority it is finished for 20 years.

Mr. La Salle: What a bad forecast!

Mr. Nystrom: I remember very well . . . Before I was born, Canada had the Government of Mr. Bennett, during the 30s—

[*English*]

The Acting Speaker (Mr. Paproski): I am sorry to interrupt my colleague, but there is such a thing as relevancy in the House. I would hope that the Hon. Member, who has been here for 18 years, would know exactly what I mean.

Mr. Nystrom: I am a non-paid consultant advising the Conservative Party on how to regain its popularity, Mr. Speaker. It is things like this that make the Conservative Government very unpopular. It is Bills like this that make the people of Canada turn away from the Conservative Party. I got carried away on trying to advise some of my friends. For example, the Member for Assiniboia (Mr. Gustafson) is a good friend of mine. I would not like to see him lose his seat to a Liberal—for him to lose it to a New Democratic Member is a different thing. The way things are going in Assiniboia he is running third, and he is the most popular Conservative in Saskatchewan. I am sorry, I got carried away, but he is a good friend of mine. I know that he is a good friend of Joe Frazier, the old former heavyweight champion of the world. I think that Joe Frazier could teach him a thing or two, but that is another story.

The sale of Teleglobe Canada is something that I do not think is in the interest of the people of Canada. A Conservative Government has sold this company to a small Montreal based data processing and data communications company. The Government claims to have sold Teleglobe for $608.3 million. However, in analysing the sale more carefully, it is found that the company that is buying Teleglobe is paying at most only $488.3 million for the company. If it is paying $488.3 million for the company that made a profit last year of some $53 million, it is getting a pretty good deal. In essence, we are seeing the giveaway by the Government of a very profitable part of what Canadians already own. I cannot support that type of giveaway.

Privatization seems to be a trend in the Government. This is not the first company that has been privatized, and it probably will not be the last company that is privatized.

Mr. Jepson: You betcha.

Mr. Nystrom: My very conservative Conservative friend from London says "you betcha". That is what I am afraid of. The Conservative Party in the last few years has changed radically. It used to be a progressive Party. It used to be the Party of Sir John A. Macdonald and of John Diefenbaker. It was the Party that brought in the CBC and the Canadian Wheat Board, the Party that at one time had a national Canadian dream.

Mr. McCurdy: Those are mutations.

Mr. Nystrom: Mutations, perhaps. But every once in a while it did a progressive thing. For example, the Wheat Board was very popular in western Canada, and it has been very good for Canada. Now the Conservative Party has a Prime Minister that believes in branch plant Canada, that is, importing Reaganism and American republicanism. Pretty soon he will probably privatize the Canadian Wheat Board in the free trade negotiations.

An Hon. Member: Go for it.

Mr. Nystrom: "Go for it" says my friend from Calgary, privatize the Canadian Wheat Board. There we have one member of the Conservative Party who wishes to privatize the Canadian Wheat Board. Do we have another bidder? Is there another one out there who will do the same thing? The Hon. Member from Ontario says it is losing money, it is a bad time for the Wheat Board. We will privatize the Wheat Board. There is an Ontarian and a Calgary oil baron who wish to privatize the Canadian Wheat Board.

An Hon. Member: Sell it while it is making money.

Mr. Nystrom: "Sell it while it is making money", he says. So we have the Whip of the Conservative Party from Ontario who wants to privatize the Canadian Wheat Board and sell it. Maybe it is because he is from Ontario that he does not understand what the Canadian Wheat Board means. I think that the Member for Assiniboia should take him out behind the barn and give him a lesson or two about the Canadian Wheat Board, and how the farmers of Canada fought for the Canadian Wheat Board. They fought against the Winnipeg Grain Exchange and those old Liberal corporations at the top that screwed the farmer year in and year out. Now we have these Conservatives from Ontario and from Calgary who want to sell the Wheat Board. They are in bed with the Richardson family in the private grain exchange. That is what is happening to the Conservative Party, a Party that used to be a little bit conservative.

Mr. Jepson: What is your position?

Mr. Nystrom: The position of the NDP is well known in regard to the Canadian Wheat Board. We believe in a strong Canadian Wheat Board. We believe that the Wheat Board should be expanded to include, not just the grains that it handles now, but all the Canadian grains. That is the position of the NDP. It was the position of the CCF, the farmers' union, the wheat pools, and as well the Member for Assiniboia. If the farmers of western Canada were consulted, they would agree with me and not with the Member from Calgary or the Whip of the Conservative Party from Ontario. Those are the fears that we have.

As I said before, it is because of these types of policies that the Conservative Party is defeated whenever they take office. I was making reference to the fact that when R. B. Bennett was Prime Minister, it took him five or six years before he destroyed the Conservative Party for 20 years in this country. In 1957-58, John Diefenbaker came along and he was Prime Minister for five years. Dalton Camp and the Bay Street boys got into the Conservative Party, and again it was destroyed for 20 years. Now we have a new Prime Minister. This time he might not destroy the Party for 20 years; perhaps he will relegate it to third place forever. That would be a useful contribution from the boy from Baie Comeau.

• (1550)

Those are the reasons that I oppose the Bill before us today. It is not Canadian. It is not in sync with what Canadians stand for. It is not in sync with what the Conservative Party has stood for historically. It is not what Peter Lougheed stood for in Alberta.

Mrs. Sparrow: Privatization, you bet.

Mr. Nystrom: He did not stand for privatization in Alberta, with the creation of Pacific Western Airways with some of the moneys from the Heritage Fund. I remember a Conservative Member of Parliament standing in the House and calling Peter Lougheed "Peter the Red".

Mrs. Sparrow: No, no. "Peter the Blue".

Mr. Nystrom: It was "Peter the Red". I also remember Bill Davis in Ontario and the takeover of Suncor.

Mr. Fraleigh: The biggest disaster in Ontario.

Mr. Nystrom: Now I hear an Ontario Tory saying that Bill Davis was the biggest disaster in Ontario, and he is being cheered by the Member from London. I agree with that.

They were Conservative Premiers who believed in public ownership and did some things in the field of public ownership such as those the Conservative Party originally did with the CBC, Radio Canada, and the Canadian Wheat Board. What we are seeing today is a fundamental change in the Conservative Party of Canada.

When the next election comes, I am sure Canadians will say no to the privatization of Teleglobe, to free trade, to deregulation, and to privatization, just as they are saying no now to the incompetence and scandals which plague the Government, the Prime Minister's Office and many cabinet offices.

I could mention many other things about Teleglobe, but many of my colleagues, such as the Hon. Member for Windsor—Walkerville (Mr. McCurdy), are anxious to speak. However, I will conclude with one final appeal to the backbenchers of the Conservative Party to think back to their roots, to their heritage, and to the reason their Party was formed in the first place.

What I heard today from a Conservative Member from Calgary and from the Whip of the Conservative Party, who is extremely influential in the Prime Minister's Office, is that they would like to privatize the Canadian Wheat Board. That

really concerns me. I hope farmers across western Canada will take note of what the very powerful Whip of the Conservative Party wants to do—privatize the Canadian Wheat Board.

I hope we can join forces with the Hon. Member for Assiniboia and other progressive elements of the Conservative Party to put a stop to the notion of privatizing the Canadian Wheat Board and putting marketing boards on the free trade negotiating table. I hope we can stand up for western Canada and for a strong country from coast to coast.

[*Translation*]

Mr. La Salle: Mr. Speaker, I have a few comments, because the Hon. Member, whom I have known for years, just asked me: Why privatize? So I shall, if I may, remind the Hon. Member that of course there can be no agreement between the philosophy of the Members of the New Democratic Party and our own. That being understood, we were not counting on the support of the Members opposite for this transaction. And I also think all Canadians should be aware of the importance of this decision which is one more instance of this Government's meeting a fundamental commitment that was made by the Prime Minister of Canada (Mr. Mulroney) and supported by his colleagues during the last election campaign. I am referring to the commitment that we would give the private sector the place it deserved. We have now proved, and it is important that people realize this, that we trust Canadians and Canadian know-how, and that we also encourage private sector initiative and are doing so through various companies. Today I am delighted, and Montreal is too, to see there will be a share purchase plan for employees. I am also delighted with the potential of this company which will enhance Canada's reputation and reflect the sound and solid policies of a Government that has respect for the private sector and believes the private sector can take an active part in this country's economic renewal. Only two years ago, our economy was an embarrassment, but today, we can be proud as Canadians of our extraordinary economic performance, reflected in the creation of thousands of jobs, lower unemployment rates, and an economic climate that is far more accessible and favourable than it was two years ago. So that of course is the result of this Government's policies, and it has been this Government's response to the private sector which had asked for this chance to develop and expand.

Mr. Speaker, I say to my hon. friends that this legislation is a perfect response to those needs and to the hopes of Canadians who wanted this opportunity to help their country through personal initiative. We have confidence in the ability of Canadian men and women. We have confidence in the private sector, and of course we are not counting on the NDP's support, but we don't need it, because we know that the Prime Minister's vision is fair and equitable and reflects the will of the people of Canada.

Mr. Nystrom: Mr. Speaker, the Minister referred to the Prime Minister's vision. He said that the Prime Minister's vision was the same as the vision of the Canadian people. If that is the case, why is the Conservative Party down to 23 per cent in the polls? There is a big difference between the vision of the Canadian people and the Prime Minister's vision. The Prime Minister has been talking about free trade and privatization and deregulation. Mr. Speaker, the Canadian people have massively rejected the projects, programs and policies of the Conservative party.

Another thing, Mr. Speaker. I said that Teleglobe grossed $53 million last year. And by the way, we are not the only country in the world with a government-owned telecommunications corporation. Many countries have public corporations like Teleglobe. I could mention Australia, New Zealand, France, West Germany, Italy and Sweden. All these countries have corporations controlled by the national government. Great Britain, under Mrs. Thatcher's Conservative Government, only privatized part of British Telecom. Even under Margaret Thatcher, the Government retained 50 per cent of the shares in British Telecom. Nearly 50 per cent of those shares were kept by Mrs. Thatcher's Conservative Government in Great Britain. Even Margaret Thatcher is less Conservative than the boy from Baie Comeau, Mr. Speaker. And that is why the Conservative Party has been massively rejected by the Canadian people. That is why the Conservative Party is now third in this country and why it will be third after the next federal election.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Winnipeg North (Mr. Orlikow)—Employment—Winnipeg Canada Packers plant layoffs—retraining of workers. (b) Request that Deputy Prime Minister help situation in Winnipeg; the Hon. Member for Western Arctic (Mr. Nickerson)—Fisheries—Marketing of freshwater fish—Senate Committee report; the Hon. Member for York East (Mr. Redway)—North Atlantic Treaty Organization—Liberal Party Convention resolutions.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the

second time and referred to a legislative committee; and the amendment of Ms. McDonald (p. 3435).

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I am pleased to participate in the debate on Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada.

Many Canadians are distressed at the decision of the Government of Canada to begin a process of wholesale privatization of Crown corporations for no other reason than the fact that the current governing Party is really a slave to a doctrinaire philosophy, that always and in every circumstance where it is possible the private sector should have ownership of the assets and resources of our country.

• (1600)

I belong to a political Party that believes fundamentally in the free enterprise system which will generate the most wealth for this nation that will ultimately serve all of its citizens. But we taper that belief in free enterprise with a concern that it is a legitimate role for Government to intervene to ensure that the distribution of wealth generated by a free enterprise system is fair and equitable. We taper that belief in free enterprise with the certain conviction that when it comes to providing goods and services to Canadians in equal measure, no matter where they live in this country, from time to time it is appropriate for Government to intervene to ensure that services are provided.

There are some very notable examples of this, such as the decision to establish what is now Air Canada. This was an example of a Government intervening to ensure that airline service would be available in equal measure, at a reasonable level, everywhere in Canada. That was a decision at a point in time when the private sector was not prepared to take it and, I would submit, is not prepared to take it today. There was a decision by a very famous Conservative Prime Minister, John A. Macdonald, to build a railroad from sea to shining sea because that act of Government intervention to ensure the railroad was built was part of the policy of the Government of the day to use the railroad, to use transportation, as a means of national unity. There are many examples, Mr. Speaker. The Canadian Broadcasting Corporation was established, not because the private sector could not give us a broadcasting service in Canada, but because the Parliament of Canada believed instead that there was a requirement on the part of the Government to ensure that Canadians, no matter where they lived, would at least have a minimal level of service in both radio and television. So too was it part of the service, part of the needs of the nation, that Teleglobe Canada was put together to provide this country with a trans-Atlantic telephone service and to provide us as well with telex services.

What we have in this Bill is not an argument, there is not one shred of evidence that placing Teleglobe in private hands is going to give the people of Canada—because that is what counts in the final analysis—a better service or a cheaper service than is currently the case. What we have instead wrapped up in this Bill is an expression of a particular political Party's ideology that in all cases, at all times, the private sector must provide goods and services in this nation.

I, for one, find it more than passing strange that the Government of Canada is seizing upon the assets of the people of Canada, profitable assets that belong to every man, woman, and child in this country that are returning an investment on behalf of the people to the Treasury of this country, and is privatizing those assets. Teleglobe Canada, a company until we pass this Bill, or until the Government majority passes this Bill, paid to its shareholders, and the shareholders are 25 million Canadians, $108 million last year and a similar amount the year before. In two years that company paid Canadians, the shareholders, nearly $200 million, yet the Government is going to sell off that Crown corporation to a private sector company, I am sure a reputable company and an able company, I am sure a well meaning company—I do not dispute that—for $500 million.

Can you imagine, Mr. Speaker, that within five years at the current rate of profits this company will have a 100 per cent return on its investment? In five years, the company will have paid lock, stock and barrel for this Crown corporation and paid it off and, in five years, it will be seeing a profit in today's dollars in the range of $100 million a year, an amount of money currently being paid into the Treasury, to the shareholders, the people of Canada. Why is this being done? Because the Party is locked into a stringent doctrinaire philosophy that says, "But the Crown cannot own assets, it cannot own resources". It is being done because the Minister of Finance (Mr. Wilson) is desperately trying to find ways to meet his budget projections tomorrow of how much his deficit will be.

If in the short term we have to give away this Crown corporation, which pays us a substantial amount of money, for $500 million, if in the short term that half a billion dollars, coupled with the sale of Fisheries Products International Newfoundland, another $100 million giveaway, gives us the dollars to be able to say tomorrow to the people of Canada that the Minister has kept his deficit projection in line because he sold off half the shop to do it, well, then, Mr. Speaker, the Government says that is good enough.

The tragic reality is that in the long term this sale of Teleglobe Canada will be paid for by our children and our children's children. The simple fact of the matter is that this sale of Teleglobe Canada in the long term will increase the deficit. For the moment, this facility, Teleglobe Canada, is paying into the federal Treasury, the federal coffers. It was paid and built by the taxpayers of Canada and it is finally showing a return, a very substantial one.

Over the next 10 years it would be worth $1 billion in current moneys to Canadians, over the next 20 years in current dollars it would be worth $2 billion, and over the next 30 years it would be worth at least $3 billion in current dollars. If the activity of the company continues to expand as satellite telecommunications mature, one could surmise that the return to the people of Canada would be that much dramatically

higher. What have we done? We have sold the company at an incredible price. The average Canadian in buying a home expects to pay for it over 15, 20 or 25 years. The average Canadian buying a car expects to pay for that over 3, 4, or 5 years. But the Government of Canada has taken a facility worth $100 million in profit a year and sold it to a company that can pay it off within five years based on the return that has been given to the company on the sale.

That kind of short-term fixing of the books, that kind of short-term effort to save face on the part of the Minister of Finance by selling off the assets of Canadians has got to come to a stop, Mr. Speaker. What I find frightening is that in the atmosphere in which we currently live where the front pages every day are dominated by new, interesting and exciting revelations, in that atmosphere when most people are preoccupied with what the great late Don Jamieson would call the froth of political life versus the substance of parliamentary procedure, we find that the public is not aware of it all. Canadians are consumed by the froth, the sensational front page headlines, and by and large they are not aware that many of the treasured assets of the country are on the chopping block being sold off. It is much too late to say, put a halt to it, stop, what are we doing, let us have a public debate when those assets have disappeared.

• (1610)

Why is it that the sale of Teleglobe Canada proceeded in advance of the presentation to the House by the Minister of Communications (Miss MacDonald) of a national telecommunications policy for Canada? That kind of initiative is one about which we have spoken for the last four or five years. Before we start taking bits and pieces of the telecommunications machine and privatizing them or transferring their ownership, we ought at least to know the national telecommunications policy for Canada. Members on this side of the House and, I believe, Members on the other side of the House have been waiting to hear from the Minister. What indeed is Canada's policy? We have had nothing but a rushed attempt in the name of a quick Budget fix to sell Teleglobe Canada.

There was a rushed attempt to sell Fisheries Products International for exactly the same reasons. That is a sale that will get the Government of Canada a quick fix. Like a junkie on Saturday morning, the Government is looking for another quick $100 million to get the deficit figures in line. The sale of FPI was made with absolutely no provisions guaranteeing jobs for the people associated with the inshore fishery of Atlantic Canada, and particularly Newfoundland. There was not a single provision to ensure the livelihood of fish plants that only two years ago were bailed out at a cost of nearly $300 million. That bail-out was approved by all three Parties in Parliament. I was the Parliamentary Secretary who put that Bill through the House. All three Parties felt that it was a non-partisan issue, that the inshore fishery was essential to the life-blood of Atlantic Canada and that it must be bailed out, restructured and modernized. We felt that we must guarantee jobs and the way of life in Atlantic Canada. We all got together and approved that Bill. Yet two years later, a new Government with a new philosophy, bound and chained like a slave to a doctrinaire philosophy no longer relevant in 1987, suddenly picked it up, lock, stock and barrel and, for $100 million, passed it back to the private sector with no guarantees to prevent a recurrence of the kind of problems with which we had to deal at a cost of $300 million a scant two or three years ago. That is what is frightening about the Government.

We are hearing about the sale of Air Canada. We ask why. The Government intelligently tells us: "Because". We ask: "Because why?". "Because the private sector should do it, of course". We are hearing about the sale of CN and we ask: "Why?". The Government says: "Because. Because the private sector should do it".

We do not have a national transportation policy any longer. We used to function on the notion that we would regulate services on the basis of public convenience and necessity. Now we have a new philosophy of fit, willing and able. If you have some dollars, Mr. Speaker, and the initiative, and you want to provide or eliminate a service, go right ahead. That is the philosophy of the Conservative Party.

The Government has said that the purpose of privatization is to put Teleglobe into the hands of the private sector. The Government has said that the company might benefit from private sector management. In announcing the Bill, the private sector is so confident of its ability to benefit this company that it has demanded that it remain in a monopoly position. It is the private sector if necessary but not necessarily the private sector. The scenario is that this company will function like a Crown corporation with a monopoly, with guarantees and with guaranteed profits, but the profits will go into the hands of the private shareholders, not the people of Canada who built the company. The profits will go into the hands of private individuals who will operate with public guarantees and with a government-sanctioned monopoly.

The Government has said that the purpose of privatization is to increase competition. For the next five years, during a time of growth and development in this particular field, again this company will have a government-guaranteed monopoly. One cannot be a half-way private-sector player. One cannot on the one hand talk about the virtues of the private sector, talk about freeing the entrepreneurial spirit, make the appeal to private initiative and competition, while on the other hand wrapping all that around a set of government regulations and monopolies and expect the people of Canada to swallow that line. I know the Speaker knows that. I know that if he were not constrained by the requirements of the Chair, the Speaker would be on his feet with his fists balled up demanding that this terrible piece of legislation be chucked through the door.

The Acting Speaker (Mr. Paproski): I would hope that the Hon. Member would not get me into this argument. Perhaps he could hold on to it and use his own rhetoric for his own debate.

Mr. Tobin: Mr. Speaker, of course I should not comment on what I know—or what I think the Speaker would be doing, but I know that for you it is from time to time a frustrating experience to be sitting there.

The Government has said that the purpose of privatization is to minimize regulatory burden. How is the Government minimizing regulatory burden? For the first time, Teleglobe will be accountable to the CRTC. A new layer of regulations will be added. That goes along with the monopoly that has been given to the so-called private players. The people of Canada will not swallow that excuse for the Government's initiative.

The simple reality is that for the taxpayers of Canada, Teleglobe has become one of the few cash cows in the government arsenals, one of the few companies to which we could look to give us a return on our investment. It is a company that, on the one hand, manages a service that is essential for Canada, a service that ought to be developed, owned and controlled on behalf of all the people of Canada, while on the other hand it gives us a return on our investment. It is beyond my imagination to understand why the Government needs to sell off this company now.

The Government has suggested that Teleglobe's tariffs are too high and that this is another reason for privatization. In August, 1986, only a scant few months ago, in a brief presented to the Minister of Labour (Mr. Cadieux) by the Teleglobe Technical Services Association, Local 1653, and the Canadian Overseas Telecommunications Union, quite the opposite was revealed. The brief stated that the company's tariffs were a matter of bilateral international agreements and that the company must often acquiesce to traffic structures of the overseas partners, the foreign administrators. It went on to indicate that even though Teleglobe is capable of operating profitably with lower rates in the case of telephone traffic, Telecom Canada receives an average of 50 cents on the dollar per conversation per minute, and that these and other problems can easily be resolved by making Teleglobe subject to CRTC regulations.

Is it necessary to privatize the company in order to make it subject to CRTC regulations? Could the company, as a Crown corporation, not have been subject to the CRTC? Of course it could have been and there could have been a reduction in the rate structure.

Jean-Claude Delorme, the President of Teleglobe Canada, appeared before the Standing Committee on Communications and Culture. The corporation was considering a plan which consisted of a number of phases. It was considering a rate reduction in the order of 10 per cent in 1986. This Crown corporation was planning a rate reduction in any case. It was not necessary to privatize a company which has paid $100 million in profit to the people of Canada.

• (1620)

The Government has insisted on using its blind majority, its at times mindless majority, its always doctrinaire majority, its philosophy enslaved majority, to inflict upon minority Members of this House and the majority of Canadians across this land a decision we find unacceptable. We warn the Government that a continuation of that kind of policy will meet with ever-increasing resistance in this place and in this land.

The Acting Speaker (Mr. Paproski): Questions and comments.

Mr. Hovdebo: Mr. Speaker, what is very obvious in this divestiture is that the Government, which professes to prefer private enterprise, has done so theoretically and then imposed upon the overseas telecommunications industry a monopoly. That goes against the philosophy which is supposed to be the basis for the initial action. Would the Hon. Member comment on that contradiction in government policy?

Mr. Tobin: Mr. Speaker, the Hon. Member is absolutely right. There is a clear contradiction in terms here. The Government has not really transferred Teleglobe to the private sector. In sustaining the monopoly and placing the company under CRTC regulation, it has simply transferred the company's profits from the Government of Canada to the shareholders of a private company. This company will operate for at least five years, if not longer, in exactly the same manner as a Crown corporation with a guaranteed monopoly, rate structures set by the Government, and the profits will simply be funnelled out of the Treasury and into the pockets of private individuals. That is all that has happened here. That is another philosophy which the Government pursues, one we will not talk about in this particular debate.

Mr. McCurdy: Mr. Speaker, the Hon. Member is an erudite and experienced Member of the House. I am sure that on the basis of his observation of the Conservative Party he can explain something that puzzles me a great deal. I cannot really believe that this is simply the gratuitous application of empty-headed ideology. Perhaps he can enlighten me by explaining the justification that Conservatives use for privatization, the economic principles involved, and where the privatization of Teleglobe fits in among those economic principles.

Mr. Tobin: Mr. Speaker, I thank the Hon. Member for ascribing to me an ability I think no rational Member of this House has, that is, an ability to explain the policy decisions of the Party opposite. I claim to be a gentleman who is able to find words and means on occasion to put my feelings in everyday language. However, the problem here is not in finding the language to describe Members opposite or what motivates the Government in taking this decision. The problem is that it is simply impossible for any rational person to understand why this particular sale was made, whether it be from the point of view of sound financial planning and management or even from the point of view of the Government's own philosophy.

All I can say is that in the final analysis nothing has happened in this sale or will happen through this legislation other than the fact that an entity generating substantial profits for the Government will now transfer those profits to the hands of private individuals. Whether we talk about service to Canadians, cost to Canadians, or development of Teleglobe for Canadians, we see absolutely nothing in this Bill that would impact any differently on the company now than would have been the case had it stayed in public hands.

This is the only rational explanation I can give you. A junkie on Saturday morning will go to deep and desperate ends to get a fix. We have a Minister of Finance who is in deep and desperate trouble trying to meet his deficit projections. Teleglobe Canada and FPI and other Crown corporations then become the victim of a scam by a cornerstore burglar looking for the dollars to support his fix. In this case the fix is fixing the deficit so it is believable. The cost, of course, is some very valuable assets belonging to the people of Canada which are projected to contribute long into the future to the pocket-books of ordinary men, women and children of this country. I find the whole process not only shocking but regrettable.

Mr. Hovdebo: Mr. Speaker, I recognize the problem the Hon. Member has in explaining what is happening. However, I ask him to explain one more thing, if he will. Even though the Conservatives got about 50 per cent of the vote, how can they believe they have a mandate to do what they are doing given the situation in which they find themselves across the country these days? They had originally about 50 per cent of the vote, and a lot of that I suppose was a temporary protest vote.

Mr. Tobin: Mr. Speaker, it is said that when a Party finds itself down in popular esteem one of the ways of finding out which way you should go by way of policy is to consult the next largest Party. The Government consulted the undecided, flipped a coin and decided to sell Teleglobe. I really wish I could provide a rational answer to a rational question, but the subject matter is so irrational it escapes even the capacity of a simple Newfoundlander to put forward—

Mrs. Sparrow: That is not hard.

Mr. Tobin: The Hon. Member from Alberta says that it is not hard. I know that people from Newfoundland are rather timid and inarticulate and have great difficulty in expressing emotions. However, as simple, quiet, shy and withdrawn as we are, we nevertheless stand up in this place and state our views. We find the backbone to get to our feet, unlike some Members in some Parties who, quietly, would rather see the Government steal away like a thief in the night with Teleglobe, an asset belonging to the people of Canada. At least we register a note of protest. For that I make no apology.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate.

[*Translation*]

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I welcome this opportunity to take part in this debate.

Mr. Nystrom: Why?

Mr. Keeper: My hon. friend here asks why. It is because so far, the Government has put this debate within an ideological context. It says their reasons for selling Teleglobe Canada were that the private sector was more efficient than the public sector. It says that for the New Democratic Party it is only natural to demand that a corporation remain in the public sector. The Government has put all this into an ideological context.

• (1630)

Mr. Speaker, I would like to deal with the matter a little more objectively. I would like to examine the sale of this company from a number of different angles. For instance, I would like to look at public policy reasons for maintaining Teleglobe Canada as a Crown corporation and for selling it to the private sector. That is one of the aspects.

Another aspect we should examine is the nature of this business. It happens to be a monopoly. How does one regulate a monopoly? How can one manage a monopoly in such a way that it serves the public interest? What is the best way to do it?

Another aspect of this matter is concerned with the profits and revenue of this company. Does the company have any financial problems? Who will benefit from its income?

Mr. Speaker, first of all, I want to examine the sale of this company and the various aspects of that sale, because I think we should realize there are some questions. If the Government is so sure the company should be sold, it may be right. But can we ask a few questions, find out why the Government sold the company? If indeed we can ask questions, I suggest the Government must reconsider its approach. The Government will have to say: Yes, the company is now in the public sector and running smoothly. Why change anything if things are going well? Why fix something that does not need fixing?

Mr. Speaker, my first question was: Are there public political reasons why Teleglobe Canada should remain in the public sector rather than be sold to private interests? Are there such reasons, or are the Progressive Conservatives right when they say there is no need for this company to be in the public sector and that a private company can just as well serve the interests of Canadians?

What I want to point out, Mr. Speaker, is that Teleglobe Canada is our lever to implement the communications policy. It attests to our presence on the international scene. Mr. Speaker, there is a big world out there and we want to communicate with everybody. With Teleglobe Canada we can help Canadians keep in touch with the rest of the world. Such is the situation at this time.

But if we were to do what the Government is doing and ask that the company be sold, then it will become a private company and will want to make a profit. The company will have to be attuned to the requirements of the market, and there may be parts of the world with which Canadians may not find it profitable to communicate. So there will be pressure to do away with one aspect of our international communications.

As I see it, Mr. Speaker, if Canada is to remain open to the world and if Canadians are to be able to communicate with everybody, then it would be better if the company were to remain in the public sector because we can use it as an instrument to achieve public objectives and stay in touch with the rest of the world, not only with those countries where reciprocal communications may spell profit.

That, Mr. Speaker, is one public political reason why this company ought to remain in the public sector.

Another aspect to this question of public policy, Mr. Speaker, is that Teleglobe Canada speaks for Canadians on international organizations. Should Teleglobe Canada ever become a private company subject to the conditions of the private market, then it will speak for itself and defend the interests of its owner.

Well, Mr. Speaker, if it is to belong to international organizations then I think there is a possibility of conflict of interests—the interests of the Government of Canada and of the people of Canada, and the interests of a private company working to make a profit and represent the interests of its owner.

In that case, Mr. Speaker, I think we will have to express serious reservations about the sale of Teleglobe Canada. Indeed, the way things are now, the company operates as an instrument which can represent all Canadians on international organizations, but once it has been sold we will have to find some other way to be represented on those organizations. We will also have to find a way to gather information on the international telecommunications industry to be able to represent our own national interest, our interest in international organizations.

I will give you an example. For years, the oil industry in this country belonged to the private sector and was in fact dominated by private companies. These companies gave the federal regulator information on Canada's oil reserves. For years they said we had plenty of oil and we could sell the oil we had. We were dependent for that information on those companies. After a while, in a matter of years, the companies changed their minds. They said: Watch out, the oil is running out. And we had the oil crisis. Mr. Speaker, in that situation we depended on the private sector for information that was essential to the interests of this country.

I think the same situation could apply in the telecommunications industry. When we depend on a private company for our knowledge of the industry, we may not get the information we need to understand the industry and safeguard our interests.

• (1640)

Mr. Speaker, the second aspect of this question I want to look at is the nature of the telecommunications industry. This corporation is a monopoly and it dominates the industry, of course, and my question is as follows: Is it more efficient to regulate a monopoly through ownership or through regulation? I think there are two ways of managing a monopolistic industry. One way is to have a regulatory agent who can look at the company and say: O.K., do this or do that, take this or that direction. That is one way. The other way is to buy the company or go along with the company in the public sector, and simply be able to tell its managers: This is Canadian policy, and we want you to respect that policy and to follow it, because you are the owners of this company and you can do that under our economic system.

Mr. Speaker, today we can control this industry because we own it. However, the Government is going to change the situation and put us into another where we will have to depend on a regulatory system. Mr. Speaker, the trouble with a regulatory system is that sometimes the regulators get too cozy with the industry they are supposed to regulate. It is like policemen on the beat. They're supposed to be there to control crime, for instance, the sale of drugs. Policemen patrol the streets to get rid of this kind of activity. Sometimes, however, they may accept bribes and forget their responsibility to the public. They become friends with the people selling the drugs. They are no longer regulating the situation, they are part of it. I think this could happen in industry. Instead of regulating the industry, the regulatory agent starts representing the interests of that industry.

Mr. Speaker, we now have a good system for managing the telecommunications industry in our country, which is a monopolistic industry, and why should we change it? If the system works, why change the system?

The third point I want to look at is the matter of profits and income generated by Teleglobe Canada. Mr. Speaker, it is common knowledge that Teleglobe is a profitable operation that is earning income every year. So why sell the corporation and transfer it from the public to the private sector when it is making a profit? The Government has said it will use the profits of this sale to reduce the deficit. But, Mr. Speaker, if we continue to own Teleglobe Canada we can expect to make a profit every year. The company can contribute to put money in the public treasury for years to come. It is difficult to understand why the Government would want to sell a successful company. I have the impression that this Government is a little bit ashamed that a public sector company should be so profitable. The philosophy of this Government is that the private market is the most efficient vehicle to do just about everything, and it has very little respect for Crown corporations. They often say that a Crown corporation simply cannot operate the way a private company does.

Mr. Speaker, I am forced to conclude that a successful Crown corporation is an embarrassment to this Government. It would rather not have Canadians look at this example as

evidence that indeed it is possible to have public sector companies which are doing well. It is a dangerous notion because the Conservative Party has made an about turn. Traditionally the Conservative Party had always been oriented towards a mixed economy. Many of our public sector companies were set up by the Conservative Party, CPR for instance, and I think that the CBC was also created by a Conservative Government. In the past, Conservative Governments have used public instruments, public companies that is, to implement public policies. But now, today, this Government wants to abandon the Conservative Party tradition. It wants to follow a new strategy, it wants to imitate, it wants to be like the Republican Party of the United States.

The Prime Minister seems to have been unduly impressed by the President of the United States. He seems to look up to Mr. Reagan as a brother, as a big brother.

Mr. McCurdy: A father.

Mr. Keeper: As a father. My friend is saying that our Prime Minister sees the President of the United States as a father, somebody who points to the right direction. But the new direction of the Conservative Party is the American direction. It is a republican direction, a direction which indicates that only the private market can be efficient, only the private market can guarantee economic development. They are abandoning the true tradition of the Conservative Party in this country. Sir John A. Macdonald would not endorse such a policy. John Diefenbaker would not endorse such a policy. A pity, because there is room in this country for a genuine Conservative Party, for an authentic conservative policy. But I think the present Government has given up on that approach.

In short, Mr. Speaker, all I am saying is that the sale of Teleglobe Canada is debatable, it is not a good decision. There are at least three reasons why this is not a good decision. First of all, we have a public interest in telecommunications which we want to maintain. There are public policy reasons for maintaining Teleglobe as a public corporation. The second reason is simply that the best way to manage a monopolistic industry is to own it instead of using a regulatory mechanism. Finally, why sell a Crown corporation that is a success? Why not maintain our commitment to a mixed economy in this country? Why adopt the American approach, the Reaganomics approach? Why abandon this country's tradition, and why has the Progressive Conservative Party abandoned its own traditions?

Mr. Gagliano: Mr. Speaker, I would like to start with some comments and a question for my hon. friend. First, my comments.

In 1985, Teleglobe paid $108 million in dividends to the Canadian Government and another $80 million in 1986. Under the terms of sale, the Canadian Government will receive another $102 million. In addition, at the end of this year it will receive another $18 million, totalling $308 million over these three years.

Mr. Speaker, the new owner, Memotec, will have a monopoly during the next five years. This means that a company that has been paying $308 million worth of dividends during three years . . . they pay $488 million, they get a five-year monopoly which means ample time to get back their investment plus dividends, and, Mr. Speaker, I wonder, and that is what I would like to ask my hon. friend, how—I can't understand it. I cannot understand this from a Conservative Government that in 1984 said it was going to manage this country like the responsible head of a family, like a businessman. A businessman does not sell a profitable enterprise. And if he does decide to sell, he makes sure the price is right. In this case, if we average $488 million over a five-year period as a monopoly, we are talking about a fire sale.

I would like to ask my hon. friend whether he would care to comment, and whether he has found the real reason why the Conservative Government sold a corporation that is so profitable and could have helped reduce the deficit and the national debt on an annual basis.

Mr. Keeper: Mr. Speaker, it is hard to explain why the Government is selling Teleglobe Canada. Today, the corporation is making a profit for Canadians. Why does the Government want to give up a corporation that is functioning and making a profit? Is he giving a present to someone in the private sector? Why sell this corporation at such a low price? Why, after selling the corporation at a low price, were they given the additional advantage of a five-year monopoly?

It is really hard to understand why the Government wants to sell Teleglobe Canada today.

Today, all Canadians, all 25 million of them, benefit from the services of Teleglobe, and not just the services but also the income generated by this corporation. This is a time when Canadians need this income because they don't want rate increases. But why did the Government decide to sell this company and give it to private interests, to a small group of people? Why make a decision which will benefit only a small group of people, at a time when everybody benefits from it? It is difficult to understand, Mr. Speaker. I would not dare suggest that the Governement simply wants this deal to benefit its friends. I realize that people have the impression that this is the way the Government operates, that it puts the interests of its friends ahead of those of the Canadien public.

Mr. McCurdy: I am not sure that my colleague has mentioned Canada's international responsibilities in connection with international communications issues, INTELSAT, and the conflict of interest for the new Teleglobe when there is an American international service which ignores the cross-subsidization system. Comments, please?

Mr. Keeper: In my opinion, Mr. Speaker, as a private company Teleglobe Canada will indeed have conflicting interests—its own interests as a company which is profit-oriented, and then the policies of the Canadian Government or the needs of the Canadian public, particulary so in a situation

where it should compete with an American company which cannot be expected to promote public policy since its only concern is to follow the dictates of the market and show a profit.

Mr. Speaker, I think it will be very difficult for Teleglobe Canada to represent Canadian public interests and maintain world-wide communications when pressure will be brought to bear on the company to serve only those sectors where it stands to make the greatest profits. I think there will be a conflict of interests between the need to provide services and the need to make a profit.

• (1650)

[*English*]

Mr. Gagliano: Mr. Speaker—

The Acting Speaker (Mr. Paproski): The Hon. Member for Don Valley East (Mr. Attewell).

Mr. Attewell: Mr. Speaker, pursuant to Standing Order 9(4)(a) I wish to state that the House continue to sit beyond the ordinary hour of daily adjournment for the purpose of considering second reading stage of Bill C-38—

The Acting Speaker (Mr. Paproski): I wish to advise the Hon. Member that he cannot move such a motion during the time allotted for questions and comments. There is still a minute-and-a-half left in that time.

The Hon. Member for Saint-Léonard—Anjou (Mr. Gagliano) on a question or comment.

[*Translation*]

Mr. Gagliano: Mr. Speaker, with respect to the question I was asking my colleague, he too cannot imagine why the Government would want to sell Teleglobe, such a profitable company. I too was trying to find a reason.

• (1700)

[*English*]

The Acting Speaker (Mr. Paproski): I would remind the Hon. Member that he has one minute left on questions and comments when the Orders of the Day are resumed.

It being five o'clock, the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

THE JUDICIARY

ADVISABILITY OF ESTABLISHING PROCESS FOR SCRUTINY OF FEDERAL JUDICIAL APPOINTMENTS

Mr. Alan Redway (York East) moved:

The Judiciary

That, in the opinion of this House, the Government should consider the advisability of undertaking negotiations with the provincial Governments to establish a process for the parliamentary scrutiny of federal judicial appointments made under Section 96 of the *Constitution Act, 1867*, in order to ensure that in making these appointments, the Government is guided by the highest standards of conduct.

He said: Mr. Speaker, I am pleased to move the motion with a view to establishing a system and process of parliamentary scrutiny for all federal judicial appointments. The purpose of that is to reinforce public trust that all judicial appointments are of the highest calibre, and that in making those appointments, the Government is guided by the highest standards of conduct.

During the 1984 election campaign, the appointment of lawyers to the bench was a major issue. In particular, the former Prime Minister Trudeau, before he handed over power, entered into an agreement with the then Prime Minister, Mr. Turner, which called for a number of people to be appointed to various positions, including a number of people who were to be appointed to the bench. At that time, the then Prime Minister, Mr. Turner, who is now the Hon. Member for Vancouver Quadra, made those judicial appointments. In doing so, he touched off a controversy that is still going on.

I draw to your attention, Mr. Speaker, as recently as last month the appointment to the Court of Appeal of the Province of Manitoba made in the person of the former Premier of the Province of Manitoba, Sterling Lyons. There was a controversy around that appointment and the method of that appointment. The law union of Ontario had some comments on that, and I will be referring to those comments later in my remarks.

As a result of the concerns that were raised during the election campaign, the Prime Minister (Mr. Mulroney) made a statement in the House on September 5, 1985. In that statement he dealt with a package of reforms that included an experimental program for the parliamentary scrutiny of Governor in Council appointments. At that time the question of judicial appointments was excluded from that parliamentary scrutiny. At that time the Prime Minister indicated that the Minister of Justice had the question of judicial appointments under active review. Unfortunately, that review is apparently still going on, and as yet we have not heard the results.

The motion that I put before the House today is in the hope that the Government will move on this, complete the review, and take some action here.

I do not wish to leave the impression that I am in any way questioning the competence of our judiciary or the high calibre of our judges. I do believe that we have a judiciary of a very high calibre in this country and that we are well served. At the same time, I share the concerns that were expressed in 1984 by the Chief Justice when he said that the public is entitled to be reassured that our judges are appointed on the basis of merit and legal excellence alone.

I also share the concerns expressed by the Canadian Bar Association about the independence of the judiciary in their

report of August, 1985, where they indicated that the existence of political influence in judicial appointments could undermine public confidence in the judicial system. That is what I am trying to accomplish with this motion. I am trying to make sure that public confidence in the judicial system is not undermined, but is in fact bolstered by a new system of appointments.

You are aware, Mr. Speaker, as are Members of the House, that the Government has a number of different ways of making federal judicial appointments. There are five different statutory federal courts: the Federal Court, the Northwest Territories Court, the Yukon Court, the Tax Court, and the Supreme Court of Canada. In addition to that there are appointments made under Section 96 of the Constitution Act, 1867. Those are appointments that are made by the Governor General to the superior, district, and county courts in each province, except the courts of probate in Nova Scotia and New Brunswick. As I indicated, those appointments are made under Section 96 of the Constitution Act, 1867.

In practice the process that is followed at the present time calls for the Minister of Justice (Mr. Hnatyshyn) to recommend to the Governor in Council via the Cabinet persons who are to be considered for judicial appointments. Of course, the appointment of a Chief Justice rests with the Prime Minister. In practice, in following that process, the Minister of Justice does not appoint someone off the top of his head. There are people in his Department, in fact in the office of the special adviser to the Minister of Justice, who gather suggestions from across the country on these judicial appointments. The suggestions may come from you, Mr. Speaker, they may come from me, or from anyone in Canada or abroad, for that matter, as to who might be appointed as a judge by the Governor in Council.

After those suggestions have been vetted and a tentative choice has been made, the candidate's name is normally submitted to the National Committee of the Judiciary of the Canadian Bar Association to receive their opinion and evaluation. Normally, that committee comes back with an opinion that the suggested candidate is either well qualified, or not sufficiently qualified.

During the last federal election campaign there were two or three appointments made to the bench, the ones that touched off the controversy, where there was no request made to the Canadian Bar Association for its input. That is what put the fat in the fire and caused the public concern to be raised about whether the process was one which ensured that the best individuals were appointed to the bench, or whether the process in place is one that is being manipulated in some way.

Over the years there have been a number of different proposals for reform. There was one made by the Tremblay Commission in 1956. There was another made at the Constitutional Conference in 1971. There were further proposals made in 1978 and 1979. The Canadian Bar Association made recommendations in 1985. Quebec made some changes to their procedure in 1978.

However, the Americans have a process which is most interesting, that is, a process whereby a committee of the Senate vets the recommendations made by the President of the United States. In scrutinizing the suggested appointments, that committee can recommend for or against the appointment, or it can delay the matter. It is this type of review that I am suggesting we should be undertaking in this country. That review would be open to all Members of Parliament and all members of the public, but it is not the kind of review the Department of Justice, or probably the Minister of Justice, would like to see. I think we will hear from some government supporters today who will oppose this idea because they do not think it is the way to go.

• (1710)

As well, it is not the kind of procedure the Bar Association would like to see established, but it is a procedure which would be open to the public and would give us a solution, at long last, to one of the major concerns of Canadians in the last election campaign. It would reinforce public trust that all judicial appointments are of the highest calibre and that in making those appointments the Government is guided by the highest standard of conduct.

For those reasons I urge the House to adopt the motion and to put in place a process for a new method of parliamentary scrutiny of judicial appointments.

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to take part in this afternoon's debate on motion M-43 introduced in the House by the Hon. Member for Scarborough East.

[*English*]

I listened with great attention to the Hon. Member for Scarborough West—

Mr. Redway: I am the Hon. Member for York East.

Mr. Boudria: I apologize to the Hon. Member for mixing up the ridings. As Mr. Speaker knows, some Members mix up the name of my riding as well, particularly when they forget one of its three names. I am sure that you have heard it before, Mr. Speaker.

Nevertheless, the Hon. Member brings before the House a motion which I certainly support and have advocated in the past. I am not sure whether I agreed entirely with him when he referred to the cause of the controversy in the last election campaign. Some of the controversy over Order in Council appointments in the last election was caused by a certain gentleman who now represents the riding of Manicouagan. On May 24, 1983, the particular fellow was quoted in *The Globe and Mail* of Toronto as saying the following:

> There'll be jobs for Liberals and NDPs too, after I've been Prime Minister for 15 years and I can't find a living breathing Tory in the country.

On June 25, 1984, as reported in *The Ottawa Citizen*, the Leader of the Conservative Party said that his Government

will be determined to reduce the partisan political appointments that have characterized the previous administration.

On July 9, 1984, the same fellow said:

I commit myself to set up criteria for quality which will impress the Canadian people. I think what took place is completely unacceptable in an open democratic society. We are going to reform this instrument in our national life.

Those were the comments of the Leader of the Conservative Party at a press conference on July 9, 1984.

On July 16, 1984, the same fellow said that the Liberal appointments were "a fraud, a deceit and a sham", according to Canadian Press. Again on July 16 he said that Conservative appointments would represent the highest quality of people. Also on the same date he said:

The method of making appointments could be corrected by dramatic measures . . . We are going to bring in a brand new dimension to them of objectivity and representation and fairness for all Canadians.

Those were his comments, again according to the Canadian Press. During the same month he made comments concerning the appointment of Mr. Mackasey. I am not sure it would be parliamentary for me to raise them on the floor of the House, so I shall not.

On July 19, 1984 he promised that if he became Prime Minister he would "never resort to this kind of attitude". He spoke a lot about the issue, and on July 20 he said that the "overriding criteria will be competence and a willingness to serve Canada".

Need I remind the House of his July 25 statement on nation-wide television. He pointed his finger and said:

The least you should do is apologize for having made these horrible appointments.

Those were comments of the Conservative Leader.

I have in my possession a document entitled "The Black Paper on Tory Patronage". It lists no less than 1,200 political appointments of all varieties during the first eight months or so that the Government was in office.

As much as I agree with the Hon. Member for York—East that there is certainly a need to change the system, the reason we must change it is a very clear one. It is that the Leader of the Conservative Party made it such an issue in the last election campaign and was incapable of living with the solemn promise he made to the people of Canada on many occasions.

Referring to the Order in Council review process as proposed by the Hon. Member for York—East, he is suggesting that we have a system which would resemble the present system of reviewing other Order in Council appointments. By and large I think the system has worked well over the last year or so. It has provided Members of Parliament with an opportunity to air a grievance when there is a controversial Order in Council appointment. Most appointments are completely overlooked by Members. They look at the names and the names do not mean anything to them, or they inquire in various areas and find out that the individual is qualified, and they do not proceed any further.

On the other hand, there are the "Dalton Camp" variety of appointments which lead to controversy and to some questioning in committee. That is healthy as well because it at least gives parliamentarians on all sides of the House an opportunity to raise the grievance at committee. That is good for two reasons—first, it is good accountability, second, it gives the Government an opportunity for second thought. Whereas the Government may proceed with a controversial appointment, if it knows just before doing so that it will be subject to scrutiny by the Order in Council appointment process, perhaps it would have a second look at it and say, "We had better not bring this before the parliamentary committee because it will raise a considerable amount of attention; let us not appoint this controversial individual" or "this less than totally qualified individual", as the case may be.

For that reason alone I believe the quality of Order in Council appointments is bound to improve. I think it has improved over the last year in which the Order in Council process has existed. As the Hon. Member for York—East said, it does not exist for the judiciary and for other areas as well.

In closing I should like to make a few comments about veto power for the parliamentary committee. I do not think the committee needs veto power in the case of judiciary appointments. I suppose it could be tried for some processes, but I do not think this would be a good place in which to try it. The fact that Parliament would have a method of raising a grievance would be good. However, there are some 60 or 64 Order in Council appointments which deal directly with the House where a parliamentary committee should have veto power. Those concern the appointment of the Chief Electoral Officer, the Clerk of the House of Commons, the Official Languages Commissioner, and so on. The report of the McGrath Commission recommended that there be a veto process for those individuals. I believe that would be healthy. We could start there. Depending on how it works—and presumably it would be less partisan because we are dealing with officers who report to the Speaker of the House—we could decide later about expanding it elsewhere if it were necessary and desirable. However, it would be premature to say that it would be necessary at this point in the case of judicial appointments.

Having said that, however, I whole-heartedly agree with the motion of the Hon. Member for York—East. Indeed it is a valid concern to be raised. As the Hon. Member will know, I have raised the issue, not particularly as it relates to the appointment of judges but with regard to appointments generally, in the House of Commons on several occasions.

[*Translation*]

Mr. Speaker, the subject raised today by the Hon. Member for York East (Mr. Redway) has been broached a number of times before in the House. Clearly, the Prime Minister of Canada made some promises to the Canadian people, and if the House were to adopt the motion as presented by the Hon. Member for York East, the Government would perhaps have a chance to make good on one of those promises. I need hardly add there are still a number of other promises on which the

Government has yet to deliver the goods, but we could perhaps discuss that at some other time. For the time being, I would like to say that as far as I am concerned, the motion by the Hon. Member for York East is one that deserves the support of the whole House.

• (1720)

[*English*]

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise in support of the motion proposed by my colleague, the Hon. Member for York East (Mr. Redway), and to commend him for bringing this important issue before the House. I hope that, at the conclusion of the hour which is allotted to these proceedings today, Members of this House will see fit to adopt the motion in question. I am not holding my breath, but I believe this is a motion which is reasonable and worthy of support by the House.

I note as well that the Hon. Member for York East is merely suggesting in that time-worn manner which is so appropriate that the Government should consider the advisability of undertaking negotiations. This does not bind the Government in any way. It just urges the Government to look seriously at this suggestion which I believe is entirely appropriate.

I must say as well that I was rather amused to hear the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) attack the Tory Government for its excesses of patronage. I would suggest that Liberals have no lessons to give in this Parliament or to the people of Canada when it comes to patronage, absolutely no lessons whatever. I recall very well the time about two months before the last election when the now Leader of the Official Opposition (Mr. Turner) engaged in a great orgy of patronage when every living, breathing Liberal Member of Parliament who was not seeking re-election was appointed to some hog-marketing board, the Canadian Wheat Tribunal or the Immigration Appeal Board. There was an appointment for everybody. Jobs for the boys and girls, Mr. Speaker.

Mr. Boudria: What about Ian Deans?

Mr. Robinson: It was absolutely shameless. When the Liberal Member stands up and lambastes the Conservatives for their excesses of patronage, I would very gently remind him that one of the reasons his Government was turfed out of office was that Canadians got sick and tired of the Liberals' excesses of patronage.

With respect to the proposal before the House, I can think of no body which is more important and essential in terms of the shaping of many of the most fundamental values and aspirations of our country then the highest courts of the land, the courts of appeal and the Supreme Court of Canada. We have as a Parliament adopted a Charter of Rights and Freedoms. The final word with respect to the interpretation of that fundamental document rests not in our hands as elected Members, but rather in the hands of those men and women who are appointed under Section 96 of the Constitution Act to federal judicial appointments. It is up to those men and women to determine, for example, what is or is not demonstrably justifiable in a free and democratic society under Section 1 of the Charter.

What are the limits that we as a society are prepared to accept on fundamental rights and freedoms? At the present time these judicial appointments, these appointments to the highest courts of the land, are made solely by the Prime Minister (Mr. Mulroney) in the case of the Supreme Court of Canada and solely by the Minister of Justice (Mr. Hnatyshyn) in the case of others. In some cases, these appointments are made following consultations with the Attorney General of the province in question. In other cases, even the minimal courtesy of consultation with the Attorney General of the day is ignored. I would remind you, Mr. Speaker, of the recent appointment of Sterling Rufus Lyon, former Premier of the Province of Manitoba, to the Manitoba Court of Appeal. Mr. Lyon was appointed to that very important position in the federal judiciary without any consultation whatever by the federal Minister of Justice with his provincial counterpart, the Attorney General of the Province of Manitoba. That kind of arrogance and insensitivity in an area as fundamental as this is surely unacceptable. That total lack of consultation, that appointment of a Tory crony, would not be possible if the motion of the Hon. Member for York East were adopted.

We have had some experience in this Parliament with the parliamentary review process into federal appointments. As a member of the Standing Committee on Human Rights I participated in a process, which admittedly was a flawed process, an engineered process, but nevertheless gave us the opportunity to ask a few questions of appointees who appeared to have been appointed solely on the basis of partisan political connections to the Government of the day. What is interesting is that one individual knew that he would have to undergo this kind of scrutiny and it was sufficient to cause him to withdraw his name as a member of that tribunal. That is of considerable significance and another reason for supporting the motion of the Member for York East.

I am reminded of the attempts of former President Richard Nixon in the United States to appoint to the highest court of the land in the U.S., the United States Supreme Court, individuals who were clearly unqualified. Had it not been for the fact that the Senate of the United States in its judiciary committee said no to the appointments, those individuals would be sitting on that court possibly still today, patently unqualified.

I mention the Supreme Court of Canada and the vital importance of an opportunity for parliamentary review of appointees to this highest court in the land. I do this in view of the fact that there is a vacancy at the Supreme Court of Canada level due to the tragic death of former Justice Julien Chouinard, and I urge the Government to appoint a woman. There are a number of qualified outstanding jurists who would fill this vacancy at the Supreme Court of Canada with distinction. I think of people such as Madam Justice Claire

L'Heureux-Dubé of the Quebec Court of Appeal. There are a number of others. We must send out a message that equality in Canada is a reality at all levels, including the highest court in the land.

Because I know that some of my colleagues wish to comment and support this resolution as well, I want to close by commending the Hon. Member for York East for bringing this important question before the House of Commons today and to urge all Members to support it, particularly in recognition of the fact that it merely calls upon the Government to consider the advisability of undertaking negotiations. These judges are making decisions that will shape the future of this land for decades to come. It is essential that we as Members of Parliament, in the highest court of the land play a role in ensuring that we know just who the men and women are who are occupying these vital positions.

• (1730)

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, like those who have spoken previously, I want to say a few words on behalf of this motion which, I believe, is not only in the best interests of the people but is an extension of a principle of accountability that has already been established in this Parliament under the leadership of this Government. We have had our first experience of parliamentary review of major appointments. This has been the first Parliament with a Government prepared to risk a public review of its nominations and appointments. There is more accountability under this Government than the people of Canada have ever known before.

The motion before us recommends to the Government and the House that we take a major step forward. I certainly commend the Hon. Member for York East (Mr. Redway) for the leadership that he has characteristically shown in putting before us this initiative, which I hope will receive the support of the House and will lead to the action the Hon. Member anticipates.

I support the motion because of the authority and scope the judiciary has come to gain in recent times. Members of the judiciary have always enjoyed great authority and power, but because of the very nature and development of the law, they are now in a position which is unparalleled and unprecedented. They are now not only interpreting and applying laws but, at various levels, they are making laws because their interpretations are the binding authority by which laws will be implemented in, and applied to, society. It is surely reasonable and essential that appointments to positions of that magnitude have the approval and support of the elected representatives of the people of Canada.

The quality of our judiciary has certainly come a long way. I can recall beginning my working life as a newspaper reporter who spent part of his time covering police court hearings, as they were then called. I remember one magistrate whose sole professional qualification for being on the Bench was his years as a retail merchant. It was a patronage appointment made by a previous Liberal Government in Ontario. However, the partisan nature of the appointment is not the crucial thing, however much we may want to dwell on partisanship from one point of view or another. The important thing was that it was then possible for a person to occupy a position on the Bench without professional qualifications.

I doubt that is possible today, and rightly so. However, we want to see that not only professional qualifications are demanded but that we be satisfied as a Parliament that the person receiving a judicial appointment, certainly at the highest levels, will be one whose professional qualifications are superior, who has views on society compatible with those of the majority of Canadians, and who can interpret the law in a way appropriate to the traditions of Canada and the thinking of the majority of Canadians today.

I do not want to take up the full time allotted to me because I know there are other Hon. Members who wish to have a say on this important and significant motion. However, I would point out very briefly that an argument could be made against this motion that, contrary to the intention of the mover, it would discourage some people from being willing to assume high judicial office because they would then have to face, terror of terrors, Members of Parliament.

I find it extraordinary to think that any other official appointed to any other post of authority under this Government would be subject to parliamentary scrutiny except one kind of official, namely, a member of the judiciary. This, I submit, without any slight to members of the judiciary, is surely to build an unnatural and indefensible wall around the judiciary. If it was justified at any time in the past, it is not so now because of the very nature of our society as an increasingly open society and because of the very nature and scope of the law today applied to more and more instances and experiences of life. It is therefore mandatory that the people who are prepared to take this office are also prepared to be examined for it, to explain themselves and to justify their views. I think that would be far better than having persons appointed to the Bench now and then having their reputations impugned by Members of Parliament in certain situations without their having the opportunity to reply to charges or insinuations that Hon. Members might make.

I believe that rather than discouraging persons who would be qualified and suitable and indeed eminent members of the Bench, this motion will assert that anyone who is prepared to mount the Bench, to interpret the law and to apply the law to society is one who is prepared to face the representatives of the people over whom the judge will preside as a member of the judiciary. That person will put his or her views to the test and will be all the more effective a judge as a result.

I am very glad the Hon. Member for York East has brought this motion to the House. I along with other Hon. Members certainly hope that it will come to a vote and that it will be an affirmative one.

[*Translation*]

Hon. Bob Kaplan (York Centre): Mr. Speaker, I welcome this opportunity to speak to the subject of this motion. I am sorry, and it is probably my own fault, that I had only a few moments to think about it. However, I had no trouble reaching a decision. I can say that I am definitely opposed to the motion and that my objections concern two major aspects.

[*English*]

As I indicated, there are two features of this resolution, one which is at the heart of it and one which is peripheral, that are objectionable to me. I think I ought to talk about each of them briefly.

First, I would like to deal with the feature in the preamble of consulting with provincial Governments, that is to say, that in every federal judicial appointment, there should be some consultation with the provincial Governments. I do not think it is a bad idea—

Mr. Redway: You have to be careful to understand it. A constitutional amendment is required to Section 96 of the Act. It is not a question of consulting about the appointments; it is a question of consulting about a change of law to change the procedure.

Mr. Kaplan: I am glad to have heard that interjection. The mover of the motion is reminding me that the implementation of this resolution would call for some constitutional machinery. That is not why I object to it. I do not object to the idea of constitutional machinery. I do wonder why a one-way street should be established from provincial capitals to the national capital.

Provinces appoint a number of people to judicial offices within each province. If the responsibility for the system of justice in Canada is shared in that way, why is it that there are people who sit in the federal Parliament who feel that provincial Governments should have some input into the federal appointment process while being silent on the idea that the federal Government should have some—

Mr. Redway: Read the rest of the resolution, Bob.

Mr. Kaplan: I think I would like to finish and then perhaps the Hon. Member will be able to write a letter to the editor about my remarks.

If provincial Governments are to be involved in the process of federal appointments, I would argue that an equal claim could be made that there ought to be some federal consultation in relation to the appointment of provincial judges. I appreciate the point made by the Hon. Member. He wants to establish a procedure for the review of federal appointments, and I would like to make the point that if provincial consultation is necessary to establish it and the provinces in that eventuality—

Mr. Redway: Part of it created by your Government.

• (1740)

Mr. Kaplan: Could I have the opportunity to make my remarks without interruption?

Mr. Keeper: No.

Mr. Kaplan: I would object to the provinces finding their way into the appointment process unless there was some reciprocity.

Let me turn to the central point, that there ought to be parliamentary scrutiny of federal judicial appointments made under Section 93 of the Constitution Act. I want to found my remarks on the report of the Canadian Bar Association committee on the appointment of judges in Canada issued on August 20, 1985, and very well received. The report deals with the question of parliamentary scrutiny and rejects it, as the Hon. Member for York East (Mr. Redway) may know. The report says that Parliament should not play a role in the selection or appointment of federal judges. It is neither necessary nor desirable for the legislative branch to be involved. It is contrary to the Canadian tradition for the appointment of judges to be subjected to a congressional-type process of public examination and review.

Those who have spoken before me in this debate have referred to the American experience. However, the American Constitution is fundamentally different from ours. The executive in this country derives its legitimacy from the support of the House of Commons. The executive in the U.S. derives its legitimacy from the fact it is directly elected by the people. The same applies to the U.S. Congress. In that sense Congress can claim an independent responsibility for the judiciary. The executive nominates, but in a system of checks and balances Congress has some role to play in the appointment of judges. In our system the executive controls the House of Commons. If it did not, it would not be able to hold on to power and make appointments. Therefore the idea that the American experience is somehow irrelevant to us is totally inappropriate. It is a different kind of system.

I would also assert that nothing that has happened in the appointment of Canadian judges, over recent history in any event, justifies parliamentary scrutiny. People can make the point, as some have done, that a bad Government might make bad appointments and the House of Commons might be able to find enough gumption or independence to do something about it despite the fact that the majority is controlled by Cabinet. However, I do not think it is the nature of the Opposition in this House to play a constructive role, nor does it have a constitutional responsibility for the appointment of judges, a system which, according to the Canadian Bar Association and I think according to most Canadians, has been working quite well and serving the national interest quite well. In saying that I do not want to be taken as having said that the system for appointing judges is perfect. I just have to look at the Canadian Bar Association report, because it does not just endorse what we do now, it recommends a number of changes

designed to enhance the appearance of independence, the process, and the amount of public involvement in the process.

I want to deal now with one of the recommendations in this report with which I do not agree. I want to return to the point made from the floor by the Hon. Member for York East. I do not know if I have his ear, but in this report a recommendation is made that provincial attorneys-general ought to be consulted in the federal appointment process. I took it from the first few lines of the resolution that provincial Governments would participate. My friend is making the point that the role of provincial Governments in his resolution is only to change the Constitution and not deal with the appointment of judges. However, this report recommends that attorneys-general be given a role in the process of appointing federal judges.

I want to ask the same question in that context that I asked in connection with his resolution. If provincial attorneys-general are to be given a role in the federal appointment process, and I oppose that, then the federal Government should be given a role in the provincial appointment process. After all, the justice field is shared between the federal and provincial Governments and this one-way street suggestion made by the CBA overlooks the fact that the federal Government has a great interest in the competence and qualifications of all judges in the system. The federal Government relies on provincial Governments because that is the way the Constitution is designed. The provincial Governments, for their part, have to rely on the federal Government for the way in which federal appointments are made and the quality of the people appointed. If I were to be engaged in a change which would bring a provincial perspective to the federal appointment process I would want to see it move the other way as well. However, as I say, I have reservations about both of them.

On the whole I do not think the history of federal appointments has shown any justification for scrutiny by Parliament. If parliamentary scrutiny is to be applied to judicial appointments it will have the effect of politicizing them in a way they have not been to date because of the role the Opposition plays in this House. That role, I would argue, unlike the U.S. system, is to politicize and object. It is not similar to the role of the U.S. Congress in making the American system work.

[*Translation*]

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, I welcome this opportunity to take part in the debate this evening on Motion No. 43 presented by the Hon. Member for York East (Mr. Redway), which concerns the appointment of judges. Mr. Speaker, to help Canadians understand what the debate is about this evening, perhaps I may explain that the Hon. Member for York East would like us to start negotiations with the provincial Governments in order to establish a process for the parliamentary scrutiny of federal judicial appointments.

Mr. Speaker, although I agree with the substance of the motion, I must object to it, unfortunately, and I have two specific reasons for doing so.

First of all, the Hon. Member is suggesting that we relinquish federal authority to appoint judges to the provincial governments. This may be going a little too far, because today, when such appointments are made, there is already a certain amount of consultation that goes on with the provinces, but I think we should be very careful how we consider any proposal to undertake negotiations with the provincial governments with respect to appointments.

My second point, Mr. Speaker, which may be rather interesting, is the question of parliamentary committees. I may remind my hon. friend that not long ago at the caucus meeting in Laval about two weeks ago, Quebec Members made a proposal in this respect which I think deserves our attention and which is substantially similar to what is being suggested by the Hon. Member for York East who would like to see something different in the procedure for judicial appointments.

Mr. Speaker, since we are talking about the appointment of judges, why could we not study the proposition of the Quebec caucus to the effect that a selection process be put in place, a kind of board for these appointments which could examine the qualifications of people likely to be appointed to the bench? For example, Mr. Speaker, this board could be made up of people like the chief justice of the court involved, where the new judge is to be appointed, a Bar representative, an official designated by the Government, and probably somebody to represent the government of the province where the whole thing is taking place. The board could hold hearings for all individuals duly qualified for and interested in an appointment, then it would prepare a list of applicants with the required qualifications to be appointed to the bench and present this list to the Government which would select the appointee.

Mr. Speaker, I should like to remind you that this process—exactly as I just described it—this process of a committee or a group including the various categories of people mentioned has now been in existence in Quebec for about ten years, and every time an appointment has been announced there have been negative comments concerning the individual appointed to the bench.

I think that my colleague and I agree on the principle, we differ only on the way to go about it. I doubt whether a parliamentary committee would really be the best way to make these appointments to the bench. I believe that individuals who are already in this field—Bar members would qualify for this, I think—would be in an ideal position to assess the qualifications of people applying for judgeship, just as much as the chief justice of the court involved, and the federal or provincial governments could appoint a representative who would sit on this appointment board.

Mr. Speaker, this is the position that I wanted to outline in this House, but I still want to congratulate the Hon. Member for his interest in the issue of judiciary appointments and add that I also believe that we should find another method for making these appointments.

• (1750)

[*English*]

Mrs. Barbara Sparrow (Calgary South): Mr. Speaker, my friend, the Hon. Member for York East (Mr. Redway), moved:

That the Government should consider the advisability of undertaking negotiations with the provincial Governments to establish a process for the parliamentary scrutiny of federal judicial appointments made under section 96 of the Constitution Act, 1987, in order to ensure that in making these appointments, the Government is guided by the highest standards of conduct.

No one can disagree with the view that, in order to maintain the public trust with respect to judicial appointments, those appointments must be of the highest calibre. There also is no disagreement that in making those appointments the Government must be guided by the highest standards of conduct. No previous Government has taken as many steps as the present one to improve the practice of consultation with the provinces, the Bench and the Bar. Furthermore, as the Hon. Member knows, the constitutional negotiations currently under way by the Province of Quebec include the question of that province's role in the appointment of the three judges from Quebec who were required to serve on the Supreme Court of Canada.

Referring specifically to the motion presently before the House, it is my belief that it would have exactly the opposite effect to that intended by the Hon. Member for York East. By subjecting prospective judicial appointees to the scrutiny of the parliamentary committee comprised of political partisans, the public trust in the calibre of appointments could conceivably diminish. While it cannot be predicted with any certainty in advance, review by a parliamentary committee may well reduce the quality of candidates willing to accept an appointment. Furthermore, there is a risk that anything a prospective appointee says before that committee will be interpreted by some group or another as raising a reasonable apprehension of bias with respect to the judicial proceedings over which that appointee subsequently presides.

Another shortcoming of this motion is that it would send the wrong signal to the provinces with respect to their own appointment process involving provincial court judges. The federal Government is, quite appropriately in my view, looked upon for leadership in matters of this nature. By adopting this Bill we would be telling the provinces that they, too, should screen prospective judicial appointees in this manner. I do not think we should do that. To date not one province or provincial official has advocated vetting judicial candidates through a parliamentary committee. Nor, for that matter, has any leading member of the Bar advocated such an approach. In fact, it was expressly rejected in 1985 by the report of the Canadian Bar Association committee on the appointment of judges in Canada and, subsequently, by the Canadian Association of Law Teachers.

I really do commend my colleague from York East for his consideration and his upholding of the way the Government and any Government makes appointments, be they judicial or otherwise. I feel very strongly that because the report of the Canadian Bar Association on the appointment of judges in Canada rejected such a recommendation, we must take a very long look at this.

This motion complements my friend's Private Member's Bill, Bill C-259, which he tabled about one year ago which failed to win the support of this House. That Bill called for the parliamentary scrutiny of judges appointed to the so-called Section 101 courts. I did not support Bill C-259 when it was tabled, and my views with respect to parliamentary screening of judges have not changed. I feel very strongly that competence comes first. Competence must always come first in appointments, and the public must have trust in the Government with respect to judicial appointments which must be of the highest calibre.

There is no disagreement that, in making those appointments, the Government must be guided by the highest standards of conduct. Our courts and the people appointed to the judicial boards must be of the highest standard possible. I know that the people of the Government, as well as all the people of Canada, would certainly demand and expect to have competence come first. In that regard, Mr. Speaker, I did not support Bill C-259 when it was tabled and, with respect to parliamentary screening of judges, I have not changed my views.

[*Translation*]

Mr. Deputy Speaker: The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), the order shall be dropped from the Order Paper.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

EMPLOYMENT—WINNIPEG CANADA PACKERS PLANT LAY-OFFS—RETRAINING OF WORKERS. (B) REQUEST THAT DEPUTY PRIME MINISTER HELP SITUATION IN WINNIPEG.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the packing industry for the killing and processing of meat products has played an important role in the economic well-being of the City of Winnipeg and the Province of Manitoba for many years. It is not surprising that I asked a question about the possible demise of the Canada Packers plant and the very serious effects that this would have on the City of Winnipeg and the Province of Manitoba.

Some years ago, Swift Canadian, which had employed hundreds of workers in their packing plant in Winnipeg, closed down and left workers unemployed. Now we are facing the lay-off of 450 workers, many of whom have worked for

Canada Packers for many years. This lay-off will take place in April of this year.

There is a distinct possibility that another 550 workers employed by Canada Packers will lose their jobs, as the company is considering very seriously the closing of its whole packing plant in the City of Winnipeg.

How did this happen? In 1986, the federal Government made an initial grant of $865,000 to facilitate the establishment of a hog killing and processing plant in Neepawa. That plant opened in September. When the Government made the announcement that it would make this grant available so that a plant which could kill and process hogs could be established in Neepawa, the union representing workers in Winnipeg warned the Government of the dire consequences of that action. They pointed out that there was very little increase in the number of hogs that are processed in the Province of Manitoba and predicted that if the plant opened in Neepawa it would have very serious adverse effects on the Canada Packers plant in Winnipeg.

In December, 1986, unfortunately the warnings of the union were proven correct. Canada Packers announced the closure of its beef kill and processing operation at its Winnipeg plant. As I already mentioned, 450 workers will lose their jobs in April.

The existing plant in Winnipeg is about 50 years old. The company also announced the real possibility of closing its entire Winnipeg plant in 1988, unless it decides to build a new modern processing plant. The company made it clear that it would not proceed with the building of a new plant without financial assistance from the federal and provincial Governments.

Most of the workers who will be laid off in April, and the rest of the 1000 workers who would lose their jobs if the whole plant closes, have worked for that company for many years. It will be very difficult for many of them to find other work.

I call on the federal Government to act in co-operation with the company and the provincial Government to assist in financing the building of a new Canada Packers plant in Winnipeg.

Discussions are also taking place about expanding the Burns plant in Winnipeg, which would give work to 200 more workers. If the Government is considering financial assistance to that plant, I urge it to require the Burns company plant to give first opportunity for employment in the expanded plant to workers who have been or may be laid off by Canada Packers, as one of the conditions for receiving the grant.

• (1805)

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, on behalf of the Minister of Employment and Immigration (Mr. Bouchard) I would like to elaborate on the action being taken to help the workers who are to be laid off from the Canada Packers plant in Winnipeg.

First, the Minister wants to underline that he shares the concerns of the Hon. Member for Winnipeg North (Mr. Orlikow) with respect to the future of these workers. Like him, the Minister believes that every effort must be made to help these workers through the difficult adjustment they face. The Minister also agrees that the best results will be achieved if the company, the employees, the federal Government and the provincial Government work together to put in place the assistance the workers need.

To this end, intensive discussions took place throughout January between Employment and Immigration Commission officials, company and union representatives, as well as with senior officials of both the provincial Department of Labour and the Department of Employment Services and Economic Security.

On behalf of the Minister I am pleased to be able to report that agreement has just been reached with all parties to begin work immediately on a joint adjustment action plan. The federal Government will participate through the Commission's Industrial Adjustment Service, and the Province of Manitoba will do so through its Employment Adjustment and Technological Change Program, a Manitoba jobs fund initiative.

Activity will be carried out by two committees. One, composed of company and union representatives, will address the needs of the 400 hourly-rated workers; the other, composed of company and non-union employees, will address the needs of the 75 salaried workers.

Committee costs will be shared equally by the company, the province and the federal Government. Both committees will be chaired by the same independent chairperson to be chosen by the committee members themselves. The Commission and the Province of Manitoba have each identified representatives to assist and advise the committees. The types of assistance which the committees can consider recommending are many and varied. They can range from retraining, sessions on résumé writing or job search techniques, to job counselling, vocational testing or financial counselling.

This is an urgent situation and one in which none of the parties intend to let the grass grow under their feet. It is also an excellent example of federal, provincial and private sector co-operation.

Although the circumstances are difficult, the Minister is confident that through the joint efforts of Canada Packers, the United Food and Commercial Workers International Union and both levels of Government every possible resource will be tapped and organized to help the workers prepare for, and find, new jobs.

FISHERIES—MARKETING OF FRESHWATER FISH—SENATE COMMITTEE REPORT

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the question I asked of the Minister of Fisheries and Ocean (Mr. Siddon) was on October 30. Thus some time has passed since the questioning took place. However, it does not really matter

since the question was about the marketing of freshwater fish, which problem has been with us for many, many years. In fact, it has been with us since the Freshwater Fish Marketing Corporation was established. I am afraid it will be with us for some time to come unless action is taken quickly by the Minister of Fisheries. I realize that cod and tuna are in the limelight; but I think that white fish and trout should also have their day in court.

The problem with FFMC is that it has a monopoly. The fishermen are not allowed to sell fish to any other body than the FFMC. No competition in the industry is allowed. It is forbidden to Canadian citizens to become buyers, sellers or dealers of freshwater fish in the parts of the country to which the FFM Act applies. New marketing ideas cannot be tried because of the FFMC. Fishermen in my part of the country, in the Northwest Territories, feel that they have been neglected by FFMC, which tends to concentrate on the Lake Winnipeg area.

We produce a premium product that ought to be sold for premium prices. But we fear that our top quality fish has been used in some way to subsidize the lower quality Manitoba production. That may or may not be true. But unless there is competition, and people are allowed to try new marketing ideas, we will never know for sure.

• (1810)

I can assure you that the state of the NWT fishing industry is desperate. It depends on continued subsidies to keep it going, about $.5 million a year from the territorial Government alone. That was not the case when private enterprise was in the business of selling fish. Now there is bureaucratic regulation rather than an open market system.

The Senate report was a very thorough study. Under the Hon. Jack Marshall, the Senate committee travelled widely throughout the freshwater country. They went to Hay River in the Northwest Territories, received the advice of territorial government fishermen's organizations and a wide variety of the general public. The local press contained a number of articles, and the report was favourably received. This was an illustration of the Senate doing its job. There was excellent work done by this conscientious Senate committee. The committee came up with a series of good recommendations. In my opinion, they pulled the punches a little bit. They could have been more straightforward, but they did a good job.

The committee's recommendation 13(b) was probably the most important in that report. That recommendation recommended the licensing of private fish dealers, and the return of private enterprise to the fish business. People are out there who are ready and willing to do this once the authorization has been given. Not long ago I was talking to some Chinese friends who told me that white fish that are salted in a special way command a price in Hong Kong of about $8 a pound. They would like to get into the business of specially salting this fish. Presently the fishermen receive a few cents a pound for the product, so there is a new market that needs to be tapped.

We need authorization by the Minister so that this licensing can take place, and private enterprise can be brought back into the business. It is my considered opinion that unless private enterprise and competition is not brought back into the northern fishery, that fishery will perish. Of that there is no doubt.

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, the Hon. Member for Western Arctic (Mr. Nickerson) has asked for the Government's response to the interim report on the freshwater fisheries that was prepared by the Senate Committee on Fisheries. I applaud the concern shown by the Hon. Member for his constituents and for freshwater fishermen throughout the West. His knowledge in this field is unquestioned in the House, and the Minister thanks him for his input on issues of this nature.

To date that committee has published only the first of a series of interim reports entitled *The Marketing of Fish in Canada*. Although the report is entitled marketing of fish, it contains some 20 wide ranging recommendations. They deal with such issues as resource management, federal, provincial and territorial matters, the mandate of the Freshwater Fish Marketing Corporation, and, of course, marketing.

The Freshwater Fish Marketing Corporation was established in 1969 at the request of provincial Governments for the purpose of bringing order to the marketing of freshwater fish products, and increasing returns to the approximately 3,500 fishermen involved in these fisheries.

Since 1969, the Corporation has been successful in meeting the objectives of its mandate, as indicated in the annual reports of the Corporation which have been tabled in the House each year.

The Corporation continues to enjoy the support of the participating Provinces of Manitoba, Saskatchewan, Alberta, Ontario, and the Northwest Territories. It also enjoys the support of the vast majority of the fishermen in the Corporation's territory. Officials in the Department of Fisheries and Oceans have examined the recommendations with great care.

• (1815)

The Minister of Fisheries and Oceans (Mr. Siddon) has written to the distinguished Senate committee Chairman giving his views on the report. The Department is currently in the process of implementing many of the recommendations contained in the report. Subsequent reports dealing with the Atlantic and Pacific fisheries will receive the same attention and scrutiny, so that, as the Hon. Member mentioned, we can consider cod, salmon, white fish and trout.

NORTH ATLANTIC TREATY ORGANIZATION—LIBERAL PARTY CONVENTION RESOLUTIONS

Mr. Alan Redway (York East): Mr. Speaker, as you are well aware, the present Progressive Conservative Government is firmly committed to peace and to nuclear disarmament. That

is not a unilateral nuclear disarmament but a multilateral verifiable nuclear disarmament. It is only a multilateral verifiable nuclear disarmament which will ensure that we can continue to maintain our Canadian democratic values and institutions, to maintain the rule of law, to control our own country, to prevent war, to deter aggression, and to settle disputes peacefully.

This is why we in Government have in the past and will continue in the future to support NATO and co-operate with the United States in the defence of North America.

The Canadian Ambassador to NATO, Mr. Gordon Smith, told me last week that our commitment to NATO is the reason Canada is consulted by the United States in all negotiations which take place with a view to bringing about nuclear disarmament. The United States consults all its NATO allies. It consults Japan, it consults Australia, but it does not consult Switzerland or Sweden. It no longer consults New Zealand, since New Zealand decided to ban American ships from its ports on the basis that they might be carrying nuclear weapons or might have some sort of nuclear power. It is the basis of the right to be consulted and the fact that we are consulted which rests on our commitment to NATO.

While we may not have the ability to negotiate or the influence to change everything we would like to change in the way of the nuclear problems of the world, we have the power to be consulted, and we are consulted because of the commitment to NATO. Perhaps, because of that, we can shift the approach taken to negotiations for nuclear disarmament.

If we decided to leave NATO or, for that matter, unilaterally declared Canada to be a nuclear free zone, we would be forfeiting the ability to influence in some way the negotiations for nuclear disarmament or for other kinds of conventional disarmament, perhaps the consultations on the first use of nuclear weapons in Europe, or the decision to use nuclear weapons first, before anyone else does. We would be forfeiting the right to consultation. It makes no sense for us to forfeit that right or to get out of NATO, nor does it make any sense for us unilaterally to declare Canada a nuclear free zone. Whatever happens in a nuclear exchange between the United States and the Soviet Union, whether or not we are a nuclear free zone will not save our hides.

Because of that it is disturbing to hear that the Liberal Party of Canada, in its most recent convention, adopted a resolution which called upon Canada to become a nuclear free zone. It was distressing to hear members of the Liberal Party saying that it was now official policy of the Liberal Party that Canada be a nuclear free zone.

It is interesting that the former defence critic for the Liberal Party indicated that if that happened no longer could American warships call in Canadian ports, and that we would virtually be in the same position as New Zealand. It is interesting to note that the Liberal Member who said that is no longer the defence critic for the Liberal Party.

• (1820)

It is disturbing as well to hear one Member of the Liberal Party, the Hon. Member for York South—Weston (Mr. Nunziata), say that world peace is more important than membership in NATO. You and I know, Mr. Speaker, that NATO is synonymous with world peace. In fact, it has guaranteed peace in Europe and peace, as far as we are concerned in Canada, for the last 38 years. Of course it is not surprising when members of the New Democratic Party advocate that we get out of NATO or advocate a unilateral declaration of a nuclear free zone in Canada because that has been part of the NDP policy since 1969. It is not surprising when we hear New Democrats talking about it. But it is surprising and disturbing when we hear the Liberal Party talk about this same thing, particularly when Liberals have been such strong supporters of NATO and a multilateral and verifiable nuclear disarmament all these years yet now suddenly they are changing.

When it is time for the next election and the New Democrats and Liberals are asking for your support, Mr. Speaker, I hope that you will consider very carefully the things they have been saying in the last few weeks and months about this issue of nuclear disarmament, NATO and about their commitments to NATO. As you well know, if we elect a Government which is not supportive of NATO, is not supportive of multilateral and verifiable disarmament, we are going to take ourselves out of the game of playing a role in the disarmament negotiations and risking at the same time Canadian democracy, values and institutions under the rule of law. That, I hope, you will bear in mind at the time of the next election, Mr. Speaker.

Mr. Bud Bradley (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, this is the fifth time in the last five days that I have had the honour to stand and address you in my place. I only wish the Hon. Member for Hamilton East (Ms. Copps) could have been present. She alluded a short time ago in my constituency to the fact that she never sees me in the House and never hears me speak. This would have been a good opportunity for her.

I recall too clearly the confusion surrounding the resolutions regarding NATO that came out of the Liberal Party Convention in Ottawa in late November. Of course, I share my hon. colleague's concern about the kind of signal this sent to our allies. However, rather than dwell on what the Liberal Party stands for, let me repeat what the Minister of National Defence (Mr. Beatty) said in this House on December 1, 1986. He said:

> —anything which substantially weakens Canada's commitment to NATO would indeed weaken the western alliance and not contribute to the fulfillment of peace.

This statement, Mr. Speaker, parallels what the now Leader of the Opposition (Mr. Turner) said when he was Prime Minister, that if we are going to have any influence in working toward world peace we must first of all fulfil our commitments to our NATO allies.

This Liberal resolution on NATO was raised at a Standing Committee on National Defence meeting on December 2 last where the Associate Minister was asked what the Government's reaction was. I think the Associate Minister's answer bears repeating. He said that the present Party in power which forms the Government of today supports NATO completely and absolutely.

Finally, let me say that Canada as a founding member of NATO has a long history within this important organization, and we see no reason to alter our strong support and commitment to it now.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6:25 p.m.

HOUSE OF COMMONS

Wednesday, February 18, 1987

The House met at 2 p.m.

Prayers

STATEMENTS PURSUANT TO S. O. 21

[*English*]

PHARMACEUTICAL INDUSTRY

PROCEEDINGS IN COMMITTEE STUDYING PATENT LAW AMENDING BILL

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, the Government is attempting to cover up the true facts about Bill C-22 and its impact on the cost of drugs in Canada.

On three separate occasions in the House the Minister of Consumer and Corporate Affairs (Mr. Andre) and the Minister of National Health and Welfare (Mr. Epp) alluded to the fact that they would produce for members of the legislative committee studying Bill C-22 the cost implication studies which were carried out by Consumer and Corporate Affairs.

In a motion recently put before the legislative committee, Conservative Members voted down the request to have the Minister of National Health and Welfare or the Minister or Consumer and Corporate Affairs provide the information to the committee so that all members would have an opportunity to view first-hand the cost implications of Bill C-22.

• (1405)

It is a further example of the Conservative majority on that committee, the Conservative majority in the House, trying to hoodwink Canadians into believing that the amendments in Bill C-22 will have a positive effect upon senior citizens and disabled people in Canada.

I call upon the Government to provide the necessary information so that Canadians can judge the ruthless type of action the Government is taking.

* * *

CANADA POST CORPORATION

NON-DELIVERY OF REGISTERED MAIL SENT TO ROYAL CANADIAN MOUNTED POLICE

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, recently I received a letter from a constituent of mine in Sardis, British Columbia, who has a very legitimate concern about delivery of a registered letter.

My constituent sent a registered letter to the RCMP in Vancouver after receiving what he assumed was the correct address from the local RCMP detachment. Four days later he was notified by a card that he had a registered letter awaiting him at the Sardis Post Office. He was more than a little surprised to find that his registered mail was actually the letter he had sent to the Vancouver RCMP. Marked on it were the words: "Moved, address unknown".

The registration fee of $2.46 was not refunded to my constituent even though the letter was never delivered to the RCMP office. I am sure it would have been extremely easy for the letter to be routed to the proper address when it arrived in Vancouver. After all, the RCMP are a highly visible group.

I wonder what would happen if Canada Post adopted and practised a familiar slogan—"satisfaction guaranteed or your money refunded".

* * *

INDUSTRY

EFFECT OF EXPORT TAX ON SOFTWOOD LUMBER SUPPLIER

Mr. Derek Blackburn (Brant): Mr. Speaker, yesterday a lumber supplier called to tell me that he was going out of business because of the Government's softwood lumber export tax. This particular supplier created jobs by selling Canadian lumber in the United States. He bought most of the lumber from mills in New Brunswick which are supposed to be exempt from the tax. However, because he brought that lumber through his yard in Ontario, the Government hit him with its export tax.

He called Revenue Canada to ask for an exemption. He sent invoices and bills of lading to show the origin and destination of each load of lumber. However, the Government would not listen.

He could avoid the tax by telling the mill in New Brunswick to ship lumber directly to his customers in the United States, but the mill would only take those customers for its own wholesale business. His orders are being cancelled as his customers find out that his price is rising 15 per cent. He must either move his business to the United States or shut his doors. Either way, the softwood lumber export tax has killed a small business in my riding and put Canadians out of work.

S. O. 21

[*Translation*]

CANADIAN NATIONAL RAILWAYS

ABITIBI-TÉMISCAMINGUE—REQUEST FOR MORATORIUM ON LAY-OFFS IN ORDER TO OBTAIN BETTER SERVICE

Mr. Guy St. Julien (Abitibi): For several months, Mr. Speaker, the residents of Abitibi-Témiscamingue, Chapais and Chibougamau, strongly supported by various local interest groups such as mayors, chambers of commerce presidents, businessmen, CN employees and other people, have been urging the CN to impose a moratorium on lay-offs and provide better service.

Here are a few examples of bad service: On January 24, 26 and 27, 1987, Senneterre-Garneau train No. 830 was cancelled because no locomotive was available. That is the kind of service we get back home. We have asked CN management to impose a four-month moratorium on lay-offs, long enough to study the problems experienced by the railway company.

The CN's February 13, 1987 answer to our request is unacceptable.

Surprisingly enough, Mr. Speaker, yesterday, February 17, President and Chief Executive Officer Ron Lawless announced the beginning of a comprehensive study on the company's administrative structure. The memorandum reads as follows: The study is being made by a select group of senior officials assisted by the Booz-Allen and Hamilton consulting firm. Over the coming weeks agents of the consulting firm, accompanied by representatives of the services involved, will visit network facilities to observe and define the CN administrative process.

Hopes are now being dampened by some CN heads, but when reservations are expressed about the Abitibi-Témiscamingue region, I stand up and fight back.

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SOCIAL SECURITY

THE BUDGET—EXPECTATIONS OF CERTAIN CATEGORIES

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, in a few hours the Minister of Finance (Mr. Wilson) will make his third Budget presentation. We should say his third and a half Budget.

Mr. Speaker, I would suggest that elderly Canadians have every right to expect the Government to redress some of its injustices towards them ever since the Conservative Government was elected in 1984. Naturally, I am referring to making all persons living alone, and all others who are single, separated or divorced eligible for the spouse's allowance; second, reimbursing immediately the 35,000 early retiress who have been deprived of their unemployment insurance benefits; third, continuing a real reform concerning retirement policies, the indexation of private pension plans, and increasing public assistance benefits; fourth, as promised by the Government in 1984, making sure that the three million homemakers will be covered under the Quebec and Canada Pension Plans; and fifth, with respect to family policies, restoring the full indexation of family allowances.

Mr. Speaker, I conclude by expressing the hope that at 4.30 this afternoon the elderly and families in Canada will hear good news.

* * *

• (1410)

[*English*]

CANADA WINTER GAMES

SUCCESSFUL OPENING—TRIBUTE TO WORK OF LOCAL VOLUNTARY ORGANIZERS

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, on Friday I predicted that Sunday's official opening of the 1987 Canada Winter Games would be the best ever, and it was. We were honoured by the Prime Minister's (Mr. Mulroney) presence and that of his wife. Cape Breton has warmly welcomed our Prime Minister and looks forward to his return.

Yesterday the very competent, capable, and athletic Minister of State for Sport (Mr. Jelinek) officially opened the ski venue at Cape Smokey, Victoria County. Hundreds of volunteers from Victoria County are working to ensure that the ski events go well, and they are, Mr. Speaker.

The people of Cape Breton have reason to be proud. More than 6,000 volunteers are participating in the operation of the Games. As part of the celebrations a cultural festival is also being held. The talent of our region is being put on national display. I want to congratulate my constituents and all Cape Bretoners for this great start. I am proud to say that I represent Cape Breton.

* * *

PESTICIDES

FARMERS' COMPLAINTS AGAINST CHEMICAL COMPANIES

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, Members know that farmers do not have the time or the money to fight the farm chemical manufacturers in court when pesticides do not do the job. Many farmers have written to me about this problem expressing their frustration. One farmer writes:

I believe you're right when you say the problem is widespread, only we seem to have no recourse.

Another farmer didn't bother to fight back. He said:

I felt I would be at great odds to do so.

Yet another farmer said the following:

We had very poor results . . . Their representative acknowledged the poorness of the results, but only offered us three pails (of chemicals) to compensate for the poor results . . . We told him where to put the three pails.

It is a widespread problem, Mr. Speaker. I call upon the Government to set up a tribunal if the farm chemical manufacturers will not set up a voluntary complaint mechanism themselves that puts farmers on an equal footing with the companies. The industry needs to have a code of conduct for dealing with complaints from farmers who are the consumers. Farmers have been pushed around for far too long by the large multinational chemical companies in Canada.

* * *

INDUSTRY

WINNIPEG—SALE OF VERSATILE FARM EQUIPMENT TO FORD NEW HOLLAND

Mr. Brian White (Dauphin—Swan River): Mr. Speaker, the announcement in Winnipeg yesterday of the sale of Versatile Farm Equipment to Ford New Holland is of major national significance. The decision reached by Versatile, and announced by the Minister of Regional Industrial Expansion (Mr. Côté), ensures the long-term use of the Winnipeg plant for design and manufacture of the four-wheel drive tractor, and grain swathers, and creates a world mandate for these products. The federal Government is contributing with a repayable loan of $45.5 million.

Ford New Holland will maintain the Versatile name, identity, colours, and the dealer network. Spare parts will continue to be available and warranties will be honoured. Nine hundred and fifteen people will be at work by the end of 1987, and 1,233 by 1991. Farmers will benefit from the continued competitiveness of the market.

The federal Government was applauded by management and labour for its integral role in the negotiations and, it was acknowledged that without federal government participation the sale would not have taken place.

This announcement proves what can be accomplished when management, labour, and the federal Government work together in the interests of Canada.

* * *

[*Translation*]

TOURISM

INCREASED FEDERAL TAXES ON GASOLINE—EFFECT ON VISITORS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, last Tuesday I said in the House that since the Conservatives came to power, taxes on gas had increased 10 per cent. Mr. Speaker, I'm afraid that is not correct, although it was not my intention to mislead the House.

In fact, federal excise tax has gone up from 1.5 cents per litre to 4.5 cents per litre, an increase of 300 per cent, and federal sales tax, which also affects the price of gas, has gone up from 9 per cent to 12 per cent, an increase of 33 per cent.

This means that federal taxes on gas have increased almost 100 per cent, rising from 4.1 cents per litre to 8.0 cents per litre. It means that Canadians and tourists visiting Canada by car are paying 10 per cent more for gas as a result of the taxes imposed by this Government.

* * *

• (1415)

[*English*]

HISTORIC EVENTS

ANNIVERSARY OF ARMENIAN REVOLT IN 1921

Mr. Bill Attewell (Don Valley East): Mr. Speaker, just three years after the genocide of 1915, surviving Armenians defeated the Turkish army and set up an independent state on May 28, 1918. In 1920 the Treaty of Sevres signed by Turkey and the Allies enlarged the independent Armenia to include most of its historical territory. The treaty, however, was never ratified.

Armenia was independent until December 2, 1920, when Turkey and the Soviet Union invaded and crushed the infant republic and shattered the dream of the Armenians to be a freedom-loving democracy. Sixty-six years ago today, on February 18, 1921, their dream was revived when the Armenians revolted against the communist invaders. Sadly, the revolt lasted only 90 days, but the dream of the Armenians to have the genocide of 1915 recognized and to have an independent Armenian state established will never be crushed.

* * *

EXTERNAL AFFAIRS

EXPORTS OF MILITARY GOODS—CALL FOR PUBLIC INQUIRY

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, we in the New Democratic Party have often raised questions in this House about the export of Canadian arms and military related goods. We are especially concerned about Canadian exports to military regimes with records of gross human rights violations, and about the role of Canadians in supplying military goods to groups such as the Contras and to countries at war. We are equally concerned about the federal Government's promotion of sales of Canadian military goods to Third World countries which also receive official development assistance.

Yesterday I wrote the Secretary of State for External Affairs (Mr. Clark) in response to his request for New Democratic Party assistance, urging him to initiate a full public inquiry into such Canadian exports. I have suggested specific areas for careful study and government action. The matter is urgent. I trust the Minister will respond favourably to my suggestions.

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PORNOGRAPHY

STATEMENT ATTRIBUTED TO PROSPECTIVE LIBERAL PARTY CANDIDATE

Mr. John Reimer (Kitchener): Mr. Speaker, according to an article in the February 17 edition of the *Kitchener-Waterloo Record*, Ms. Maud Barlow, who is seeking the Liberal nomination for Ottawa Centre, told an audience of 500 high school teachers that she is "dead against free trade" because, she alleges, it will open Canada's borders to pornography and sexual violence from the United States. I welcome and share Ms. Barlow's concerns with respect to pornography and sexual violence, as does the Government. However, I take strong exception to Ms. Barlow's unwarranted linking of pornography and the Canada-U.S. trade talks. There is absolutely no connection whatsoever.

The Criminal Code is not up for negotiation, nor will it ever be. Furthermore, Article 20 of the GATT permits every sovereign state to restrict any trade which affects public morality and safety. If the Liberals want to discuss free trade, then let them do so in an intelligent and constructive fashion without resorting to this pathetic example of unacceptable fear-mongering and blatant electioneering.

* * *

YOUTH

CALL FOR GOVERNMENT ACTION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, it has now been seven months since the Minister of State for Youth (Mr. Charest) was appointed to his job. His only accomplishment in that time has been a glossy booklet cataloguing existing youth programs, most of which were introduced by Liberal Governments. While such a booklet has some value, it is no substitute for policies and action to deal with the real problems of youth. Once again Conservatives are relying on rhetoric and public relations.

The rate of unemployment for youth is now at 14.4 per cent. Since 1984 the Tories have cut over $200 million from youth programs. This is no time for complacency and smugness as demonstrated by the Minister of State for Youth on Monday. Let us have some action from this Minister or discard him through the revolving door well known to 10 other Conservative Ministers.

• (1420)

ORAL QUESTION PERIOD

[*English*]

FISHERIES

CONSTITUTIONAL JURISDICTION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister I will direct my question to the Deputy Prime Minister. Yesterday in this House, when referring to the fishing treaty between Canada and France, the Prime Minister said, and I am quoting from page 3521 of *Hansard*:

> The Government of Canada and the Parliament of Canada alone will speak for Canada in all matters under our jurisdiction.

That was quite clear. Last night, on his private Newfoundland cable outlet, the Minister of Transport is reported to have said: "The issue will be up for discussion in the next round of constitutional talks." Here are his words: "I think there is a strong argument for shared jurisdiction. There are difficulties but we are certainly prepared to discuss them when there is another round of constitutional negotiations."

Was the Minister of Transport distracted yesterday when the Prime Minister slammed his desk while staking out the rights of the Parliament and Government of Canada? Is it a matter for Parliament alone or is it going to be, as the Minister of Transport indicated, a matter for shared jurisdiction?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if the Right Hon. Leader of the Opposition did his homework he would know about the meetings which took place at the annual Premiers' Conference in Edmonton from August 10 to August 12. The communiqué said: "There was consensus among the Premiers that they will pursue further constitutional discussions on matters raised by some provinces which will include, amongst other issues, Senate reform, fisheries, property rights," et cetera.

Mr. Crosbie: Wake up, John.

Mr. Mazankowski: Furthermore, on November 21 the communiqué issued at the annual First Ministers' Conference in Vancouver, British Columbia, indicated that: "There was agreement to undertake later another stage in constitutional reform on matters that will include, amongst other things, Senate reform, fisheries, property rights," et cetera.

Mr. Crosbie: Wake up, John.

Mr. Turner (Vancouver Quadra): The Minister of Transport says "Wake up, John". Why don't you go back to sleep, John?

OVERFISHING BY FRENCH VESSELS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, what was the Prime Minister saying when he said in this House it is a matter for Parliament and Parliament alone? In this bizarre personal letter—

Mr. Crosbie: Rip Van Winkle! You have been asleep for 12 years.

Mr. Turner (Vancouver Quadra): —that the Prime Minister wrote to the Minister of Transport regarding the fishing agreement with France, he said the negotiations with France will address "overfishing in the disputed zone".

Mr. Crosbie: Absolutely.

Mr. Turner (Vancouver Quadra): Even the Minister of Transport knows that the disputed zone is the 200-mile zone disputed by France and Canada around St. Pierre and Miquelon. Is that statement true and, if so, on what clause of the agreement with France was the Prime Minister basing that statement?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Prime Minister was very clear and there is no question about that. This Government has always worked together with the provinces on issues such as energy, fisheries, forestry, and things of that nature.

With respect to the second part of the question and overfishing, perhaps I might enlighten the Right Hon. Leader of the Opposition and quote from the letter that the Prime Minister sent to the Minister of Transport. It says as follows: "Any further agreement to allot cod to France in the Canadian fishing zone will be dependent upon, (a), France agreeing to binding arbitration on the boundary in the disputed zone and, (b), joint agreement on a total allowable catch for the fishermen in the disputed zone during the period of arbitration in order to solve the problem of overfishing."

CANADA-FRANCE AGREEMENT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the problem with that is that it does not accord with the agreement between France and Canada. The agreement says "the parties will meet in order to initiate negotiations establishing the annual fishing quotas for French vessels in Canadian waters"—not "disputed waters" but "Canadian waters".

Mr. Crosbie: We say they are Canadian.

Mr. Turner (Vancouver Quadra): The Deputy Prime Minister seems to be sadly ill-informed on this issue.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): I ask him, has Canada not waived its rights to contest French overfishing in disputed waters, that 200-mile limit around St. Pierre and Miquelon, by the very wording of the treaty with France?

Mr. Mazankowski: Not at all.

Mr. Turner (Vancouver Quadra): Is that not the case? If it is, it is a lousy agreement.

Mr. Mazankowski: Not at all.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, of course that is certainly not the case. If one reads what the Right Hon. Leader of the Opposition quotes from we see that it says, "a *procès-verbal* establishing the annual fishing quotas for French vessels in Canadian waters for the period 1988-1991 inclusive" shall be the subject of the interim agreement.

• (1425)

Canadian waters are those waters which we claim in the area 3PS. If it were not for his old friend, the mischief maker in the other place who set him up for this question, who, along with the Hon. Member, was an architect of this infamous 1972 treaty, we would not have a problem today.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Read your agreement.

ALLOCATION OF FISH QUOTA TO FRANCE

Mr. George Baker (Gander—Twillingate): Mr. Speaker, how much more confusion can the Government heap on an already confusing situation? Cabinet Ministers have stood in this House, as all Members know, and said that not one more fish will be given to France unless Newfoundland agrees. The Prime Minister stood in the House yesterday and made a 180 degree turn to the right, to the starboard, and said that Newfoundland has no veto.

Is the Deputy Prime Minister aware that the Minister of Transport said that no fish will be given to France unless Newfoundland agrees? He said it must be in the best interests of the people of Newfoundland "'or there will be no deal'. Eat your heart out!" Are the Deputy Prime Minister and the Prime Minister now saying to the Minister of Transport, "Eat your own words"?

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Get back to wheat.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Right Hon. Leader of the Opposition suggests that I should get back to wheat. I know a hell of a lot more about wheat than he does, and I know more about fish than he does.

Some Hon. Members: Hear, hear!

Mr. Speaker: For several days Members have been using the word "hell". I ask all Hon. Members to keep in mind that that may well be offensive to others and to the public which is watching, no matter what the public may sometimes think of this place.

Mr. Mazankowski: Mr. Speaker, to answer the Hon. Member's question I will again quote the Prime Minister's letter as follows: "What are our objectives? First and foremost to reach agreements that will defend in advance the interests of the Canadian fishing industry in Newfoundland and throughout Atlantic Canada".

SHARED JURISDICTION INQUIRY

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the only significant achievement of the Government in this French fishing fiasco is that today it has apparently convinced the Premier of Newfoundland to stop barking at Ottawa. The Premier of Newfoundland now agrees with the Minister of Transport. The Minister of Transport agrees with the Premier of Newfoundland.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): That's a great accomplishment.

Mr. Baker: Mr. Speaker, on this issue two Tories don't make a right.

I will direct my question to the Minister of Transport who has been assigned by the Prime Minister to answer for Newfoundland on this issue. What is meant by "shared jurisdiction"? What line did this Minister feed the Premier of Newfoundland to stop him from barking?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the hon. gentleman is as angry as a dogfish at the fact that the Premier of Newfoundland and I are heart-to-heart and mind-to-mind on this issue now.

Some Hon. Members: Hear, hear!

Mr. Murphy: Cheek-to-cheek.

Mr. Turner (Vancouver Quadra): Cheek-to-cheek and jowl-to-jowl.

Mr. Crosbie: I assume that the Hon. Member is delighted that we are prepared to do what the Premiers requested some months ago after the First Ministers' meeting, that is, to discuss the fisheries question when the next major round of constitutional negotiations begins. That is our commitment. We know that the Liberal administration in the past would not do it. I doubt whether the next ones in the 21st century will.

• (1430)

Some Hon. Members: Hear, hear!

CANADA-FRANCE ECONOMIC AGREEMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I can tell the Minister that he better check with the Premier of Newfoundland. He no more likes the substance of this agreement than do other Newfoundlanders, except the Minister. He joins the Opposition in condemning it outright.

Mr. Crosbie: We will see you in the by-election.

Mr. Broadbent: My question is directed to the Secretary of State for External Affairs. I have a copy of a document that was produced recently by External Affairs and which perhaps goes a long way to explaining the sell-out of the Newfoundland fishery. It refers to a historic agreement that was negotiated between the Government of Canada and the Government of France last month as: "The most important economic agreement signed by Canada and France in recent years". This External Affairs document refers not to the cod agreement but to another agreement on trade with France being negotiated at the same time. Will the Minister confirm to the House that the reason the Government sold out our cod interest in Newfoundland was to get this agreement on other matters?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, both accusations of the Hon. Member are false, as usual.

Some Hon. Members: Hear, hear!

GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, we see how the Minister deals with a document produced by his own Department. According to his Department, this is a historic document on a trade agreement between Canada and France designed to promote joint ventures, investment activities, and the transfer of technology. Will the Minister confirm that in order to get an agreement on all these matters, the Government of Canada was quite prepared to sell out to France with what they wanted on the cod deal?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the document issued by External Affairs is quite correct. What is false is the statement of the Leader of the NDP. What is reprehensible is that he should try to insinuate this kind of accusation into this debate. He should be above that kind of thing.

Mr. Broadbent: That is really touching.

NEWFOUNDLAND PREMIER'S LETTER

Hon. Edward Broadbent (Oshawa): Mr. Speaker, will the Secretary of State for External Affairs confirm that the Prime Minister received a letter from Premier Peckford in December urging the Government of Canada not to make concessions in the cod area in order to obtain this kind of agreement? Will he confirm that the Government of Newfoundland was deeply concerned and expressed its concern in advance that its

interests as a maritime province would be sold out by the Government in order to get this agreement? Is that not the concern Mr. Peckford expressed? Is that not the concern which the Government deliberately ignored?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, for the third time the Hon. Member is peddling a falsehood.

Some Hon. Members: Oh, oh!

Mr. Broadbent: That is close.

Some Hon. Members: Order.

Mr. Speaker: I think the Hon. Minister has indicated that he is not in agreement with what the Hon. Leader of the New Democratic Party said. One might say that he is getting very close to suggesting that the Hon. Leader of the NDP is a peddler in falsehood, but I think the intention was that the Minister did not agree with the suggestion being made. However, it is an indication of the difficulty in which it puts the Chair and I am sure the Hon. Minister would want to indicate to the House that he did not intend that the Leader of the New Democratic Party was intentionally misleading the House.

An Hon. Member: Take the high road, Joe.

Mr. Broadbent: Be a statesman, Joe.

Mr. Clark (Yellowhead): Mr. Speaker, the Leader of the New Democratic Party was exercising a terminological inexactitude.

Some Hon. Members: Oh, oh!

Mr. Nunziata: You are no longer a wimp, Joe. You are in the big leagues now.

An Hon. Member: Joe for Prime Minister.

Mr. Speaker: Order, please. I know Hon. Members are waiting in expectation for the next exchange.

* * *

[*Translation*]

THE CABINET

FUTURE OF MINISTER OF STATE—REQUEST FOR OFFICIAL ANNOUNCEMENT

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, yesterday, when I was asking the Prime Minister wheher he had made a decision with respect to his Minister of State, the Hon. Member for Joliette, I believe it would not be exaggerating to say that the Prime Minister lost his temper when he said that I was indulging in calumny and character assassination.

Today, my question is directed to the Deputy Prime Minister. Considering reports that the Minister of State handed in his resignation to the Prime Minister, doesn't the Deputy Prime Minister feel the Canadian public has a right to expect the Government to react quickly in this respect and inform the House as soon as possible whether the Minister will or will not remain in Cabinet?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the Hon. Member, and I am sure other Hon. Members, would agree that whatever discussions, if any, that may be taking place between the Prime Minister and the Minister of State are a matter between them. The Prime Minister clearly has prerogative in this particular area. If any decisions are to be taken, I am sure they will be taken in due course.

REQUEST FOR DECISION BY PRIME MINISTER

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, what is troubling is that the Minister of State is also reported as saying that there will be no decision in his case until the end of the month when he will meet again with the Prime Minister. Does the Deputy Prime Minister not think that it is about time that his Prime Minister showed some leadership instead of indecisiveness in this case, and that he help to clear the air quickly and let Canadians know whether or not the Minister will stay in cabinet?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, with all due respect to the Hon. Member, I think it is about time that he stopped relying on newspaper reports as his research facility. It is my understanding that again we have had a series of allegations levelled at the Minister of State which have been refuted. As a matter of fact, it is my understanding that reporters from the Canadian Press have phoned his office this morning and apologized for the fact that some of the statements are inaccurate and could not be confirmed.

PRIME MINISTER'S POSITION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Deputy Prime Minister and also refers to the Hon. Member for Joliette. There are some questions surrounding the handling of this issue. Once certain allegations regarding the Minister of State for Transport were brought to the Prime Minister's attention he ordered an immediate investigation by the RCMP and took action by asking for his resignation. We all agree that that was the appropriate step to take. When the matter regarding the $5,000-a-plate dinner was brought to the Prime Minister's attention he also ordered an RCMP investigation, yet did not ask for the Minister's resignation. Will the Deputy Prime Minister explain the difference in the two cases? Why did he act with haste in asking for the resignation of the Minister in one case but did not and still does not in the other case?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I find it incredible that the Hon. Member opposite keeps asking the same question. That question has been asked three, four or five times, and has been answered each and every time by the Prime Minister. I invite him to go back and read the answers.

Mr. Riis: I have read each of those responses and at this point I do not recognize the difference in the two cases.

Mr. Andre: Keep throwing mud.

DECISIONS CONCERNING MINISTERS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, if it is clear, will the Deputy Prime Minister please explain succinctly and clearly the difference in the two cases?

• (1440)

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am not sure, but I think there is a rule in this House which says that questions which are repetitious or out of order—

Mr. Broadbent: No.

Mr. Mazankowski: This is exactly the same question as the first question.

Some Hon. Members: No.

Mr. Mazankowski: It is exactly the same question which was asked in the House on several occasions and exactly the same question the Prime Minister answered.

Mr. Speaker: I would like to bring to the attention of Hon. Members that it has often been suggested in past practice that the same question ought not to be repeatedly asked. In the event the same question is asked, the Minister is under no obligation to answer. The difficulty, of course, is that there will be an argument, or often is, between the Minister and the Member asking it as to whether or not it is the same question.

However, a Minister, who is in the position of believing the question has been asked before, is under no obligation to answer it, and that is the rule.

CANADA LANDS COMPANY JOBS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my question is directed to the Deputy Prime Minister. It concerns the administration of the Government. Newspaper reports today suggest that the cousin of the former Minister of Public Works, the Hon. Member for Joliette, was appointed to run the Canada Lands Company; the Minister's former chauffeur got a job as an officer manager with the corporation, and another friend of the Minister, who was convicted of fraud, was also rewarded at the Canada Lands Company. Besides asking the Deputy Prime Minister what qualifications these people have, I ask specifically, was he or the Prime Minister aware of these facts? And what steps, if any, were taken to correct this outrageous situation?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am happy to have the opportunity to clear up some of the inaccuracies and false statements made in this Canadian Press story. It seems it is becoming its practice.

By the way, 71 per cent of the people of that district voted for the Hon. Minister of State without portfolio. Is it any wonder that some appointments down there are people who supported him? What false reasoning and slanderous kinds of accusations to make!

Some Hon. Members: Hear, hear!

Mr. Crosbie: With respect to this matter, it is the municipality at Joliette which made a decision on what consulting firm to hire to do a certain feasibility study. The site of the land which was decided upon as being the best land is owned by Air Joliette Incorporated, not by Pierre Perrault. There is a whole series of other inaccuracies all strung together to make matters look bad for the Minister of State without Portfolio. It is scandalous for the Hon. Member not to do any checking, then to use false statements made in the Canadian Press story and repeat them in this House, hoping they will get more circulation as a result.

Some Hon. Members: Hear, hear!

Some Hon. Members: More, more!

Mr. Boudria: Mr. Speaker, it was to be expected that this particular Minister would stand up and defend patronage in this House, for obvious reasons. I repeat to this Minister and to the Government that they have not denied the allegations I made concerning the Canada Lands Company.

GOVERNMENT APPOINTMENTS

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. Does the Government still stand by the solemn commitment made by the Leader of the Conservative Party on July 16, 1984 when he said about patronage: "We are going to bring in a brand new dimension to them of objectivity and representation and fairness for all Canadians"? Do those appointments qualify under that definition or don't they? If they don't, what is the Minister going to do to correct it?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in my 19 years in this House I have never seen such shameful conduct—

Some Hon. Members: Hear, hear!

Mr. Speaker: I ask the Hon. Minister to deal as exactly as the Minister can with the question which was asked, give a reply, and perhaps we can diminish the noise level in the Chamber just a little bit.

Mr. Mazankowski: Mr. Speaker, the Hon. Member knows very well that there is a process which has been set up through the process of parliamentary reform to scrutinize all government Order in Council appointments. If the Hon. Member has something to raise about this or any other appointment made by this Government, that is the place to do it, not the way he does it here under the screen of allegations, innuendoes, and smear.

Some Hon. Members: Hear, hear!

* * *

ENVIRONMENTAL AFFAIRS

ACID RAIN—UNITED STATES OFFICIALS' STATEMENTS

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I have a question on another subject altogether, if I might be so bold. It concerns something far more important, the survival of the Canadian environment. My question is directed to the Secretary of State for External Affairs and has to do with remarks made by the American Interior Secretary, Mr. Hodel, now complemented by remarks by Congressmen John Dingell, having to do with the fact that Canada's concern for acid rain abatement in the United States can be reduced to a conspiracy on our part to sell more hydro power to the United States. Would the Secretary of State for External Affairs say in this House, here and now, on behalf of all Canadians, and clearly to our American neighbours, that that is a lie?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, that would be unparliamentary.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): But it is certainly false.

Mr. Blaikie: Mr. Speaker, as far as I know the rules do not prohibit the Secretary of State for External Affairs from saying things about people outside this House.

Mr. Speaker: One can take judicial notice in this Chamber of the very intense feelings of Canadians with respect to the acid rain problem. There is, of course, a rule that certain things ought not to be said about representatives of a friendly country and I would ask the Hon. Member to keep that in mind.

Mr. Blaikie: Well, you have to wonder who your friends are when they continue to poison your environment the way the Americans are poisoning ours.

CANADIAN POSITION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, given the fact that we have tens of thousands of lakes which are already dead or dying, that our water-fowl are dying, and that our forest growth has been reduced by 66 per cent, what other avenues does the Government have in mind, litigatious or otherwise? We know the Americans were able to reach a deal with Mexico on the basis of a court case brought by six asthmatic Americans. Is the Government considering any new action in this regard which might bring the Americans to the table, admit we have a problem, and get down to serious acid rain abatement on the other side of the 49th parallel?

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, the short answer is that the Americans are already at the table. The Prime Minister of Canada will be raising at the forthcoming summit in Ottawa with the President of the United States, just as he has done so at the two previous summits, Canadians' grave concern about the pollution of the environment by American sources of acid rain-causing emissions.

May I say while I am on my feet, Mr. Speaker, that though I share the Hon. Member's concern and, indeed, outrage, at the utterances of people like Mr. Hodel, I think it is inaccurate to draw a parallel between the all-encompasing agreement we are seeking with our American neighbours, on the one hand, and that which the Americans have reached with the Mexicans. All the requirements in connection with the U.S.-Mexico agreement are imposed on Mexico, not on the United States. That is exactly the opposite of what we are seeking.

* * *

• (1450)

NATIONAL PAROLE BOARD

PAROLE GRANTED TO DOMINIC MUSITANO

Mr. Geoff Scott (Hamilton—Wentworth): Mr. Speaker, the entire region of Hamilton—Wentworth and I have given notice of the following question which is directed to the Solicitor General.

In view of the parole of Dominic Musitano two years after a court sentenced him to six years' imprisonment as an accessory after the fact of an organized crime murder, and since Musitano was granted parole despite warnings by the Hamilton Police Department that "He represents a threat to the citizens of this region", and despite the objections of the area manager of the Parole Division of Correctional Services that "We do not believe he is a candidate for early release", and despite community concerns that such a release jeopardizes the safety of law-abiding Canadians, why has this man been paroled?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I can advise the Hon. Member that under the law Mr. Musitano was in fact eligible for parole. It was a decision of the National Parole Board which has exclusive jurisdiction in these matters. I cannot in any way overturn, overrule, or amend its decisions. I have asked for a copy of the decision,

and hopefully I will be able to give the Hon. Member further information once I have had an opportunity to review it.

* * *

CAPE BRETON DEVELOPMENT CORPORATION

TERMINATION OF JOBS

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Minister of Regional Industrial Expansion. In early February I wrote to the Minister and asked him to exercise his ministerial authority to intervene and prohibit the termination of 480 jobs at the Cape Breton Development Corporation. I wish to ask the Minister what actions he is planning to take, or has taken, with regard to protecting 480 jobs in a sector of the Nova Scotia economy that needs those jobs?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, since my hon. friend is from that region, he is well acquainted with the coal industry. He is also aware that at the present time, the industry has considerable excess capacity, which has of course led to a drop in prices. As a result, the industry has new problems to cope with, and this is a fact of life in a competitive market. It must proceed with certain adjustments.

Consequently, the company made a very generous offer to its workers, an offer that was initially rejected, but if I am not mistaken, the conciliator appointed by the Department of Labour is still trying to arrange meetings and arriving at a conciliation decision. Therefore, Mr. Speaker, I think it would be inappropriate to discuss the matter further at this time.

[*English*]

REQUEST THAT LAY-OFFS BE HALTED

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my supplementary question is directed to the same Minister. There is not an excess capacity. In fact what is needed is more jobs in the coal industry in order to perform the work which is required.

I wish to ask the Minister if he will not give a directive to the Cape Breton Development Corporation under the auspices of Section 99 of the Financial Administration Act to order management to halt these job terminations, because these job terminations will affect not only the local mining communities in that area, but as announced by the Premier, will negatively affect the entire economy of Nova Scotia. Will the Minister not do that?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, it is certainly no secret, as I have said before, that the Government is concerned about this problem. We are following developments very carefully on a daily basis, but I also want to give the Hon. Member the assurance that for some time, the Government has been very much aware of the situation of workers in the Maritimes, and especially those from Cape Breton. We will do everything we can to create opportunities for easier access to new jobs.

* * *

[*English*]

STATUS OF WOMEN

ALBERTA FEDERATION OF WOMEN UNITED FOR THE FAMILY

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Secretary of State. Why did the Minister bow to political pressure to retroactively fund the Alberta Federation of Women United for the Family under Secretary of State women's program funding when this group had already financed their conference, when it is doubtful that they qualified as a "Status of Women" group, and when they now intend to use the $8,000 for an anti-abortion campaign? Why did the Minister do this?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, the grant that I think the Hon. Member is talking about was clearly within the guidelines laid out by the program.

AWARDING OF GRANT

Ms. Margaret Mitchell (Vancouver East): I wonder if the Minister has listened to his own Deputy who came to the Secretary of State Committee and told us that under no circumstances are any issues related to abortion fundable under the Secretary of State Women's Program criteria? What does the Minister intend to do about this misuse of Secretary of State funds?

Hon. David Crombie (Secretary of State of Canada): Mr. Speaker, if it is the grant that I think the Hon. Member is talking about, it is a grant within the program. It would be absolutely wrong for me, or for any other Minister, not to treat everybody fairly when they come forward with a request for a grant.

* * *

[*Translation*]

CANADA POST CORPORATION

CLOSURE OF MAJORITY OF POST OFFICES ACROSS CANADA—GOVERNMENT POSITION

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister responsible for Canada Post. In a letter dated February 11, André Villeneuve, Vice-President for Corporate Communications at

Canada Post said and I quote: "Over the next 10 years, we will be shifting most of our retail services to the private sector". Does the Minister agree with Canada Post's plan to close the majority of the post offices across this country?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): I think that was a *non sequitur*, Mr. Speaker. I do not see how privatizing certain activities has anything to do with closing or not closing post offices. They are two separate questions.

It has been agreed by everybody who has looked at the Post Office that there can be genuine improvements in services to the public while saving money through the contracting out of some of the activities of the Post Office. That policy will continue.

CORPORATION'S INTENTIONS

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, if there is no intention of closing post offices, then why did Mr. Villeneuve inform me in the same letter that Canada Post will consult the residents to establish what type of a service they prefer to receive in replacement of the existing post offices? Why does the Government wish to close post offices that are giving good service, especially in rural Canada? Why does the Government wish to close that service?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, perhaps I could give an example to the Hon. Member. On Monday this week on the Ottawa River at Dunrobin two post offices were merged together with the enthusiastic approval of all the people concerned because it resulted in improved service to the people affected. Why in heaven's name would the Hon. Member suggest that the Post Office should not go through that type of rationalization and merging two smaller, less efficient operations into one more efficient operation which improves service? Why does the Hon. Member keep asking that we not allow that type of thing to happen?

FUTURE OF RURAL POST OFFICES

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a supplementary question with regard to the closure of rural post offices. Yesterday at the Government Operations Committee the Chairman of the Committee and member of the government Party said, "I have it on pretty good authority that Canada Post will resubmit its plan to Committee to back off on its amalgamation formula". Is the Minister now ready to say that the Government is ready to back off on its plans to close hundreds of rural post offices? Will the Minister clear up the confusion in this area?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, one of the causes of the confusion is activities like those that occurred in Devon last weekend where the Hon. Member attended with some people who have other objectives in mind, and who were making outrageous statements about the closures of post offices in Devon, Calmar, and other places, which was unnecessarily enraging and causing concern to the people affected, when the Hon. Member knows that there are no such plans in mind.

AMALGAMATION PLANS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my supplementary question to the Minister is this. The President of Canada Post has admitted before the Government Operations Committee that it has plans to close hundreds of rural post offices under the amalgamation plans which are in the Post Office plan. Is the Minister now ready to say that he will abandon those plans, and that the Government will bring in a new plan for the Post Office? Will the Minister be frank with Canadians?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, what I am prepared to be frank about is the Hon. Member and his objectives of trying to raise fear and anxiety with his distortion of facts and distortion of intent, and he is not contributing at all to what we should collectively share as our responsibility to the people who elected us to see that the Post Office does the best job possible.

• (1500)

As I indicated, the kind of assurance he just asked for would have in fact made it impossible to have the merger of two post offices near Ottawa, which was announced on Monday and was greeted positively by the people affected. For goodness sake, I would ask the Hon. Member to be reasonable in making those kinds of suggestions and demands.

* * *

CORRECTIONAL SERVICES CANADA

LOCATION OF PAROLE SUPERVISION FACILITY IN TORONTO

Mr. John Nunziata (York South—Weston): Mr. Speaker, my question is for the Solicitor General. It concerns the decision to fund and locate the Exodus Link parole supervision facility in Parkdale in Toronto without regard to its impact on the community. The Minister knows that the decision was taken in a sneaky, surreptitious fashion, with absolutely no consultation with the local community. In view of the concerns expressed by the community, will the Minister reconsider the decision to fund that particular operation, and will he refer the issue to the Justice Committee for further consideration to allow interested parties an opportunity to express their points of view?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, as the Hon. Member knows full well, I am sure, the contract was for services only. It was the responsibility of the applicant to locate the site somewhere within the city of Toronto. That in fact was determined in accordance with the

by-laws of the City of Toronto. If there is a concern, one should have resort to the City of Toronto zoning by-laws. We did not select the site. In any event, as a result of representations made by the Hon. Member for Parkdale—High Park, I listened to the representations of the residents of the area and I reduced the number of people to attend that particular facility by 40 per cent.

PRIVATIZATION OF PAROLE SERVICES—REQUEST FOR COMMITTEE REFERRAL

Mr. John Nunziata (York South—Weston): Mr. Speaker, the Minister's own colleague, the Hon. Member for Parkdale—High Park, complained to him with regard to the lack of consultation with him, as the Member for the area, and with the community generally. The Minister knows that the privatization of parole services is a major departure from present government policy. In view of that fact, does the Minister not consider it appropriate for him to refer the whole issue of the privatization of parole services to the Justice Committee in order for that committee to consider the whole question?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I am somewhat concerned here. I would like to know whether or not the Hon. Member is against the establishment of half-way houses so that parolees can in fact be rehabilitated, get back into the community, and reduce the rate of recidivism.

* * *

[*Translation*]

NATIONAL DEFENCE

PROPOSED SAGUENAY SHOOTING RANGE—REQUEST FOR PUBLIC HEARINGS

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, my question is directed to the Minister of National Defence and concerns the proposed F-18 firing range in the Saguenay.

The Minister is aware that the Quebec Ministers of Intergovernmental Affairs and Environmental Affairs have proposed public hearings and a joint assessment of the project's impact.

Is the Minister prepared to co-operate with this important proposal for public hearings on the proposed firing range for the region and to consider joint public hearings with the Quebec Government? Will he conduct those hearings?

[*English*]

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, we are currently having discussions with regard to this matter. As soon as we have anything to announce, I will inform the Hon. Member.

SHIPBUILDING

AWARDING OF POLAR 8 ICE-BREAKER CONTRACT

Mr. Ted Schellenberg (Nanaimo—Alberni): Mr. Speaker, my question is directed to the Minister of Transport. With the sale of Versatile Farm Equipment yesterday in Manitoba to Ford New Holland, and with the ongoing financial restructuring of Versatile Pacific Shipyards in Vancouver and Victoria, can the Government of Canada now announce the awarding of the Polar 8 ice-breaker contract to British Columbia shipyards? As the people of Newfoundland would say, we in British Columbia want to know: "Who is the b'y who is going to build the boat?"

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, as the hon. gentleman knows, over the past several months the Minister for DRIE has performed miracles. He has straightened out the matter of Versatile's operations in Quebec. They have now straightened out the farm equipment situation in Winnipeg. We are advancing westward, and within a period of days we will be straightening out the matter of the Polar 8 in Vancouver, and I dare say we won't leave unless there is an ice-breaker left behind us.

* * *

PRIVILEGE

ALLEGED LAY-OFF OF JOHN QUIGLEY—SPEAKER'S RULING

Mr. Speaker: I want to draw the attention of Hon. Members to a question of privilege which was raised a few days ago by the Hon. Member for La Prairie (Mr. Jourdenais).

[*Translation*]

On February 11, 1987, the Hon. Member for La Prairie (Mr. Jourdenais) raised a question of privilege with respect to the dismissal of an official at the Department of Employment and Immigration. The Hon. Member alleged that the privileges of all Members of this House were affected by the decision and by the action taken by the Deputy Minister of the Department in question.

[*English*]

The Hon. Member for York West (Mr. Marchi), in his submission to the Chair, suggested that the Deputy Minister's action could lead to the withholding of information that is valuable and necessary for the Canadian public and as a consequence the very essence of why Members are elected to the House is thereby affected. The Hon. Member for Spadina (Mr. Heap) argued that the public servant in question had conversed with members of the Standing Committee on Labour, Employment and Immigration and was only making relevant information available to members of the committee.

[*Translation*]

The Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) maintained that Hon. Members should see this as an infringement of their rights and privileges. He stated that nothing should prevent Hon. Members from putting questions in the House and that Members should not have to be afraid that if they do, people who provided them with information might be fired.

[*English*]

At the time the Chair took the matter under advisement, and I am now ready to report to the House. I should say that this matter has given the Chair a great deal of concern.

At page 72 of the Twentieth Edition of Erskine May, the following citation is found:

> Certain rights and immunities, such as freedom from arrest or freedom of speech, belong primarily to the individual members of each House and only secondarily and indirectly to the House itself; but there are other rights and immunities, such as the power to punish for contempt and the power to regulate its own constitution, which, being rather directed to the maintenance of its own collective authority than to the security of the individual members, may be said to belong primarily to each House as a collective body. This is a useful distinction, but fundamentally it is only as a means to the effective discharge of the functions of the House that individual privileges are enjoyed by its Members. The Commons, in their reasons offered at a conference with the Lords in the controversy arising from the case of *Shirley vs Fagg*,—

It is an old case referred to in the book from which I am quoting.

> —in asserting that privilege of Parliament belongs to every Member of the House of Commons, declared "that the reason of that Privilege is, that the Members of the House of Commons may freely attend the public affairs of that House, without disturbance or interruption".

I think I will come down on what has to be the legal side of the issue, but I should say that part of the complaint of Hon. Members who raised the matter was that they felt that under the circumstances they would not be able to—and again I quote from Erskine May as I previously quoted—"freely attend the public affairs of that House, without disturbance or interruption". That is why this case is difficult. It is also why the Chair must be careful to define the issue and to make a ruling which stays within bounds.

I must underline to the House that the ancient privileges enjoyed by Members, separately and collectively, are privileges enjoyed by Members of Parliament only. Such privileges do not apply to public servants or persons outside the House, and there is no osmosis of privilege because someone transacts or converses with a Member of the House.

I have reviewed the elements of the matter raised by the Hon. Member for La Prairie, and I have found considerable difficulty in establishing evidence of a prima facie case of a breach of privilege; that is not to say that the matter is not a very grave concern.

The conversations referred to have taken place outside the House and outside the proceedings of the standing committee. The public servant was acting on his own initiative and not at the request of the committee.

• (1510)

The Deputy Minister appears to have acted within the authority conferred upon him by law, and in exercising that authority, in the opinion of the Chair, has not breached privilege nor impeded members in any way.

The Hon. Member for La Prairie has asked the Chair to consider and rule upon the narrow question of whether or not parliamentary privilege has been infringed in this case. On the narrow grounds upon which I must decide, I cannot find that a valid question of privilege exists.

Having said that, the broader question raised by the Hon. Member as to whether or not an injustice has occurred still remains to be answered. On that question, however at least at the moment and on the facts in front of me, I do not believe I have any authority to pronounce.

[*Translation*]

The Hon. Member may, if he so wishes, bring this matter to the attention of the Standing Committee on Labour, Employment and Immigration. However, I must advise him that he does not have a well-founded question of privilege.

[*English*]

I repeat, the issue raised in this matter is a serious one. In these circumstances, and on the facts, I have had to decide that it falls short of a question of privilege. But there is a fundamental question that, at the moment at least, I do not feel I can answer, namely, the question which is always with us in a democratic institution of when and under what circumstances is it appropriate for a public servant to give information to Members of Parliament or others. As the Chair understands, there is a process still going on in which it will be left for others perhaps to decide. As I have said, this is a matter that can be taken by Hon. Members to the committee.

I want to thank all Hon. Members for their interventions. I want to say again that I felt the intervention was well taken and that under the circumstances I have had to decide on the narrow point, and I have done so. The decision takes nothing away from the importance of the question and this decision in no way precludes members from taking the matter further in another place. It is not to rule one way or the other on whether under the circumstances the particular public servant is receiving, as I said earlier in the ruling, justice in the ordinary sense of that word. Again, I thank Hon. Members.

Mr. Dan Heap (Spadina): Mr. Speaker, I rise on the same question of privilege. I thank you for your ruling in the matter, which is quite clear. I would ask whether you can give guidance to Members of Parliament, perhaps including at least the members of the committee that you mentioned, as to whether there are considerations that we ought to observe in the event, for example, that that civil servant may be called before our committee. Are there limits that either he or we must observe in this matter as to his freedom to give information? Can we find out whether there are such limits and what they are?

Mr. Speaker: The Hon. Member for Spadina (Mr. Heap) has raised a question directed at the Chair perhaps for guidance. At this time the Chair would be very reluctant to make suggestions on what is still a hypothetical situation. The Chair is very consciously aware that this concern comes from all three Parties represented in this House. I think the appropriate course is to take the matter to the committee. It is there that the committee, which is the master of its own procedure, will want to work out how it wishes to deal with the matter.

Committees, of course, are trying to find ways to cover new responsibilities, and this situation seems to be one of those with which the committee itself, at least in the initial stages, will have to deal, on the assumption that Hon. Members take the matter to the committee.

However, I am mindful of the reason the Hon. Member for Spadina has raised this question and the Chair is always ready to discuss difficult matters with Hon. Members at any time, at their invitation to do so.

ROUTINE PROCEEDINGS

[*English*]

RADIO ACT

PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, as Chairman of the legislative committee on Bill C-3, an Act to amend the Radio Act, I am honoured to present the Bill to the House without amendment.

* * *

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, I have a petition from some residents in my riding in Winnipeg who indicate that the federal Government's proposals to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and will severely restrict the ability of the average Canadian to buy necessary prescription drugs. They conclude by indicating that Parliament should reject these proposals immediately.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my pleasure and honour to present a petition under Standing Order 106 from residents of Langley, B.C., Aldergrove, B.C., Surrey, B.C., Delta, B.C., from the City of Toronto, from Saskatoon, and Albreda, Saskatchewan. The petition simply points out that changes to the Patent Act, which the Government is presently considering, would result in a significant increase in the price of prescription drugs and therefore would severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they are asking the Government to reject the present proposals regarding changes to the Patent Act so as to enable average Canadians to continue to receive reasonably priced prescription drugs.

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and duty to present another petition from senior citizens called Senior Power from the City of Regina and from Regina Beach—I bet you did not know we had a Regina Beach, Mr. Speaker—in which they petition this House, believe and have humbly shown that the proposal to amend the Patent Act will increase drug prices and that this will result in higher costs to provincial Government drug plans. Therefore, they petition this House to reject these proposals which they believe will increase prescription drug prices for Canadians.

• (1520)

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Mr. Speaker, I have a further petition from other great parts of the country including Halifax, Dartmouth, Moncton, Waverley, New Bedford and many other places in the Atlantic provinces. The petitioners say that in their opinion transportation is a natural monopoly without economic regulation and the economic regulatory reform or deregulation proposed in the Government's Bill C-18 will create unnecessary chaos in the transportation industry leading to unacceptable reductions in safety standards as well as a deterioration in the quality, type and frequency of service. Therefore, they request that this House have the Government withdraw Bill C-18 or, alternatively, reject its proposals entirely.

[*Translation*]

OPPOSITION TO CANADA POST CORPORATE PLAN

Mr. Sergio Marchi (York West): Mr. Speaker, I have the pleasure and the honour to present petitions signed by Canadians from coast to coast concerning the new Canada Post corporate plan to create two classes of citizens with the installation of postal superboxes.

Wherefore, Mr. Speaker, your petitioners humbly call upon Parliament to reject the Canada Post plan and establish the same postal service for all Canadians throughout this country.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, it is my duty as well to present a few petitions from British Columbia residents, namely from Summerland, Gibsons (North Vanvouver), and Penticton. These petitions relate to the tariff on imported English language books and humbly call upon Parliament to withdraw this tariff.

REQUEST TO WITHDRAW TARIFF ON CHRISTMAS TREES

Mr. Fernand Robichaud (Westmorland—Kent): If I may, Mr. Speaker, I would urge you to see to it that the tariff on Christmas trees be withdrawn as well, for it might be very harmful to our industry.

OPPOSITION TO CANADA POST CORPORATE PLAN

Mr. Fernand Robichaud (Westmorland—Kent): I have a few more petitions, Mr. Speaker, concerning the Canada Post planned closure of a number of post offices in rural regions and elsewhere in Canada. Your petitioners are Ontarians from Tiverton, Fort Elgin, Windsor, and Belle River. They simply ask Parliament to shelve this project aimed at closing rural and urban post offices.

REQUEST TO WITHDRAW TARIFF ON ENGLISH LANGUAGE BOOKS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I hope this is the last time I rise in the House on the subject of the duty on books. Mr. Speaker, I have the honour of presenting a few more petitions regarding this question.

[*English*]

The petitioners say that the Government of Canada has imposed a retaliatory tariff on imported books in the English language which has limited the access of Canadians to literature and information and the tariff has little negative effect on the publishing industry of the United States yet penalizes Canada's consumers, book publishers, booksellers, distributors and Canada's culture, and with rising book prices has placed a strain on the book acquisition programs and policies of our nation's public and specialized libraries. The undersigned petitioners—

[*Translation*]

—humbly pray and call upon Parliament to drop this duty which may cause irreparable harm to the Canadian publishing industry and compromise the survival of the federal policy on cultural industries in the free trade talks with the United States.

I may draw your attention as well to the duty on Christmas trees which should also be dropped.

[*English*]

These petitions come from Waterloo, Kitchener, Toronto, Burlington, Georgetown, Etobicoke, Vancouver, Harrison Hot Springs, Kamloops, Penticton and Kelowna, to name just a few places. With that, I will table these petitions for your serious attention, Mr. Speaker, and particularly for the attention of the Minister of Finance (Mr. Wilson).

CANADA POST—POSTAL SERVICES

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I also bring to your attention concerns surrounding Canada Post. I bring the following petition to your attention: whereas the Canada Post Corporation's plan to adopt supermailbox service creates two classes of Canadian citizens in urban as well as rural regions, whereas the closure of rural post offices will eliminate the federal presence in numerous communities and will impede the effectiveness of the postal service which is vital in rural areas, whereas the increased postal rates, particularly on second-class mail, will imperil the distribution of numerous magazines, periodicals and regional newspapers as well as religious publications, the undersigned your petitioners humbly pray and call upon Parliament to reject the corporate plan proposed by Canada Post Corporation and instruct the corporation to proceed with mail delivery to all Canadian taxpayers without discrimination.

[*Translation*]

They declare that this plan is not fair, Mr. Speaker.

[*English*]

These come from people from Port Hope, Oshawa, Bowmanville, Hull, Kanata, Manotick, Ottawa and Windsor.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I would like to present a petition from residents of Saskatchewan including the cities of Regina and Saskatoon and other communities in that great province, calling upon the Government and Parliament to reject the corporate plan proposed by Canada Post Corporation and instruct the corporation to proceed with mail delivery to all Canadian taxpayers without discrimination.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I also have some petitions and these are from the Ottawa—Hull area, including Gloucester, Nepean, Aylmer and Vanier. I also have some petitions from Hull and from the riding of Trois-Rivières, and all these petitioners respectfully state that the new corporate plan for Canada Post creates two classes of citizens by permanently installing the superboxes in both urban and rural areas; wherefore your petitioners humbly pray and call upon Parliament to reject Canada Post's plan and urge the Corporation to deliver the mail to all Canadian taxpayers, without exception.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Dan Heap (Spadina): Mr. Speaker, it is my honour and duty to present a petition duly approved by the Clerk of Petitions from Canadians living in Vancouver, Nepean, Ottawa, Belmont and other parts of Canada who are concerned that the Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers, will restrict the ability of ordinary Canadians with ordinary incomes to buy needed prescription drugs, will increase the cost of provincial government drug plans and will be an unnecessary concession to the United States in the matter of free trade. Therefore, they request that Parliament reject the proposals of the Government on the ground that they will harm the majority of Canadians.

Order Paper Questions

LOW-LEVEL FLIGHTS AT ARMED FORCES BASE AT GOOSE BAY

Mr. Dan Heap (Spadina): Mr. Speaker, I also have a petition from a number of Canadians living in Surrey, White Rock, Delta and Vancouver, British Columbia, as well as Toronto, concerning the low-level flight training conducted at the Goose Bay, Labrador, Canadian Forces Base on behalf of a number of NATO air forces. They are concerned that it disrupts the life of the native people there and damages the environment and is in fact not defensive but a provocative and aggressive war fighting action tending to endanger world peace. Therefore, they request that Parliament ask the Prime Minister (Mr. Mulroney) to ensure that he will end all low-level flight training at Goose Bay and cease negotiating with NATO for the establishment of a larger base there.

[*Translation*]

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I have the honour to present a petition signed by citizens of Toronto who are concerned, not just for themselves but for all Canadians.

• (1530)

[*English*]

These petitioners humbly pray and call upon Parliament to ensure that the Prime Minister (Mr. Mulroney) end all low-level flight training at the Canadian Forces Base in Goose Bay and cease negotiations with NATO for the establishment of a larger base there.

[*Translation*]

Mr. Clinch: Mr. Speaker, I rise on a point of order. I have a little problem with a petition sent to me by 11,500 of my constituents. This petition is addressed to the Government of Canada and not to the Parliament of Canada. The petitioners are asking for a study by the Minister of National Defence (Mr. Beatty) and they make requests concerning the military camp at Tracadie. I seek the unanimous consent of the House to table this petition, Mr. Speaker.

Mr. Deputy Speaker: Is there unanimous consent?

Some Hon. Members: Agreed.

REQUEST FOR BENEFITS—CAMP TRACADIE

Mr. Roger Clinch (Parliamentary Secretary to Minister of External Relations): I thank you, Mr. Speaker, as well as all other Members of the House.

I am pleased to table a petition signed by 11,500 citizens of the Tracadie area who are asking the Minister of National Defence (Mr. Beatty) to review all steps towards the expansion of the military camp in Tracadie and seeking increased security for the citizens living in the vicinity of the military camp. They wish to obtain improved and more frequent access to the camp as well as major economic spin-offs for the region.

OPPOSITION TO CLOSURE OF POST OFFICES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I wish to table today in the House petitions signed by 1,980 residents of Glengarry—Prescott—Russell, in addition to the more than 1,400 petitions which I tabled in the House the day before yesterday who also from the people of my riding who strongly oppose the possible closure of rural post offices in my riding.

Mr. Speaker, these petititions are signed by residents of communities such as Applehill, Dalkeith, Hammond, Sarsfield, which is my native village, as you probably know, Mr. Speaker, Casselman, Bourget, Saint-Eugène, Hawkesbury, Bainsville, Lancaster, Orléans, Alfred, Plantagenet, Limoges, Vars and others in the Glengarry—Prescott—Russell constituency, as well as by residents of the Stormont—Dundas constituency who have sent me their representations, especially those in Williamstown who are very angry about the plan of the Conservative Government to close rural post offices.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Deputy Speaker: Is it agreed?

Mr. Boudria: Mr. Speaker, I shall naturally give my agreement, but I would like to point out once more that one question has been on the Order Paper for two months already, in violation of Standing Order 63, I believe, which states that the Government must reply within 45 days. I am willing to wait a bit longer since I have had the assurance of the Government that I will get an answer in the very near future. I hope that this will indeed be the case.

Mr. Deputy Speaker: Shall all questions be allowed to stand?

Some Hon. Members: Agreed.

* * *

[*English*]

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I request that all motions for the production of papers be allowed to stand.

Mr. Deputy Speaker: Shall all motions for the production of papers be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed from Tuesday, February 17, consideration of the motion of Mrs. McDougall that Bill C-35, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read a second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

Mr. Waddell: Point of order, Mr. Speaker. I wonder if the Chair might help us out. My understanding is that when we left debate on this Bill we had one minute left for the Hon. Member for Winnipeg North Centre (Mr. Keeper) and then we were going into 10-minute speeches?

Mr. Deputy Speaker: The Hon. Member is correct. We are in the question and comment period following the speech of the Hon. Member for Winnipeg North Centre (Mr. Keeper). The Hon. Member for Windsor—Walkerville (Mr. McCurdy) had a question or comment?

Mr. McCurdy: Mr. Speaker, I have a question for the Hon. Member for Winnipeg North Centre (Mr. Keeper) with respect to his comments the other day. Considering that the overwhelming preoccupation of the Canadian people lies with the tremendously high rate of unemployment in most parts of this country, can he give us his evaluation of this legislation in that context? Action by the Government to produce jobs should be the highest priority, so how does this divestiture signal the Government's efforts to improve the employment picture?

Mr. Keeper: Mr. Speaker, I welcome the opportunity to make a comment. The Government is doing what has been done in the private sector for some time now. It is a game involving taking over companies and it produces no employment. When the Government sells Teleglobe to Memotec it is just another game which will not mean an increase in employment for Canadians.

Mr. Deputy Speaker: The period for questions and comments is terminated. Debate.

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, once again I rise with great concern that in debates such as this there is generally not much of an audience. I hope the Canadian people are watching this debate and learning a lesson about the priorities of their Government, as well as the rather low level of attention given to the major issues affecting them which I referred to in the question I put to the Hon. Member for Winnipeg North Centre (Mr. Keeper).

It has always been offensive to me to hit anyone while they are down, but I am afraid the Government needs to be hit while it is down, as it has paid so little attention to the primary concerns of the Canadian people. One would think, given the circumstances of the last few weeks, they would be hastening to try and find some legislative route to gain the support and approval of the Canadian people. If the Government were attentive to the mandate given it by the Canadian people, its emphasis would surely have been on measures which would create jobs. This legislation in no way makes that effort. It offends me that we should be playing ideological games, as we are with this legislation, rather than paying attention, as we ought to, to the concerns of the Canadian people. I know that the Government can look at rather improved employment statistics and find that the unemployment rate is down significantly over-all, but one will find that in seven provinces the unemployment rate is high. Meanwhile, we are here discussing the divestiture of Teleglobe, for what purpose and profit it is difficult to say.

• (1540)

At the moment we are debating a motion for a three-month hoist. The reason the motion for a hoist was introduced is paraphrased quite well in the following headline found in *The Financial Post*: "The Memotec Teleglobe buy raises serious questions". There are several reasons why it raises serious questions. One of course is that the performance of the stock on the stock market indicated that inside information was available. On the day that it became known that Memotec was to purchase Teleglobe the stock rose from $12.60 to $15.00. I believe that raises serious questions and would suggest a reasonable basis upon which to delay this legislation in order to make the appropriate inquiry to determine whether there was any hanky-panky.

It is interesting to see what the financial community is saying. This article from *The Financial Post* says that the information that Memotec, which until then was a mysterious company in Montreal, was going to buy Teleglobe is known to have been leaked to the private sector on February 6, "although many greeted it with incredulity". It is also worth noting that another financial expert said "but in terms of Teleglobe's long-term financial viability, it boggles the mind".

Let us examine what has occurred here. Teleglobe is certainly to be regarded as one of the more successful Crown corporations. It had sales of $688 million in 1985 with profits of $53.2 million. It provided approximately $250 million in dividends to its owner, the Canadian Government. It is being purchased by a company which, in the same year, had profits in the order of $17 million and is worth between $40 and $83 million. If ever there was an example of a mouse swallowing an elephant, this surely must be it. This has raised questions of the long-term viability of Teleglobe in these circumstances.

The far more important question is what could have justified this. I have thought long and hard about the Government's commitment to privatization. We understand that the three pillars of Tory Government policy are free trade, deregulation, and privatization. I previously said that if you take these three pillars together they represent Americanization. Of course, it is true that many Americans who have commented on what they expect to achieve through free trade have pointed out, among other things, that they want the Canadian economy to mimic the fundamentals of the American economy. There is considerable objection to the mere existence of Crown corporations. They consider it a condition of reasonable trade and economic relationships with Canada that privatization of Crown corporations be accomplished as soon as possible. I am sure that is of considerable importance to the Government as it so wantonly searches for a free trade arrangement with the Americans.

Beyond that, one must consider that perhaps there are, within the Government's mind, certain purposes to be accomplished by privatization. It may occur to one that the Government might want to sell those Crown corporations which are losing money. As I indicated previously, Teleglobe is certainly not a money-losing Crown corporation so that obviously cannot be the reason for selling it. One may be interested in enhancing the level of competition within the communications industry. However, it is obvious, given the conditions of the sale which provide a protective monopoly situation with certain aspects of regulation, that that is not the intention. Nor is there a likelihood that competition will be enhanced by the sale of Teleglobe.

One can examine this very thoroughly, but one is left with only one conclusion, that is, that it is just empty-headed ideology which commits the Government to such a course of action. This does not create new jobs. Of course, the Government has never said that privatization was for the purpose of creating new jobs. As a matter of fact, there are no assurances that the level of employment presently existing with Teleglobe will be enhanced. We do not even have a commitment to maintain the level of employment which Teleglobe presently provides.

Canada, as well as most of the other industrialized nations, with the exception of the United States, are signatories to an international arrangement with respect to Intelsat. That arrangement was to provide, through cross-subsidization, equivalent rates for the use of international telecommunication means. The new privatized Teleglobe may find itself in a conflict of interest in seeking to find the lowest rates. Will it be inclined to compromise Canada's commitment to an arrangement which will benefit the third world?

It is impossible to find any logical, reasonable basis for the legislation before us. It requires further examination. A three-month hoist will do, but if the legislation were forgotten about altogether it would benefit all of Canada.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, we are into the 10 minute question session so one will have to keep one's remarks extremely limited. I must reflect on some of the points made by my hon. colleague, the Member for Windsor—Walkerville (Mr. McCurdy). He asked the general question which I suspect most Canadians are now asking, that is, at a time when unemployment in seven provinces has risen from the level which it was at in 1981—

Mr. Deputy Speaker: We are now on 10 minute speeches. I am sorry to interrupt the Member, but I thought he was asking a question of the Hon. Member for Windsor—Walkerville.

Mr. Riis: No.

Mr. Deputy Speaker: My mistake.

Mr. Riis: It was probably not your mistake, Mr. Speaker. It was probably the way in which I began my speech. I accept full responsibility for that confusion.

• (1550)

Compared to 1981, unemployment has increased in seven provinces. The situation in most of Canada is not any better after the last two years as a result of the new Government. Rather than consider the privatization of Teleglobe, the Government should address these questions and how to encourage economic development in regions of Canada such as northern Ontario and Quebec in order to get the million or more Canadians back to work in meaningful jobs.

On I travelling throughout my constituency of Kamloops—Shuswap, or when making speeches in various cities and towns in Canada, I have not met one citizen who asked me if there was any possibility that the House of Commons could privatize Teleglobe as quickly as possible because that person lays awake at night worrying about the privatization of this Crown corporation. No one has ever mentioned the need to privatize selected Crown corporations. I regret that we are spending so much time, not only in the House now, but that we will spend days in the committee to debate this question before it comes back to the House for further debate. What will it accomplish other than to satisfy a few back-benchers on the government side who feel, for some burning reason, that this issue should take up valuable time in the House of Commons? I find it extremely frustrating to spend time debating an issue about which no one is concerned, other than a handful of Conservative back-benchers.

Mr. Jepson: Then sit down.

Mr. Riis: I hope that is not one of the back-benchers to whom I referred asking why I do not sit down and not say anything. I will not sit down and be muzzled in this debate, because when I see the facts it is clear that the sale of Teleglobe is an absolute give away to a firm called Memotec which is getting one of the best deals ever. Teleglobe is an extremely profitable Crown corporation, with profits in excess of $53 million in 1985. This Crown corporation has become more

profitable every year since 1975. It is a well run corporation that is making money for the Government in a critical area of the economy.

Second, let us consider similar corporations in other countries. Teleglobe is a Crown corporation with responsibility for all overseas telecommunications entering and leaving Canada. These telecommunications include telephone, telegraph, cable, and telecommunications. Teleglobe is also a joint owner of a submarine ocean cable and telecommunications satellite system and has an effective monopoly in Canada in overseas telecommunications. It is very critical to our ability to communicate with people around the world in this shrinking global village.

Countries like Australia, New Zealand, France, West Germany, Italy, Norway, Sweden and others have government controlled Crown corporations operating overseas telecommunications system. The United Kingdom has gone through a similar privatization process in which the British Government has conducted a major privatization of British Telecom. Yet it has retained slightly under 50 per cent ownership, with a controlling interest. Even the United Kingdom, under Margaret Thatcher, recognizes that it is necessary to have a controlling interest in this critical Crown corporation that deals with international communication.

Not only is the Government of Canada privatizing Teleglobe, it is giving it away *carte blanche* at the same time. Not only is it being given away at a fire sale price, there is a myth that it is being privatized so that the Crown corporation may operate in the market-place. However, the fact is that it is a Crown corporation that will be turned over to a private firm that will have a monopoly in which to operate. What kind of private sector free enterprise system is that? Presumably privatization means that a Crown corporation will operate in the independent market-place. However, that is not the case with the transfer of ownership of Teleglobe.

The initial reaction to this sale was one of surprise. *The Toronto Star* reported on the day of the announcement of this sale: "There were exclamations of surprise and curiosity from the business community yesterday as Memotec Data Inc. of Montreal, the smallest of six bidders vying for Teleglobe Canada, emerged the winner". *The Financial Post*, which presumably is in touch with the financial and investment community, stated: "the privatization stunned the business community". Presumably this means that the business community was not impressed with this transaction.

Mrs. Mailly: Not necessarily.

Mr. Riis: One could go on to cite other exclamations of surprise, curiousness or incredulity about this action by the federal Government.

Teleglobe has been known as the jewel of the Crown corporate family. In 1985 it recorded profits of $53.2 million and its profit picture for the last ten years is set out in millions of dollars. In 1985, Teleglobe's revenues totalled $678 million.

It is interesting to note that a few months ago British Telecom was interested in this purchase and made a bid of $750 million through the Minister responsible at that time. When one analyses the figures provided to us by the Minister of State for Privatization (Mrs. McDougall), it is clear that the Government will only receive $345 million for Teleglobe when its book value is between $300 million and $450 million. The Government is selling it for significantly less to a minnow in the sea of the corporate sector when it could have sold it for $700 million a few months ago.

Since I only have 10 minutes for debate I will not have an opportunity to talk about the remarkable action on the stock exchange. Obviously some insider information leaked and people began to make small fortunes. In light of the problem with the shares of the corporation that is purchasing Teleglobe, we suggest that this matter be set aside for perhaps three months to provide for an investigation. We could then come back to debate the whole matter again.

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I rise as privatization critic for my Party to take part in the debate on this motion to adjourn consideration of this Bill. Usually such motions ask for a six-month hoist, but in this case we do not want to delay the Bill unduly and have asked for a three-month hoist. I have already spoken on the main motion. I refer Hon. Members to my 40-minute speech on that motion and they can read it when they want to learn something or when they want to fall asleep at night.

• (1600)

I would like to speak briefly on the hoist motion and tell Hon. Members why we have proposed such a motion. I would like to refer to an article by David Hatter which appeared in *The Financial Post* this week. He is a very serious and good journalist. The headline of the article reads: "Memotec-Teleglobe buy raises serious questions".

We have referred to this company in the House as "Minnow-tec" because this little minnow of a company swallowed this large whale of a Crown jewel, the Crown corporation Teleglobe. That was surprising not only to Hon. Members of the New Democratic Party but to the business community and to those out in the financial world.

Mr. Hatter states in his article:

> On February 5—the very day Canada Development Investment Corp. recommended to McDougall—

That is the Minister of State for Privatization.

> —that Memotec's bid be accepted—trading in the stock was suspended because of a $2.38 price run-up (to $13).

The price went up from about $10 to $13.

> The company then publicly announced its interest in Teleglobe.
>
> Memotec said late last week it believes it has complied with all disclosure requirements.

There is now an investigation by the Toronto Stock Exchange with regard to the unusually heavy trading in

Memotec shares in the days preceding the Government's announcement.

Mr. Hatter goes on to say:

Sources in Ottawa indicate high-level meetings discussing the Teleglobe sale were held on both Feb. 5 (involving senior officials from departments involved) and on Feb. 6, (with chiefs of staff of the departments).

Memotec is said to have been clearly indicated by participants in the meetings as the leading contender. This information is known to have been leaked into the private sector on Feb. 6, although many greeted it with incredu—

An Hon. Member: Incredulity.

Mr. Waddell: Incredulity. I appreciate the help of the Hon. Member. I should be able to say the word because when one finds one has just lost one's seat, it does incredible things to concentrate the mind. It is like when one is going to be hanged in a few days.

Ms. Jewett: As Dr. Johnson said.

Mr. Waddell: The Hon. Member is right, as Dr. Johnson said.

This is not a ridiculous motion or a delaying motion, it is simply a motion so that we can have the report of the Toronto Stock Exchange in hand before we pass this Bill in principle. That seems to me to be reasonable. I am sure Hon. Members opposite would agree with me that it is a reasonable proposition and that is why I think they would agree and vote with the New Democratic Party, and the other opposition Party, I hope, on our motion. We would like to have the report. We are not alleging any hanky-panky but would just like to see why the stock acted in such an unusual way.

This is not NDP ideology or rhetoric. There is an investigation going on by the Toronto Stock Exchange and Mr. Hatter points out, and I think this is the other thing we would like to get cleared up, that there is some discrepancy in the price paid for this corporation. The Government tells us it is receiving $600 million, when the actual price is $328 million. So there is a great discrepancy. For those two reasons, the discrepancy in price, about which we would like information, and the matter of the insider trading, we proposed this motion.

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

Mr. Deputy Speaker: The question is on the motion of Ms. McDonald. Ms. McDonald moved:

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, be not now read a second time but that it be read a second time this day three months hence".

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

Mr. Deputy Speaker: All those in favour please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

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

And more than five Members having risen:

Mr. Deputy Speaker: Call in the Members.

• (1620)

And the division bells having rung:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 13(4)(a), I have been requested by the Chief Government Whip to defer the division to a later time.

Accordingly, the division on the question now before the House stands deferred until tomorrow at 6 p.m., at which time the bells to call in the members will be sounded for 15 minutes.

* * *

• (1630)

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Michael Wilson (Minister of Finance) moved:

That this House approves in general the budgetary policy of the Government.

He said:

Canadians have good reason to be encouraged by the nation's economic progress during the past year. Despite some difficult problems, our economy performed well in a challenging world environment.

Today I want to review with this House and with Canadians the substantial progress we have been making on our program of action to renew Canada's economy.

Last year, our rates of economic growth and job creation exceeded those of all the major industrial countries.

We achieved these results in a world economy that has become not only more competitive, but also more uncertain and volatile. The world economy will continue to be challenged:

by serious imbalances in trade positions among industrial countries;

by the persistent, large U.S. budget deficit;

[*Translation*]

by the external debt problems of developing countries; and

by the rising tide of global protectionism.

These challenges underline the need for the Government to work more closely than ever with our trading partners to promote balanced and healthy world growth.

[*English*]

Events outside Canada have affected the nation's economic performance in 1986. Low world grain and oil prices have had a serious impact, particularly in Western Canada. The benefits of steady growth and job creation have been substantial, but they have not been fully shared in all regions.

The Government has responded to regional needs through a number of measures that have cushioned the impact of international events. We have been able to respond because of the progress that the national economy has been making.

Without our success in achieving lower interest rates and lower inflation, the regional problems facing us would have been even more serious.

[*Translation*]

Let there be no doubt that our future ability to contribute to the economic development of all the regions of this country will continue to depend on our ability as a nation to compete against the best from around the world.

[*English*]

PROGRESS ON OUR AGENDA

Before this Government came to office, the confidence of Canadians had been badly eroded by a severe recession. The severity of the recession and the decline in confidence were symptoms of disturbing trends that posed a threat to our goals of sustained growth, permanent jobs and greater opportunities for Canadians.

The deficit was more than $38 billion and rising.

The national debt had doubled in only three years.

The Government was consuming more and more of the country's resources.

[*Translation*]

Private initiative was increasingly stifled by excessive regulation.

Growing industrial subsidies were inhibiting change.

Undisciplined spending was leading to waste, excessive bureaucracy and unproductive activity.

[*English*]

Government was very much part of the problem.

A nation overburdened by deficits and debt is a nation made more vulnerable to economic shocks. But what government does, and how it does it, are as important as how much of the nation's resources it borrows.

That is why, in November 1984, we placed before Canadians a comprehensive economic renewal agenda.

[*Translation*]

That is why, steadily and consistently, we have acted to make government more efficient; to restore prudent financial management; and to provide an economic environment that encourages private initiative and risk-taking and that rewards success.

[*English*]

Without decisive action to restore the health of the nation's finances, the spiral of deficits and debt would have quickened; confidence would have sagged even further. We had to act. And we did.

We reduced the deficit to $34.4 billion in our first full year in office.

This year we will further reduce the deficit to $32 billion. And we will hold our program spending to $89.4 billion, the target I set out in my Budget one year ago.

I am also announcing today that, in our third year, we will get the deficit down to $29.3 billion.

Let me emphasize the full measure of our efforts. When we came to office, the federal deficit relative to the size of the economy was more than one and a half times the size of the United States deficit, using equivalent measures of comparison. As a share of the economy, our deficit has been brought down to the point where it is now identical to the deficit of the United States.

This progress has not come easily. It has required tough decisions and it has required firm, disciplined management. These actions have been taken as part of our comprehensive program to achieve our central objective of improving Canada's international competitiveness. For it is improved competitiveness that will create sustained growth and permanent jobs.

Our program also includes action:

to deregulate key sectors of the economy;

to support science and technology;

to assist small business;

to privatize Crown corporations that can perform better in the private sector;

to modernize financial services regulation;

to pursue trade policy initiatives to secure markets for Canada into the next century.

Our trade initiatives are of central importance. They will ensure that our improved competitiveness is translated into more jobs. We remain committed to seeking an agreement with our largest trading partner, the United States an agreement that must clearly benefit Canada. We are also playing a leading role in the new round of multilateral trade negotiations under the General Agreement on Tariffs and Trade. These negotiations will deal with a number of issues of vital importance to Canada, including agricultural trade. As the Prime Minister (Mr. Mulroney) has made clear, the Government will spare no effort in seeking an international resolution to agricultural trade conflicts and an end to the damage they cause in Canada and around the world.

Another major initiative on our economic agenda is tax reform. I cannot emphasize strongly enough the importance of developing a tax system that is more fair, less complex and that encourages productive economic activity. I will return to tax reform later in my remarks.

• (1640)

In this Budget I am presenting our economic prospects and fiscal plan for 1987-88. I will propose a number of management initiatives and revenue measures that will ensure further substantial reductions in the deficit and borrowing requirements. I remain committed to medium-term economic and fiscal planning. The fiscal plan for the coming year is an additional step in our commitment to ensure continuing deficit reductions in the years ahead. Our medium-term economic and fiscal prospects will be significantly affected by tax reform. When my proposal for tax reform is released, I will set out clearly Canada's medium-term economic and fiscal prospects.

This Budget consolidates and extends the fiscal progress we have made. In the Speech from the Throne, the Government established clearly the priorities it would pursue. These priorities have been chosen for action within the limits of our fiscal plan. We have demonstrated our ability to set priorities and to responsibly allocate resources to achieve our goals. The Government will, in due course, be announcing programs to give effect to the priorities and policies identified in the Speech from the Throne.

[*Translation*]

I want to emphasize that the actions we have taken and will continue to take to pursue our program for economic renewal are not unrelated. They are part of a co-ordinated, cohesive program to strengthen Canada's competitive position.

[*English*]

I am tabling with this Budget a report on the substantial progress that we have made in implementing many of the elements of our Agenda for Economic Renewal. I commend this report to the attention of Honourable Members and all Canadians. It sets out what we have achieved together and the principles that will guide us as we continue to implement that agenda.

THE ECONOMIC RECORD

Our actions have contributed to strong economic performance over the last two and a half years. This performance is graphic proof that Canadians are responding positively to the opportunities flowing from our progress in implementing our program of action. Since September 1984:

> the real growth of Canada's economy has averaged about 3.5 per cent per year, second only to Japan and much stronger than the United States;
>
> consumer confidence has risen to a very high level and spending by consumers has provided a major impetus to growth;

[*Translation*]

> the improving Canadian economy has created 675,000 new jobs;
>
> employment growth in Canada has been stronger than in any major industrial country;
>
> the unemployment rate has dropped by two percentage points;

[*English*]

> short-term interest rates are at their lowest levels in nearly a decade;
>
> five-year mortgage rates have fallen by more than three percentage points equivalent to a reduction in interest costs of $1,360 a year on a $50,000 mortgage amortized over 25 years; and that, Mr. Speaker, is more than $113 a month;
>
> with home ownership now more accessible to Canadians, housing starts are at an eight-year high and without the artificial boost of government subsidies.

For 1986 I estimate that our economy grew by 3.3 per cent, a growth rate which outpaced all other major industrial countries. This performance was achieved despite the severe domestic impacts of lower world grain and oil prices.

[*Translation*]

If I had to choose just one message for Canadians today, it would be this: Our economic renewal program is working. It is delivering more growth, more jobs and more opportunities now. It is building new confidence at home. By changing our image abroad, it is helping to attract the investment that Canada needs.

[*English*]

The benefits of our strong economic performance have not been evenly shared across the country. Some regions are hurting. We have helped provide support over the past year and we are working with provincial Governments and industry to find ways of developing a sound base for improved, sustained growth in all regions.

Better economic performance is the key to providing more help for disadvantaged Canadians wherever they live. As a result of this better performance, the Government has been able to direct more resources in a variety of ways to individuals most in need of assistance. We have improved social benefits. We will continue to work to increase assistance to those in need.

We intend to ensure that our program of economic renewal works for all Canadians. It is the key to future prosperity.

THE ECONOMIC OUTLOOK

This year will mark the fifth consecutive year of expansion. This economic upturn is the second longest of the postwar period. Prospects are excellent that it will continue.

Consumer confidence is strong. Interest rates are expected to remain relatively stable this year. Housing starts will continue at high levels and business investment will recover and grow modestly this year. Inflation will average less than 4 per cent in 1987 and decline through the year, leaving Canadians with more spending power. I am projecting real output growth of 2.8 per cent in 1987.

Our rate of job creation this year is expected once again to exceed that of any other major industrial country. Strong employment growth will be accompanied by large numbers of new entrants to the labour force, a sign that many once again are seeking work as a result of greater confidence about our economic prospects. I expect unemployment to decline through the year and the unemployment rate to fall to 9 per cent by year-end.

[*Translation*]

Our stronger competitive position leaves Canada well placed to benefit from expected improvements in international economic activity. Recent interest rate declines, exchange rate realignments and some firming of commodity prices will help increase Canadian sales in foreign markets.

[*English*]

CONTINUING FISCAL PROGRESS

Continued progress in improving our economic outlook, next year and beyond, depends on keeping to a fiscally responsible course.

We want our children and grandchildren to enjoy the opportunities they deserve by right. We must not burden them with a legacy of intolerable debt that robs their future of opportunity.

We want to improve our social programs and provide more help for those in need. We must restrain government debt that diverts tax dollars from human needs to interest payments.

We want Canada to retain the fullest flexibility to set its own course in a world of international change and competition. We must not allow ourselves to be constrained by a straitjacket of debt.

Dealing positively with deficits and the debt is, ultimately, about improving the well-being of Canadians. That is why we have made it clear from the beginning of our mandate that we are committed to fiscal responsibility.

• (1650)

THE FISCAL PRINCIPLES

Last September, I set out clearly the four fundamental principles that have guided our fiscal policy. We committed ourselves to these principles in 1984 and reaffirmed our commitment last September. We are acting to fulfill these commitments.

Our first principle is to reduce the growth of the national debt to less than that of the economy by the end of this decade.

When we took office, the public debt had been growing in the previous four years at an average annual rate of more than 23 per cent. The growth rate will be cut to 11 per cent in 1987-88 still too high, but a substantial improvement in a short time.

Our second principle is to achieve continuing, sizeable year-over-year reductions in the deficit.

When we took office, the deficit was more than $38 billion. We will meet the 1986-87 deficit target of $32 billion that I set out on September 18. By the end of 1987-88, in just three years, we will have reduced the deficit by almost 24 per cent.

Our third principle is to ensure substantial year-over-year reductions in the government's financial requirements.

When we took office, financial requirements, excluding foreign exchange requirements, were $29.8 billion. In the current fiscal year, financial requirements will fall by $5.8 billion to $24 billion. This will be cut further to $21.3 billion in 1987-88 a drop of 28.5 per cent in three years.

Our fourth principle is to ensure that the greater part of the progress is through expenditure restraint and disciplined management.

When we took office, government spending on all programs was growing by almost 14 per cent a year and had done so since the start of the decade. Since then, program spending has grown on average by only 2.8 per cent a year, well below the rate of inflation. Spending on government programs is being reduced in real terms and relative to the economy. About 63 per cent of the decline in the deficit relative to the size of the economy will have been achieved by reductions in spending.

The progress we have made in applying these principles is substantial. We are determined to continue until the job is done.

MAINTAINING FISCAL FLEXIBILITY

Last September, in recognition of the difficulties facing hard-hit regions and sectors of the economy, I set out a revised deficit target of $32 billion for 1986-87.

This decision to accept a slower decline in the deficit was taken consciously and positively to cushion the blow that lower world oil and grain prices have dealt to some parts of Canada. Even with this decision, the revised deficit target still represents a sizeable decline from the previous year, and is consistent with our fiscal principles.

But I also said in September that we would hold our program spending to the target of $89.4 billion that I set out last February. We will do so. We have responded to unforeseen developments in a fiscally responsible way. Where necessary, we have reallocated resources, reassessed priorities, made mid-course adjustments and acted to achieve our targets.

[*Translation*]

We will continue to set realistic and responsible expenditure targets and manage so that we can meet them.

[*English*]

Our fiscal situation in 1987-88 will continue to be affected by low prices for oil and grain. For example, additional support to grain farmers through ongoing federal programs will be $1.5 billion higher than I anticipated in my February 1986 budget. Similarly, corporate income tax revenues will be substantially lower than forecast a year ago.

Government actions to provide additional assistance to farmers and to the oil and gas industry will also affect expenditures and revenues in 1987-88. In October of last year we eliminated the Petroleum and Gas Revenue Tax, thereby providing additional cash flow to the petroleum industry. We enhanced the fuel tax rebate for all farmers, effectively removing the tax on their farm fuel. And to further ease the current financial problems of Canadian grain farmers, we are providing a $1 million Special Canadian Grains Program.

Some Hon. Members: Billion.

Mr. Wilson (Etobicoke Centre): One billion dollars. John Wise almost got me there!

In these changed economic circumstances, the prospective deficit for 1987-88 would have been higher than appropriate to maintain an acceptable rate of progress toward our medium-term goals. I am therefore proposing a combination of management initiatives and revenue increases to keep us on course. These measures will enable us to get the deficit down to $29.3 billion in 1987-88.

[*Translation*]

MANAGEMENT INITIATIVES

Better management of government operations and public resources has played an important part in our renewal program. We have cut back overhead costs and operating and maintenance expenditures. We have increased cost recovery and asset sales. All of these initiatives will have ongoing fiscal impacts.

[*English*]

ACCELERATED REMITTANCE OF SOURCE DEDUCTIONS

We are actively pursuing areas where further cash management improvements can be made. One of these is the regularity with which employers remit to the government deductions they make for their employees on account of personal income taxes, and contributions to the Unemployment Insurance Fund and the Canada Pension Plan. These deductions are now remitted monthly.

For larger employers, I am proposing to move to twice-monthly remittances, effective January 1, 1988. This will not increase taxes paid by individuals.

Smaller businesses, those with average monthly remittances of less than $15,000, will be excluded from this requirement.

NATIONAL DEFENCE

Over the last three years, we have allocated substantial resources to defence even while we have had to control overall expenditures. To help meet our fiscal objectives in the coming year, the Government will defer $200 million from 1987-88 defence spending levels and restore this amount in 1988-89. The Minister of National Defence (Mr. Beatty) has confirmed that this action will not affect the rebuilding of our defence capability that is now under way. Annual defence spending in 1987-88 will be $1.4 billion higher than when we took office. As a share of program expenditures, defence spending will have risen from 10.1 per cent in 1984-85 to 10.8 per cent in 1987-88.

This year the Government will release a White Paper which will provide Canadians with our view of the appropriate direction for defence policy to the end of the century. This White Paper will deal with program priorities and resource implications.

OFFICIAL DEVELOPMENT ASSISTANCE

Since taking office, this government has given strong support to developing countries. Canada's foreign aid expenditures next year will be $450 million higher than in 1984-85, an increase of 21.8 per cent. We have also been acting to improve the quality of our aid and to manage these growing expenditures more effectively. For example, we are now providing all financial assistance in the form of grants rather than loans. We have taken measures in other areas too, such as in providing duty-free access to our market for a range of goods from Commonwealth Caribbean countries.

• (1700)

The Government is committed to achieving the objective of 0.5 per cent of GNP for official development assistance. We expect that through adjustments in cash management and in our international reporting practices we will be able to meet this commitment while contributing to fiscal restraint. This will result in cash savings of $150 million in 1987-88.

AIR TRANSPORTATION COST RECOVERY

The air transportation tax recovers part of the cost of providing air transport facilities and services. In order to recover a greater proportion of these costs from those who benefit from the services, and to help provide enhanced levels of security at airports, I am proposing to increase this tax. Accordingly, on the recommendation of my colleague, the Minister of Transport (Mr. Crosbie), I am announcing that the air transportation tax will be increased by $4 per ticket effective May 1, 1987 for tickets purchased in Canada and August 1 for tickets purchased abroad. The existing $50 ceiling on the tax will continue to apply.

REVENUE MEASURES

I am announcing today a limited number of tax increases.

The excise tax on motor gasoline and diesel fuel will be increased by one cent per litre effective tonight. The rebate to

farm producers will be increased accordingly, so that farmers will continue to be relieved of effectively all tax on their fuels for farm use.

[*Translation*]

I am also acting to equalize the federal sales and excise tax burden on leaded and unleaded gasoline. This action will support the efforts of my colleague, the Minister of the Environment (Mr. McMillan), who has announced a program in co-operation with the petroleum and automobile industries to eliminate lead emissions from gasoline by the end of 1992.

[*English*]

Effective tonight I am increasing the excise tax on cigarettes and other tobacco products by 4 per cent.

As of July 1, 1987, I am extending the federal sales tax to a limited range of snack foods that compete with similar products that are currently taxed.

The rules introduced in 1982 with respect to the taxation of accrued interest on investments are very complex. I am continuing to examine ways to simplify these rules. As an interim step I am proposing to expand eligibility for prescribed annuities to include persons of all ages. I am also proposing, for the 1987 taxation year, to provide relief for holders of pre-1982 compound interest bonds, including over one million holders of Canada Savings Bonds.

To complement the major reforms that my colleague, the Minister of State for Finance (Mr. Hockin), has announced, I intend to propose amendments to the Income Tax Act to allow investment dealers to offer self-administered RRSPs directly to their clients. I will be consulting with the securities industry before proposing these amendments.

I am also announcing that the Indian Remission Order will be extended for 1987. My colleague, the Minister of Indian Affairs and Northern Development (Mr. McKnight), and I are developing proposals to rationalize the treatment of employment income of Indians on reserves, in order to eliminate the need for the Remission Order. We will consult further with Indian representatives and other interested parties when the proposals are made public.

TRADE AND TARIFFS

The government has been working to make Canada a more effective world trader. In today's rigorously competitive world, we will not always see eye to eye with our trading partners. We must act to resolve our differences in a manner that is fair but that does not compromise Canada's interests.

The government acted last June when the United States moved to impose a 35-per-cent tariff on Canadian exports of red cedar shakes and shingles. We needed to send a strong expression of concern to the United States about their protectionist action. We had to guard against a loss of Canadian jobs.

Our response was two-fold: We took measures to increase tariff rates on a number of goods imported principally from the U.S. We also tightened controls on the export to the United States of cedar logs and bolts.

As a result, the U.S. tariff has not enhanced the competitiveness of the American shakes and shingles industry. Its main impact has been to increase costs to American consumers.

The export controls have protected the competitive position of the Canadian industry, which has been able to return to almost normal production levels. Having achieved our purpose, we can maintain the strength of our response by confining it to the restrictions on the export of cedar logs and bolts.

Accordingly, I am announcing that for all products affected by the tariff measures the rates of duty are being reduced, effective tomorrow, to those rates in effect immediately prior to June 6, 1986. This will reinstate duty-free entry for books, computer parts and Christmas trees.

The export restrictions on cedar logs and bolts which have proved essential in safeguarding the Canadian shakes and shingles industry in the face of the American tariff will remain in place as long as necessary.

Canada's steel industry faces serious competitive problems due to the world-wide excess in steel-making capacity. To help our industry deal with these circumstances, the Government has decided, effective tomorrow, to withdraw the General Preferential Tariff on imports of most specialty and carbon steel mill products.

I am also proposing a number of miscellaneous tariff changes, primarily in response to requests from Canadian industry for changes in tariff rates and to fulfill obligations undertaken in the Tokyo Round of GATT negotiations. One of these measures is the elimination of the tariff on mobile veterinary clinics, a move which many Members of this House have advocated.

[*Translation*]

TAX AVOIDANCE

I am concerned that abusive tax-avoidance transactions are a significant factor in eroding corporate tax revenues. They also undermine respect for the integrity of our tax system. Such schemes permit some corporations often large and profitable to avoid paying income tax.

[*English*]

The Government has acted repeatedly to curb these and other such abuses with a series of specific rules. Where required, the Government will continue this practice. In addition, to ensure a fairer and more stable income tax system, I intend to propose improved general anti-avoidance rules as part of tax reform.

Recent court decisions have called into question the fair price provisions of the Excise Tax Act. These judgments have raised the possibility of substantial erosion of the sales tax base. In the light of the jurisprudence, I am examining ways to rectify the law to prevent this erosion.

To further address this concern, I am moving the point at which sales tax is applied on a number of specific commodities from the manufacturer's level to the wholesale level. The goods affected include microwave ovens, televisions, video recorders, snack foods, candy and confectionery, and pet foods. These changes will ensure a fairer application of the sales tax to both domestic and foreign products and thus reduce the bias favouring imports under the current system.

• (1710)

These actions are in line with our commitment to bring greater equity to the federal tax system.

TAX REFORM

Comprehensive tax reform presents one of the most promising opportunities we have to strengthen our economy and improve the quality of our society.

A fairer and more effective tax system will complement and reinforce economic opportunities for individual Canadians. Tax reform will inaugurate a new era of tax fairness, permitting us to rely less on personal income taxes and provide improved benefits for low-income Canadians. It will play a crucial role in stimulating investment, encouraging dynamic business activity, job creation and economic growth. It will give Canadians greater assurance that revenue goals will be met, and met fairly.

Last October I set out the Government's guidelines for reforming the tax system. I am developing an integrated proposal for tax reform in all three areas of our tax system personal, corporate and federal sales tax. I have benefited greatly from the views I have received from individuals and corporations, from labour unions and business associations, from women's groups, from the voluntary sector, from provincial governments and Members of Parliament.

[*Translation*]

The central objective of tax reform is to reduce tax rates. There can be no better incentive for growth, investment, savings and job creation. Lower income tax rates will allow all Canadians to keep more of each additional dollar they earn to spend, save or invest as they choose.

[*English*]

To get tax rates down, we must reduce tax preferences and broaden the tax base. A wide range of specific tax preferences, of primary benefit to corporations and upper-income earners, would be eliminated, reduced or modified right across the system.

What tax reform would mean for taxpayers is that those who have been making extensive use of tax preferences will pay more tax. Those who have been making little use of preferences will pay less tax. The large majority of individual taxpayers will pay less tax in total.

[*Translation*]

PERSONAL INCOME TAX

I aim to achieve substantially lower personal income tax rates and significantly fewer tax brackets.

[*English*]

I am also considering the conversion of personal exemptions and some deductions to tax credits. Exemptions favour those in higher income brackets. A tax credit, on the other hand, provides the same dollar benefit to taxpayers regardless of their income level. With a system of tax credits, lower-income taxpayers would receive greater benefit than they do now, while those at higher income levels would receive less.

In my last Budget, I announced the Government's intention to propose further measures to reform our system of social transfers and related tax provisions. Converting exemptions into appropriate credits would represent a major step toward fulfilling this commitment. It would also reduce the number of low-income individuals who now pay personal income tax.

I am also examining ways in which I can build on the existing refundable sales tax credit that I introduced in my last Budget. By increasing the credit and paying it more frequently we can make our personal tax system more progressive.

[*Translation*]

CORPORATE INCOME TAX

Our fundamental strategy in reviewing the corporate income tax is to ensure that profitable corporations pay their fair share.

[*English*]

I have been seriously concerned about tax loss trading. It has made our corporate tax revenues uncertain. It has led to profitable corporations not paying tax. To preserve respect for the tax system, we must further reduce the source of the problem by cutting back special corporate tax write-offs. This is the direction I set out in May 1985 and acted on last February.

Cutting back corporate preferences would balance the reduction of corporate tax rates to levels competitive with those in other countries, while providing increased and more stable corporate tax revenues.

FEDERAL SALES TAX

The federal sales tax is unfair and inefficient. It is a silent killer of jobs. It levies a higher tax on average, one-third higher on domestic manufacturers than on competing imports. This leads to plant closures and lost Canadian jobs. The base is narrow and similar goods can have very different burdens of tax. The sales tax is coming under increasing pressure and reform is increasingly urgent.

We will aim to broaden the base and lower the rates, and ensure equal treatment of imports and domestic goods. Building on the existing sales tax credit would improve the fairness of our system.

Over all, the major thrust of tax reform will be to simplify the tax system, to limit special preferences and provide incentives through lower tax rates. To achieve these goals, we must deal with the three elements of our tax system together, as an integrated package.

[*Translation*]

Our proposal for tax reform will make our tax system more fair, less complex and more understandable. It will reflect our commitment to economic progress and social justice.

[*English*]

I am tabling the document I referred to earlier, as well as supplementary information, and Notices of Ways and Means Motions covering tax and tariff measures. I will also, pursuant to a motion of this House, introduce today a borrowing authority Bill. In light of the increase in Canada's foreign exchange reserves, I will be seeking supplementary authority for this fiscal year. I will also be seeking borrowing authority for 1987-88.

I hope that this bill will be dealt with expeditiously.

CONCLUSION

This Government has acted on initiatives of fundamental importance to the Canadian economy. This reflects the scope of the challenge that we inherited, and our determination to meet that challenge. We will continue moving forward with our program for economic renewal in a carefully managed, consistent way.

From the standpoint of new initiatives, this Budget represents a breathing space prior to the presentation of major proposals for tax reform. But I have also made clear in this Budget that while great progress has been made on the nation's deficit problems, there can be no holiday from fiscal responsibility.

The challenge is to maintain sound, steady management of both the fiscal and economic situation. We are meeting that challenge. We will continue to do so.

[*Translation*]

I have talked with and heard from thousands of Canadians these past two and a half years. I can say with confidence that Canadians from coast to coast will not be daunted by the challenges ahead.

[*English*]

Economic renewal is not just a test of government. It is a test of all of us and our ability to share in the effort to build a stronger economy. And the most important test of our success is the economy's progress, the progress of all Canadians who, individually and collectively, make the economy what it is.

• (1720)

Our progress is measured in growth, jobs and new opportunities and in a stronger economy better able to meet the challenge of rapid economic change and increasing international competition.

The results tell the story. We are on the right track. Our program of economic renewal is working. And we have only begun to see the results that we as a nation can achieve if we stay the course. We must continue to build a stronger, more dynamic and more flexible economy that works for the benefit of all Canadians.

Some Hon. Members: Hear, hear!

[*Translation*]

Mr. Speaker: Order! Pursuant to the order agreed to on Friday, February 6, 1987, the House will now revert to introduction of Bills.

ROUTINE PROCEEDINGS

[*Translation*]

BORROWING AUTHORITY ACT

MEASURE TO ENACT

Hon. Michael Wilson (Minister of Finance) moved for leave to introduce Bill C-40, an Act to provide borrowing authority.

Mr. Speaker: Shall the Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

Mr. Speaker: When shall the Bill be read the second time? At the next sitting of the House?

Some Hon. Members: Agreed.

* * *

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government.

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, in concluding his Budget Speech, the Minister of Finance (Mr. Wilson) observed with great satisfaction that his Government was, as he said, on the right track. I want to ask the Minister of Finance (Mr. Wilson) how he could possibly reach that conclusion in his speech today, when in seven or eight out of ten provinces in this country, the unemployment rate is higher

now, after nearly three years of Conservative Government, than it was during the 1982 economic recession.

Mr. Speaker, the statement the Minister of Finance just made, and I say statement because I can hardly call this a Budget, is a statement without vision. It is a statement that totally ignores the realities of this country.

[*English*]

This is a Budget without vision. This is a Budget which does not address any of the real problems which Canadians have to face. Fifteen days ago when the Minister of Finance announced that with this Budget there would be no tax reform, I said that the Budget would be a go-nowhere-and-do-nothing Budget.

An Hon. Member: Right on.

Mr. Garneau: I do not think, as my colleague has just said, that I was right on. I made a mistake. It is worse than I thought it was going to be. Not only did the Minister increase taxes for the third year in a row, but he did not announce any program, any budgetary measure, to try to solve the problem which exists between the rich and the poor of this country. He did not try to solve the problem of the regions of this country where the rate of unemployment is higher today than it was during the height of the world recession which we suffered in 1982.

This is not a Budget. It is a disgrace to call this paper a Budget. I would like to ask the Minister why he put us through this charade. He could have issued, as he has done on many occasions, a press release to announce an increase in taxes for people who buy gasoline, another cent a litre increase, after the three cent increase he announced in his last Budget. This could have been announced through a press release, and a Ways and Means Motion could have been tabled in the House.

I think it is a real disgrace that the Government did not use the opportunity to table a real Budget, a Budget with a vision, one which will take into consideration the problems which Canadians face, particularly in our regions. I think the Minister missed a very good opportunity. This exercise is not worth the time we have spent this afternoon. I think the Minister should have stayed home and issued a press release.

We have these documents with the Budget, and I see no projection of revenue, no projection of the rate of interest, and no projection of employment. We have only the figures for the fiscal year 1987-88. I am sure all Hon. Members, particularly those who have been Members of Parliament for a number of years, have heard the Tories asking the former Government to table a five-year plan. I recall the former Minister of Finance, the present Minister of Transport (Mr. Crosbie), when he was in the Opposition, asking the Government to table a five-year plan. This is what the Liberal Government decided to do. This Minister of Finance did not bother to give this information. We do not even know what he thinks the price of oil will be in 1988. He only gave us the price of oil for 1987.

What we have is not a Budget. I was expecting that at least the Minister would keep the promises he made last year. Last year the Minister made three promises: first, that we would have tax reform this year; second, that we would have a reform in our social programs; and, third, that he would bring the deficit under $30 billion. The Minister today is telling us that the deficit will be $32 billion for 1986-87. If the Minister had not sold Teleglobe, the deficit would have been higher this year than it was for the last complete year of the Liberal administration, even after four years of economic recovery, and after a tax increase of $6 billion last year. And there will be more increases this year. The deficit of the Tory Government for the year 1986-87 would have been higher than the deficit of 1983-84, which was the last complete year of the Liberal administration. That is a real shame. The Minister is not delivering on his target of reducing the deficit.

[*Translation*]

The Minister of Finance has failed to live up to his commitment because the deficit would be higher, almost at the same level this year as it was for the last full year of the Liberal administration. There is no program, no improvement in social programs as he had promised last year.

And the tax reform, Mr. Speaker, now I really thought the Minister of Finance was a serious and responsible man. But he is juggling with facts. He is deceiving himself and, worse still, he is trying to make Canadians believe that this Government is serious.

What is the Government strategy, Mr. Speaker? Very simple. Taxes increased by several billion dollars in 1985 and again in 1986. Automatic tax increases have been incorporated in the tax laws so that this year Canadian taxpayers have paid, will pay during the next fiscal year when the Budget stands at $43 billion, 48 per cent more, in personal income taxes than the last year under a Liberal administration. Yes 48 per cent.

Taxes went up by $6 billion last year, 90 per cent paid by individuals, less than 10 per cent by corporations. The Minister of Finance is talking about tax reform. What is he going to do? First he raised taxes, then he will tell us that the reform will correct his own mistakes. I think the whole thing is a joke.

Mr. Speaker, there is nothing in this Budget for the farmers or for western wheat producers. There is nothing for the fishermen who are now faced with the consequences of the agreement that was signed with France. Nothing has been done to deal with our energy problems. Just imagine, Mr. Speaker: The price of gas will have gone up 4 cents a litre since this Government came to power, and we don't even have a national energy policy. These are the same people who criticized the previous administration for increasing the price of gas to help create a fund that would help the energy industry. They kept the tax and increased it four times, but they have nothing for the energy industry.

Mr. Speaker, there is nothing either to implement the formal commitment made by the Prime Minister (Mr.

Mulroney) in Vancouver. I was there as representative of my political Party. His was a very firm commitment to set up a day care system and provide the necessary funding. Nothing about that in the Budget.

Mr. Speaker, I think—

• (1730)

[*English*]

There is nothing for day care. There is nothing for fishermen. There is nothing for farmers. The tourist industry will be badly hurt by another increase in the price of gasoline. The tax of $4 more on an air ticket is a real Crosbie tax.

I think that the Government and the Minister of Finance should be ashamed. I will have much more to say, but for the time being I move:

[*Translation*]

That the debate be now adjourned.

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

Some Hon. Members: Agreed.

On motion of Mr. Garneau, debated adjourned.

Mr. Speaker: Pursuant to order made Friday, January 30, 1987, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 5.33 p.m.

HOUSE OF COMMONS

Thursday, February 19, 1987

The House met at 11 a.m.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, under the provisions of Standing Order 106, it is my honour and pleasure to present a petition which calls upon the Government to reconsider its decision to proceed with the changes to the Patent Act.

The petitioners believe that these changes would result in the cost of prescription drugs being significantly increased, thereby making it very difficult for average Canadians to buy necessary prescription drugs.

Mr. Rod Murphy (Churchill): Mr. Speaker, I have the honour to present a petition which has been signed by a number of residents in my riding from the communities of Flin Flon, Leaf Rapids, Gillam, Thompson, and The Pas.

In their petition the undersigned express their concern with the federal Government's intention to go ahead with Bill C-22. They urge the Parliament of Canada to reject the changes to the Patent Act. They believe that they will increase the prices of prescription drugs for the average Canadian consumer and will severely restrict their ability to buy necessary prescription drugs. They also believe that Bill C-22 will unfairly hurt those Canadians whose health care needs require the purchase of prescription drugs on an ongoing basis.

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I have the honour and privilege to present a petition from residents of the communities of Sudbury, Hanmer, Val Caron, Lively, Levack, Capreol, and Dowling in the riding of Nickel Belt.

The petitioners call upon Parliament to withdraw Bill C-22, because they believe that the changes to the Patent Act would result in much higher prices for prescription drugs than they are at present.

They indicate that in fact it is another example of the Canadian Government's concession to the United States at the expense of average Canadians in the free trade negotiations. They humbly pray and call upon Parliament to reject these proposals and to withdraw Bill C-22.

COMBINES INVESTIGATION ACT

AMENDMENT RESPECTING PROMOTIONAL COUPONS AND SAVINGS STAMPS

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce Bill C-248, an Act to amend the Combines Investigation Act (promotional coupons and savings stamps).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

• (1110)

Mr. Rodriguez: Mr. Speaker, the purpose of this Bill is to prevent a person or corporation from offering food items on a basis of coupons for reduced prices. It is to prevent this nation from becoming a nation of coupon clippers where food is concerned. The Bill clearly states that any discount on food should be direct, clear and above board and should not depend on whether or not you have clipped the coupon.

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

* * *

BANKRUPTCY ACT

AMENDMENT RESPECTING PRIORITY OF CLAIMS

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce Bill C-249, an Act to amend the Bankruptcy Act (priority of claims).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Rodriguez: Mr. Speaker, the purpose of this Bill is to change the priority of payment of claims in case of bankruptcy. It would place the salaries and pension plan contributions of an employee at the top of the list when a bankruptcy takes place.

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

Committee Reports

CANADA PENSION PLAN

AMENDMENT RESPECTING SURVIVOR'S PENSION

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce Bill C-250, an Act to amend the Canada Pension Plan (survivor's pension).

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Rodriguez: Mr. Speaker, the purpose of this Bill is to amend the Canada Pension Plan Act to remove the discrimination on the basis of age which presently exists with respect to survivors. If the survivor is under the age of 35, he or she is ineligible to collect the survivor's benefits under the Canada Pension Plan Act. This Bill of mine would remove that discriminatory provision.

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

* * *

LOBBYISTS REGISTRATION ACT

MEASURE TO ENACT

Mr. John R. Rodriguez (Nickel Belt) moved for leave to introduce Bill C-251, an Act to register lobbyists.

Mr. Speaker: Shall the Hon. Member have leave to introduce the Bill?

Some Hon. Members: Agreed.

Mr. Rodriguez: Mr. Speaker, this Bill is to provide for the registration of lobbyists. The Bill clearly states that the people of Canada are entitled to know who is doing what to whom and for how much. It is most apropos at this particular time in our political history.

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

Mr. Speaker: It has been brought to the attention of the Chair that there is a committee report to be introduced this morning and, with the consent of the Chamber, I would like to recognize the Hon. Member for York Centre (Mr. Kaplan).

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

PRESENTATION OF THIRD REPORT OF STANDING JOINT COMMITTEE

Hon. Bob Kaplan (York Centre): I thank you and my colleagues for the consent, Mr. Speaker.

I have the honour to present the third report of the Standing Joint Committee on Regulations and Other Statutory Instruments in both official languages. This report contains a proposed motion pursuant to Standing Order 44 to revoke the fruit, vegetables and honey regulations, Chapter 875 of the Consolidated Regulations of Canada, a copy of which is attached.

[*Editor's Note: See today's Votes and Proceedings.*]

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Wednesday, February 18, consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government.

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, yesterday, in the few minutes following the financial statement of the Minister of Finance (Mr. Wilson), I was able to make some initial comments which I may recall for the benefit of the Members of this House.

First of all, I felt this was a statement without vision, a Budget that failed to address any of the real problems which Canadians have to face, especially in our various regions, and that contained no forecasts and no plan of action. The Budget brought down yesterday did not tell us how the Department of Finance, the Minister of Finace and the Government expects the Government's expenditures and revenues to evolve in the years to come. I also said that because of this, yesterday's exercise was an exercise in futility and that the Minister

should have issued a press release and tabled some Ways and Means motions instead of putting us through the process of the lock-up, with the press, and putting the CBC and other television stations to a lot of expense for nothing.

In any case, Mr. Speaker, before I start my speech, and since I realize that any criticism we make will be branded as partisan, the Opposition always being against the Government, I would like to offer three samples of reactions reported in the press this morning. First, from the business world, and if I may, I will read to you from this morning's *La Presse*, which said the following:

The business world gives Michael Wilson a "D", D as in disappointment.

The President of the Canadian Federation of Independent Businesses calls the Wilson Budget dull and insignificant. "It is soporific and lacks sex appeal", added the Director General of the Federation in Quebec, Pierre Lauzier.

That is what business had to say.

Mr. Speaker, I would like to refer to comments by a well-known columnist, Don McGillivray, whose column, which is popular in financial circles, appeared in the *Ottawa Citizen* under the following headline:

• (1120)

[*English*]

—"This fiscal trickery shames Wilson". The column reads in part:

Michael Wilson's junk food budget won't do much to nourish Tory hopes for a political turnaround—

One trick is getting employers to send income tax twice a month instead of once a month. This allows Wilson to borrow $1.2 billion from the 1988-89 fiscal year. But for this, the deficit would have been $30.5 billion.

The old Mike Wilson, the straight arrow who ran a clumsy but honest campaign for the Tory leadership in 1983, would have scorned such a trick.

[*Translation*]

Mr. Speaker, after comments from the business world and from a political observer, with emphasis on the Budget's financial orientation, I would now like to quote what was said by the Quebec Minister of Finance. I think this is the first time a Minister of Finance has threatened to sue the Canadian Government. I read the following in this morning's *Gazette*:

[*English*]

Quebec Finance Minister Gérard-D. Levesque said yesterday he's considering suing the federal Government because its budget ignores the problems of transfer payments to the provinces.

Ottawa should live up to its "legal, moral and constitutional obligation"—

"I was expecting—I was hoping that somewhere in the budget, there would be an indication of fairer intentions with regard to Quebec," Levesque said.

[*Translation*]

Mr. Speaker, three comments from three different groups indicate how, through the eyes of responsible people, Canadians perceived the Budget that was brought down yesterday.

Mr. Speaker, in his Budget Speech yesterday the Minister of Finance mentioned that the economic situation in Canada was, to borrow his expression, sound, and in many ways enviable.

However, if we look at the situation in the regions, and we see the growing gap between rich and poor, between the Maritimes, the West and Central Canada, we must conclude that as far as our economic policy is concerned, the Conservatives have failed miserably. The situation is certainly not as rosy as the Minister would have us believe, and that is what I intend to demonstrate in my speech today.

First of all, I will discuss regional disparity. I will talk about the growing gap between rich and poor. I will analyse the tax increases contained in this Budget as well as the hidden increases resulting from previous Budgets. I will deal with tax reform and I will make a number of suggestions to the Minister in this very important respect. I will comment on federal-provincial relations and subsequently give an analysis of our trade policy, especially as it concerns the United States, and in concluding, I intend to move a motion condemning the Government.

[*English*]

As Charles Dickens wrote in *A Tale of Two Cities*, "It was the best of times, it was the worst of times". I would respectfully suggest that these words, which have echoed through the centuries, have a special significance to many Canadians today. The election of this Government on September 4, 1984, was to be the dawning of a new golden age. However, it has become in reality a time of shattered dreams and broken promises. It has become a time when the Government chose to give to the privileged few, and take from the many.

History will record that this Government turned its back not only on the regions, but also on the most disadvantaged in our land. In short, this Government's economic policy, and more particularly the last three Budgets, including yesterday's, are the Tory tale of two Canadas, one Canada composed of the haves and one Canada composed of the have-nots.

Let us look first at unemployment in Canada. At the height of the world recession of 1982, the worst one since the Second World War, the unemployment rate in Canada was 11 per cent. In January, 1987, last month, it was 9.7 per cent, a decrease of 1.3 per cent. Is it from this figure that the Minister of Finance (Mr. Wilson) draws his pride?

After four years of world-wide economic recovery, Canada is still far from the 7.5 per cent pre-recession unemployment rate. From January 1986 to January 1987, Canada has produced a net increase of only 115,000 new jobs. However, a closer examination of even this low number would show an extremely alarming trend. Last year in Ontario, 127,000 new jobs were created. This means that in the rest of Canada, there was an over-all net loss of 12,000 jobs. I would repeat that there was a net loss of 12,000 jobs in all of the provinces outside the Province of Ontario and, I should say, outside the Golden Horseshoe.

You may well ask, Mr. Speaker, why we have created so few new jobs in relative terms. The answer is simple. It is largely due to the Government's misguided economic policies. The Canadian economy is now suffering from the effects of the

Tories' huge tax increases which, as predicted, have put the brakes on a nation-wide economic recovery, which was well under way when this Government took office in September, 1984. We on this side of the House warned the Minister of this. I made a speech telling the Minister that the huge increases in taxes would have an effect in 12 or 18 months, and this is what we are now experiencing. The huge tax increases have taken money away from the consumers' pockets. Now they have less money to spend and we see the effects of this on the economy and particularly on job creation.

Let me be more specific. Looking at Canada's regions, the unemployment rate in Newfoundland at the height of the 1982 recession was 16.8 per cent, and it is now, as of January, 1987, 19.2 per cent. This is a significant increase in unemployment, not a decrease as the Government would have us believe.

If we look closely, we see this pattern repeated in many regions right across Canada. In Prince Edward Island, unemployment has risen from 12.9 per cent in 1982 to 14.6 per cent in January, 1987. That is not a decrease, it is an increase. In Nova Scotia, the unemployment rate went from 13.2 per cent to 14.3 per cent in the same period of time. In Alberta, it went from 7.7 per cent to 10.8 per cent. In British Columbia, as I am sure my Leader knows very well, unemployment has risen from 12.1 per cent, at the time of the economic crisis of 1982, to 13.6 per cent. In other words, unemployment in both the East and the West is worse today than it was in 1982 during the height of the world-wide recession.

Let us be honest. Canadians living in St. John's, Charlottetown, Halifax, Quebec City, Calgary and Vancouver know that the regions of Canada are today experiencing a recession which is as bad as the one Canada and the world faced in 1982. The Minister told us in his Budget that everything was fine because one area of Canada, the Golden Horseshoe, is doing well. Is this the Tories' version of "what is good for General Motors is good for the United States"? The situation calls for action, not for more empty promises.

• (1130)

It is imperative that the Government address in a much more serious manner the problems facing our regions, things such as the plight of our hard pressed farmers, fishermen, sawmills and our energy industry. We Liberals believe in equality of opportunity, wherever you may live in this great land. We believe that Canada is only as strong as its most disadvantaged region, and thus we believe that Canadians expect the Government to do much more.

Let me examine the disastrous record of the Government in the crucial area of regional development. The first thing the Prime Minister's Government did when it came to power, after conveniently forgetting most of its election promises, was to cut the budget for regional development. First action. In 1984-85, funds allocated to the economic and regional development spending envelope totalled $14.9 billion. This year the spending envelope would have been as low as $9.1 billion if it were not for the inclusion of the grain subsidy program which the Government had already announced. Nevertheless, the total economic and regional development spending envelope, including this, has been slashed from $14.9 billion to $12 billion. That is a drop of nearly $3 billion in less than three years of Conservative Government. Considering the desperate needs of the regions, the Government has a lot to answer for to all Canadians.

That is not the only thing the Government has done to help cripple the regions. You probably remember that in his previous Budget the Minister of Finance phased out the incentives provided by way of investment tax credits to the regions, with the one exception of the Maritimes. In other words, the Government, without prior consultation or full public debate, has dismantled both major components of Canada's regional development strategy which were put in place by previous Liberal Governments. Has the Government replaced those with another and better strategy? No, the regions have been left out in the cold. This lack of government strategy for regional development can be summarized in two cold words: *laissez-faire*.

The Government trusts that market forces will overcome all regional disadvantages. Let us look at the result of that policy as it affects investment in the private sector. According to a survey conducted by the Department of Regional Industrial Expansion which was published on January 12, 1987, the investment intentions of Canadian businesses will barely increase in 1987 after declining in 1986. It is clear that we have not even recovered to the 1985 business investment level. It is thus difficult to understand how market forces are going to redress regional economic imbalances.

I would like to examine the regional picture for business investment intentions more closely, as they are even more disturbing. In Newfoundland, businesses expect to reduce their investment by 23 per cent, having already reduced it by 20 per cent in 1986. In Nova Scotia, businesses expect to reduce their investment by 16 per cent, having reduced it by 15 per cent last year. The outlook for the Northwest Territories is dismal. After spending $388 million in 1985, major businesses will invest only $59 million in 1987. This is certainly not a rosy outlook, and it means the regional economies will have to muddle through again this year without gaining much help from the Government.

What about the energy sector? The Government shamelessly increased taxes on gasoline by another cent a litre. Yet there is no program to support our energy producers. It is clear to me, as it is to my colleagues and all Canadians, that this *laissez-faire* policy of the Government is not working, in that it is only a pretext for inaction by a dogmatic and heartless Conservative Government.

[*Translation*]

Mr. Speaker, poverty is another problem which worries a good many Canadians. Bread lines have become a common occurrence under this Government and it does not seem to realize the impact it has on society, particularly in urban

centres. According to the National Council on Welfare, 3,916,000 Canadians were living under the threshold of poverty—almost 15 per cent of the entire population.

These people were living below the level of poverty, Mr. Speaker, so what did the Government do? It had the bright idea of taxing people whose family income was as much as $8,000 and $9,000 lower than what is called the poverty level, people earning $10,500 who now have to pay taxes as a result of the Budget of Conservative Governments.

Mr. Speaker, I emphasize that, according to figures released by the National Council on Welfare, one out of five children lives in poverty. This is quite unacceptable and I fail to understand why the Minister of Finance (Mr. Wilson), confronted with such a situation, did not honour the commitment he made in his February 26 Budget speech last year to revamp social programs so as to correct this situation.

Mr. Speaker, the same figures reveal that 51 per cent of Canadian families now need the incomes of both father and mother to be able to live above the poverty level. Canadians were hopeful that the 1987 Budget would include concrete measures to relieve needy families. The Minister of Finance himself made that promise last year when he stated, and I quote his own words:

> In my next Budget, I intend to propose further measures to reform our system of social expenditures and related tax provisions.

Mr. Speaker, we have reached the point where the contents of the Budget speech barely mirrors the commitments made by a politician during an election campaign. We can understand that an electoral program may very well be implemented over four or five years. Sometimes a man may get carried away by enthusiasm. All politicians have been known to resort to fancy rhetoric now and again, but as a rule a Budget speech reflects Government policy and gives Canadians an idea of what the Government intends to do with respect to various programs.

The Minister of Finance has failed to keep any one of the three promises he made in his Budget last year.

So what does the Government now propose in what is pompously called a Budget speech which, as far as I am concerned, the Minister would have been better advised to deliver before his Etobicoke Conservative association? With respect to the reform of social programs, nothing, absolutely nothing, Mr. Speaker. Once again the Conservatives have blatantly ignored their own commitments. Does the inaction of the Minister of Finance stem from the fact that the Conservatives or most of them—I believe the Minister is somewhat more sensitive than many of his colleagues, and I would have hoped he would have shown evidence of his moral authority in this case—but I must conclude that the inaction of the Minister can only be traced back to the fact that most Conservatives consider social programs as shackles or a burden the State must carry around year in and year out. Are these Conservatives still dreaming about putting the axe to these social programs? If that is the approach of the Conservatives I will tell you right now, Mr. Speaker, that it is not my approach nor that of my colleagues on this side of the House.

Indeed, the social programs established by our Party over the past twenty years may and must be reviewed if only to make them more attuned to new conditions. I am not afraid to say openly that time has come—and then some—to set up a guaranteed annual income system.

In fact, the Liberal Party passed a resolution to this effect at its convention last November. We believe that an annual income formula can be developed and coordinated with the provinces in the interest of sound financial management. We also maintain that a guaranteed annual income formula would be more satisfactory as it would be more effective in encouraging people to remain and get back in the labour market. It is time to guarantee an adequate annual income to Canadians because the cumulative effect of the recent Conservative Budgets has been to widen the gap between the rich and the poor.

Mr. Speaker, when we speak of the gap between the rich and the poor in Canada caused by the three Conservative Budgets, we also have to consider the position of our young people. There is absolutely nothing in the Budget to meet the needs of the young unemployed. Nothing is said about meeting the commitment made by the Prime Minister of Canada in Vancouver last fall at the First Minister's Conference when he promised to implement a child care program.

• (1140)

[*English*]

—child care program.

As a result of the budget speech yesterday the Government gave the impression that taxpayers may breathe easier for a while. The Minister of Finance gave the impression yesterday that there would be no new personal income tax increases this year. I strongly disagree with that. Let us look at the true tax picture for Canadians. In the previous two Budgets, the Government literally built hidden tax hikes into the system in such a way that taxes will go up each year without any new public announcements and with no debate. The end result is that taxpayers are paying much higher taxes in each successive year, long after the initial legislative changes were made and forgotten.

The most important of these hidden built-in tax increases are the partial deindexing of the old tax system, the deindexing of the complete child benefit family package and, in 1987, the 3 per cent surtax which was only in effect for six months last year. Because of these and other measures, a married couple both of whom work and earn a total of $30,000 and have two children will pay close to $1,000 more in taxes in 1987. This is an increase of $376 over last year and is due to the built-in hidden tax increases and the new taxes introduced by the Conservative Government yesterday.

I do not know whether any other Minister of Finance in Canada has imposed close to the $1,000 of new taxes which

the present Government imposed on families earning $30,000 in the last three Budgets. I suggest that these are indeed new tax increases, and the assurances of the Minister of Finance yesterday that there are no new tax hikes this year are simply false. Instead of increasing taxes openly, he crept in the back door when he hoped Canadians were asleep. I have news for the Minister. Canadians were not asleep and they know exactly what he is up to.

[*Translation*]

Mr. Speaker, if we add the new direct and indirect taxes introduced to this date by the Government and then subtract the amounts redistributed to taxpayers, more particularly the better-off in view of the $500,000 capital gains tax exemption, we realize that Canadians will be paying $7.6 billion more in taxes in 1987. Mr. Speaker, this means about $250 for each man, woman, child and senior citizen in Canada. For a family of four, it means an average of $1,000. It is a fair question to ask whether these tax increases have been equitably distributed among taxpayers. Have corporations paid their fair share? Have the rich paid more than the poor? The answer to these questions is no, Mr. Speaker, as I shall attempt to demonstrate.

According to the figures tabled by the Minister of Finance himself, in 1986, over 90 percent of new taxes have applied to individuals and something under 10 percent to corporations. Is such a distribution of the tax burden between individual taxpayers and corporations fair? This is what happened last year. Under the new Budget, in 1987-88, because of the removal of the oil and gas revenue tax, corporations will pay $2.1 billion less in taxes than in 1984-85. This represents an 18 per cent decrease in the total amounts paid by corporations over a three-year period. What about individual taxpayers? If we add personal income tax increases and sales taxes paid by individual consumers, we get a $22.8 billion increase for the same period, which means a 53 per cent increase for individuals compared with an 18 per cent decrease for corporations. Is this fair?

The Conservative Government has used its first two years in power to increase the sales tax three times. A first increase of 1 per cent came into effect on October 1, 1984, a second 1 per cent increase on January 1, 1986, and a third increase on April 1, 1986. This Budget will extend the sales tax to all sorts of snacks. Have you ever eaten snacks, Mr. Speaker? The Budget states that snacks will now be taxed. As the newspapers have said, even children are being taxed to help the Government make ends meet.

The tax on gasoline has also increased. It went up a first time by 2 cents a litre on September 3, 1985, a second time by 1 cent a litre on January 1, 1987, and, with this Budget, by 1 cent more a litre beginning last night. Within three years, the federal tax on gasoline will have increased by 4 cents a litre, from 1.5 cents a litre to 5 cents a litre. Mr. Speaker, 4 cents a litre means 18 cents a gallon. Those who were in this House in 1978 and 1979 will remember this figure of 4 cents a litre or 18 cents a gallon. This was the amount of the tax that the former Conservative Minister of Finance, the present Minister of Transport (Mr. Crosbie) wanted to impose in 1979. The Conservatives are certainly consistent in their attack on motorists. It took them seven years, but they have succeeded in imposing their tax of 18 cents.

Mr. Speaker, we heard reactions to this Budget this morning. The Trucking Association is asking who will pay their cost increase. For them, costs are not going up by 1 cent, but rather by 4 cents in a very short period. And the Trucking Association stated that it takes between 15 days and one and a half months to get provincial jurisdiction authority to increase their user rates. Who is going to pay for the Minister's tax increase during that period? Truckers, who are already hit by the deregulation bill and will be losing on the value of their licences, in which they invested up to tens of thousands of dollars. What about municipalities? They were hoping for and expecting this government's assistance to renovate their infrastructures—not only has nothing been done for municipalities, but the tax has been increased. And on top of that, the Minister of Finance, according to Mr. McGillivray's statement I read earlier, played a little trick in his Budget. He borrowed $1.2 billion from next year, by forcing businesses to make remittals twice a month. This does not include large corporations only. Any construction employer with 20 employees will have to fill all those forms twice a month. So will municipalities. Municipalities are hit by the fuel tax increase. They are losing interest on their cash flow, because the Minister will get income tax payroll deductions on the first and the fifteenth of each month, and they will be left with a still more acute financial problem.

The conclusion is, Mr. Speaker, that this Government raised taxes at the beginning of its mandate, in 1985 and in 1986, and it has incorporated in the fiscal system automatic, hidden tax increases; it has pushed individual income taxes much higher, while lowering corporate ones; it has increased the tax burden of middle-income earners to a much higher degree than those of high-income earners; and to loop the loop, it has substantially raised indirect taxes that are hidden and more regressive than direct taxes. Such is this Government's record. And after that, Mr. Speaker, they have the gall to suggest they are considering some kind of tax reform that will remove inequity from the system, the same inequity the Minister himself created in his three budgets.

• (1150)

[*English*]

These tax increases must be put into context. During the last election campaign and immediately following the September, 1984 election, the Prime Minister (Mr. Mulroney) and the Minister of Finance promised not to increase personal income taxes in order to reduce the deficit. The Minister said in the House on March 6, 1984, as reported at page 1827 of *Hansard*:

> We would cut spending. We would not raise taxes. Tax levels in Canada are already too high.

Later in the same speech he said:

If we raise taxes, we provide more funds for politicians and bureaucrats to spend.

After the election and his appointment as Minister of Finance, he increased personal income tax and all personal taxes by $22.7 billion. Can there be a more clear case of irresponsible promises, and promises on which the Government has not delivered? They were promises only to please the electorate. Is it any wonder that people now view the Prime Minister's Government so cynically?

Let us remember that when the Conservatives took power they claimed that the most urgent economic problem was the federal national debt. In his November 1984 Economic Statement, the Minister of Finance said:

Our immediate goal is to reduce the deficit through expenditure reductions and not through major tax increases.

I have cited two quotations from the Minister, one before the election and one after the election. The Minister did not deliver on either of his promises.

Not only does this constitute a broken promise, the deficit has barely been reduced and the debt is still rising. Let us consider the facts. The deficit for the last full year of Liberal administration was $32.4 billion. Four years later, in fiscal year 1986-87, after four years of economic recovery, the deficit will be $32 billion, despite the Government's having increased taxes by $6 billion, and despite its sale of Teleglobe in great haste in order to reduce artificially the budget deficit that otherwise would have been higher than in 1983-84. Although there has been $6 billion in new taxes, the deficit is at the same level as it was in 1983-84.

Where has all the money gone? What happened to the $6 billion of new taxes introduced by the Government in 1986? Did it go to uninsured depositors? Did it go to the prison in the Prime Minister's riding, or to large corporations as a $1 billion tax write-off? Did it go to pay for the $500,000 lifetime capital gains exemption for the privileged few? Was it for extravagant foreign trips by the Prime Minister? The list keeps growing.

Let us consider the debt. On July 9, 1984, a few months before the last election, the Prime Minister said: "(The Liberals) must answer for four years of financial management that has tripled the annual deficit and raised the net government debt to $180 billion, an amount that equals $16,500 owed by every taxpayer". What are the numbers today? According to the Minister of Finance's forecasts, the public debt at the end of fiscal year 1987-88 will be close to $300 billion. That is equivalent to approximately $26,700 owed by every taxpayer. In two years the Tories will have added approximately $10,000 in additional debt on the shoulders of every Canadian taxpayer.

Since mid-September, 1984, the date the Tories took power, the public debt has grown by approximately $125 billion. The public debt has increased by 67 per cent in the two and a half years since they took office. That increase is greater than any experienced during the term of any previous Minister of Finance.

It is not surprising that the discontent of Canadians toward the Government's administration is so clear.

[*Translation*]

Mr. Speaker, I would now like to turn to federal-provincial relations. In a Budget Speech that states Government policy, it is difficult to understand why there was no reference to financial agreements between the national government and provinces, because those five-year agreements terminate on March 31, 1987.

Mr. Speaker, unhappiness with the Federal Government is also reflected in federal-provincial relations because on a few occasions, the Minister of Finance succeeded in dumping part of his deficit into the provinces' laps. Mr. Speaker, the Prime Minister (Mr. Mulroney) boasts of having improved the federal-provincial climate. The honeymoon—the love-in as they called it at the time—is definitely over. Witness the announcement in this morning's papers by a provincial minister of Finance that he is sueing the Federal Government for not paying its dues. Mr. Speaker, we only have to look at the recent agreement on French fishing in Canadian waters, which was reached without previous participation by Newfoundland, to realise that the Atlantic provinces, like all other Canadians, are questioning this Tory Government's judgement and good faith in the area of federal-provincial relations. But there is another area on which federal-provincial relations are at daggers drawn—transfer payments from the Federal Government to provinces.

As you no doubt remember, Mr. Speaker, the previous Liberal Government enshrined in the Canadian Constitution the very principle of equalization payments. That principle that is now sacred is one of the cornerstones of national unity. By unilaterally reducing the growth of payments to provinces, this Tory Government is threatening the very integrity of the system. It is not by bluntly transferring its deficit to provinces that the Tory Government will improve the relations climate. Those cuts are happening at a time when provinces have taken often radical steps to contain their own deficits.

Let us look at the facts. Unilaterally, one year before fiscal agreements with provinces were to end, the Tory Government reduced the growth rate of its health and post-secondary education payments to provinces. This means provinces will be getting $8 billion less than expected from the central government over the next six years. And this at a time when needs are increasingly glaring as a result of ageing population, development of medical technology and increasing training needs for our young people. Yet, before the election, the Minister of Finance made a statement as recorded in *Hansard* of March 6, 1984. Some of my colleagues who were then sitting in the House of Commons may remember that speech made by the Minister of Finance. This is what he said in March 1984:

We made it quite clear that we will not cut spending on medicare. In fact, my colleagues have said that we would increase the commitment that we have made to medicare. Referring to education, as I indicated in my remarks earlier, upgrading of our human resources, education, training and retraining are key priorities, so no, there would be no cuts there.

That was in March 1984. You will remember that Mr. Wilson did not keep his own word and refused to hand over to Quebec $66 million as provisional equalization payment. Yet the Minister of State (Finance) (Mrs. McDougall) had stated in the House on April 18, 1985:

What the government is doing in this Bill is giving Manitoba, Quebec and Nova Scotia the benefit of this 95 per cent floor—

Quebec is the only province which did not benefit from such commitment that the Minister of State (Finance) (Mrs. McDougall) had officially reiterated in the House. Why the double standard? The shortfall for Quebec, if it was granted the 95 per cent floor promised by the Minister of State (Finance) in this House . . . those $66 million should be paid. The federal governement refuses. This is no doubt why the Quebec Minister of Finance is prosecuting the federal Minister of Finance to obtain what is due to his province.

You will also remember that more recently, the Minister of Finance decided to spread over a 2-year period the $175 million of supplementary assistance which he had promised to provide in a single payment to the five provinces most seriously affected by the changes; contrary to his promises, he is spreading the payment over two years. And we know that the agreement on equalization will be renegotiated this year. I do not know what surprise the Minister is saving up for the provinces, but I hope that past events will not be repeated because the provinces will end up with a still higher deficit and this on account of the Mulroney government. In his negotiations with the provinces, the federal governement must recognize a fact: the federal deficit is not caused by transfers to provinces. The size of those transfers as a percentage of the GNP has remained relatively and strikingly constant.

I urge the Minister of Finance (Mr. Wilson) to be fairer and to refrain from piling up his deficit on the back of the provinces.

• (1200)

[*English*]

I would also like to draw to your attention at this particular time, Mr. Speaker, the Government's shocking record with respect to the crucial area of adequate funding for research and development. In the Budget Speech of May, 1985, the Minister of Finance stated: "It is an ongoing priority of this Government to encourage a much improved research and development performance in Canada". That was the promise. Let us review the action. Since coming to power, the Conservatives have cut the budget of the National Research Council from $520 million in 1984 to $398 million in 1986. As announced in October, a further $20 million in cuts will be taken from the National Research Council budget next year. So much for Tory priorities and promises.

Canadians know that a healthy Canadian economy in the next century will depend on a strong research and technological base, and thus we are calling upon the Government to reverse its short-sighted research and development policies. Surely we owe at least this much to future generations of Canadians.

I would like now to address another issue which is a very crucial one for all Canadians, that is, tax reform. In his Budget Speech of February 26, 1986, the Minister of Finance gave a clear indication that he would table at an early date a concrete proposal on tax reform, more precisely, on the concept of a business transfer tax. A year has gone by and we are still waiting for the White Paper on the business transfer tax. On October 23, 1986, the Minister made another promise to the House, and I quote:

As the next step in the tax reform process, I intend to issue specific directions for change at the time of my Budget.

The Minister's time is up. The Budget has been brought down. But all we were given on January 30, 1987, and repeated yesterday, was yet another postponement to a vague date later in the spring. However, if people believe that the tax reform will take effect this spring, it is a false hope because the Minister said there would be a long consultation process. How are we to take seriously today's proposals, if yesterday's promises are broken?

By again postponing comprehensive tax reform, the Minister has made a mockery of his budget commitment. It makes nonsense of detailed and prudent planning if taxes, and therefore incomes and expenditures, cannot be accurately predicted, not only for every Canadian in business but also for the operations of the Government of Canada. Worse, it creates a climate of uncertainty. The Minister has excused his waiting game by talking about consultation. Consultation on what, thin air? How can groups and companies offer intelligent opinions if they have no tax reform proposals to which to refer? How can they plan ahead if the Government cannot surmount the political courage to table concrete proposals? Instead of constructive consultation, we have confusion, which is certainly not contributing to a stable economic environment.

Let me outline some of my thoughts on tax reform. First, I believe that tax reform must, at the outset, be revenue neutral in its effect in such a way that taxpayers know their Government is not trying out another gimmick just to squeeze still more tax money out of them. The primary objective of any tax reform must be to design a fairer and more equitable tax system.

Second, tax reform must do away with the greatest possible number of tax shelters. This is not to say that all tax shelters are wrong. On the contrary, some are necessary to stimulate growth in those areas and sectors of the economy which most need it. For example, with respect to the mining industry, the flow-through share is a type of tax measure which can be implemented by a Government which wants to help the mining industry in some regions of Canada. That is why I would strongly support that this be kept in the tax reform, even

though the Minister and the Government might think, after seeing some exaggerations, that they must close some gap, or put in some regulations to ensure better control than the way this tax scheme is currently implemented.

Third, a logical and balanced tax reform proposal must reconsider all deductions and exemptions to see whether it would not be fairer that these be replaced by appropriate tax credits. I agree with what the Minister of Finance said yesterday in his Budget Speech. I made the same proposal on many occasions at the Standing Committee on Finance and Economic Affairs over the last few months. When I was Minister of Finance for Quebec, I moved in the same direction.

Fourth, a balanced proposal for tax reform must also consider the way in which individuals contribute to pension funds. If the Government's proposals on pension reform are enacted, the richer one is the more one will benefit from registered retirement savings plans. I suggest that the Government re-examine carefully the proposed changes to the RRSPs so as to bring as much fairness as possible into their implementation.

Fifth, tax reform will have to end the current $500,000 lifetime capital gains exemption. If the ultra-conservative Reagan administration has found the courage to tax fully practically all capital gains, then Canada, with a $32 billion deficit, should close that Tory tax loophole immediately.

Sixth, it strikes me that any tax reform proposal will have to deal seriously with the question of corporate taxes. Whilst we all recognize the need for a strong and profitable corporate sector, we must also be concerned with the many stories in recent years of corporations which, through tax loopholes, are not paying their fair share of taxes. Among other things, the Minister of Finance must look carefully at the way that the dividends earned and paid on term preferred shares are treated fiscally. Most of the time the actual system has been used by corporations not only to avoid paying taxes, but also to concentrate power in fewer hands.

• (1210)

Seventh, the Government has proposed on a number of occasions replacing the federal sales tax with a business transfer tax or a value added tax. Since the mechanism of such a tax is very complex, and no specific information has been forthcoming, I urge the Government to table its business transfer tax proposal, or a White Paper, forthwith, so that taxpayers will be able to understand clearly what the Government has in mind.

It is only reasonable that Canadians withhold their comments until they see more of the Government's proposal, particularly in view of the administrative headaches and costs that would be created for small businesses, farmers, home owners and the service industries. Let me state here and now that if the Government implements such a business transfer tax, then the sales tax credits introduced last year would have to be substantially increased so that lower income Canadians will not be further penalized by the Government. By its regressive nature, the business transfer tax hits hardest at those on small fixed incomes, those with the least ability to pay.

Finally, tax reform should maintain the over-all progressiveness of the tax system. The United States now has a personal tax system with only two rates. I feel that this is insufficient. A progressive system, in which the rich pay relatively more as a proportion of their income than the poor, is the key to a fairer system.

To summarize, let us have an approach to tax reform which is open, all-encompassing, and which has as its objective the lowering of marginal rates which will eliminate the lowest income Canadians from the tax rolls, and which will reduce the ever-increasing tax burden on middle-income Canadians. Let us have tax reform which is equitable and just, and which re-establishes equity between the rich and the poor. Up until now the net result of the last three Budgets has been to widen the gap between those who have and those who have not. This is not the Canadian way. We also need a better tax balance between the individual taxpayer and the corporate taxpayer. Full tax reform is essential to ensure that every partner in the Canadian economy—each and every taxpayer—knows that his or her tax dollar is being levied and spent in the fairest and most efficient way possible.

[*Translation*]

Mr. Speaker, I should like to deal now with the issue of our trade relations with the United States. The Budget Speech provides all Parliamentarians with a unique opportunity to examine some aspects, in fact all aspects of the Government's economic policy.

Under the present circumstances, how can we not raise the important issue of international trade with a special emphasis on our trade relations with GATT member countries generally, but more specifically our current negotiations with the United States to achieve global free trade?

Ever since this Conservative Government has been in power, it seems to have favoured the *ad-hoc* approach in the area of trade policies. It is a government without a sense of direction. A government which is more concerned about individual trees than about the whole forest.

Mr. Speaker, it is imperative that a government's action should be determined by its vision of the country. Its policies should be coordinated within the framework of a global strategy. This Conservative Government under Mr. Mulroney seems to have no plan of operation. Trying to do too many different things at once, it behaves as though all of Canada's ills and remedies originate in the United States.

From that premise, this Conservative Government has made a series of serious mistakes, but the most serious by far has been to assume that if Canada did not insist quite so much on the United States respecting its political sovereignty, economic benefits would ensue from that which in turn would make it

possible for us in the end, so they say, to recover our full political integrity.

Mr. Speaker, this mistake has resulted in the following compromises: The United States could operate their *Polar Sea* ice-breaker in our waters without our permission or even disapproval.

Also, the Conservatives have abolished the Foreign Investment Review Board.

The Conservative Government has adopted a very conciliatory attitude in connection with Canada's participation in setting up Star Wars technology.

Under pressure mainly from the United States, the Conservative Government has dismantled the National Energy Policy.

Following his Shamrock Summit with President Reagan in Quebec City, the Prime Minister, without previous consultation, without Parliamentary debate, and without consultation with the provinces, has involved Canada in global free trade negotiations with the United States.

Finally, unable to deal with the stubborn attitude of the Americans over the lumber issue the Government backed down. Instead of appealing its case to the GATT tribunal, it has decided to impose an additional 15 per cent tax on all our lumber exports to the United States. It is as though the Mulroney Government had chosen to beat up on the Canadian lumber industry instead of letting Washington do it.

This compromise of our political sovereignty has led to all sorts of consequences.

First, to meet the United States expectations, our country must review its regional development policy for fear of being accused of disloyal competition.

Second, to meet the demands of global free trade, it is compelled to deregulate transportation and trucking industries, to open our regions to American companies and accept *de facto* the principle of increased concentration of our transport industries in the hands of major American corporations.

Third, because of this compromise, Ontario and Quebec have felt the need to review their financial institutions regulations.

Fourth, the Federal Government, leading the way, has announced its own deregulation in this area, so that within the next few years, our brokers are likely to be controlled by the American giants or by some Canadian giant banking institutions.

If we deregulate the industry, if we deregulate banks and financial institutions, if we deregulate transport companies, in short if we let market forces be the sole determinants of our developement, do we not run the risk of bringing about considerable change in the pattern of economic activity in Canada? Little by little, will not our pattern of development necessarily adopt a North to South axis? What will become of East-West economic flows? In the conservative perspective of laisser faire, what will remain of Canada tomorrow as a political entity? What political bond will be strong enough to withstand the economic pressures of market forces favoring North-South flows? Will deregulation result in the American giants controlling an ever increasing part of our economy?

Canadians who live in Quebec and who have fought for Canadian unity are wondering whether they have fought that battle only to see the Conservatives put forward an economic policy whereby the regions of Canada shall see their future as being almost exclusively in the South.

The policy of the Conservative Government is harmful not only in terms of its vision of our relationships with the outside world, but also in terms of fiscal and social policies and in the area of culture. That is because, sooner or later, the conservative postulate which I have mentioned will do away with the most fundamental elements ot the Canadian mosaic and the Canadian way of life.

The conservative postulate whereby any and all problems and solutions find their source south of the border has vast repercussions.

What is most distressing is that while the government has set the wheels in motion, inadvertantly perhaps, it has no overall plan of action, it has not analysed the consequences and it has not sought from the Canadian people a consensus to move in that direction.

I say to this Government that it had better measure the consequences of its policies before it is too late. I ask this government what kind of Canada it wants to build for the future. Does this government know?

Mr. Speaker, I am not anti-American, anti-French, anti-English or anti anything, I am pro-Canadian, and in raising this problem I am only carrying out my duty as a Member of Parliament who has pledged to defend Canada's interests. If the objective of political integrity for our country is an important value, if being free and independent Canadians means anything, everything else, our policies as well as our attitudes, must follow.

Mr. Speaker, I do not underestimate the extent and the difficulty of the option I put forward. It has great and important implications and involves sacrifices.

However, I am convinced it is an option Canadians have always been aware of and have always accepted as a reasonable price they had to pay to be and remain free and independent citizens. The Liberal approach invites Canadians to meet the North American challenge in a way that differs considerably from what the Conservatives suggest.

For Liberals, the integrity of political sovereignty is a fundamental, unquestionable and non-negotiable value. Because our major premise differs from that of the Conservatives, inevitably our policies and approaches also differ. Hence our cautious approach on free-trade negociations with the United States. Hence the importance for us of east-west economic links, as well as national policies supported by

regional development programs. Hence the importance also for Liberals of preserving our cultural industries. Hence the importance for us, the Official Opposition, to secure the protection of our environment, our lakes, our rivers, our forests and our parkland. Hence, the importance for us of a viable agricultural industry which will require, in order to survive, the marketing mecanisms developed over the years. Hence, finally, the importance for us Liberals of protecting our social programs, that is medicare, hospital insurance, social welfare, and so on.

Our approach, Mr. Speaker, is not negative. Liberals do not refuse all form of bilateral negotiation with the United States. On the contrary! However, we say that such talks should be held under the umbrella of more comprehensive rules, negotiated at the international level. That is the process Canada has always used and it served us well up to now.

Mr. Speaker, a Liberal is, in principle, in favor of dismantling tariff and non-tariff barriers, because a Liberal believes in individual and trade freedom as well as in the free movement of goods and people. However, a Liberal also believes that a country has the right, and indeed the duty, to protect and enhance national sovereignty.

Mr. Speaker, what I have just said is not new. I said it in an article published in the magazine *De Novo*, more than a year ago. I would like to repeat the main points I developped in that article.

The real challenge in Canada today is to protect our competitive capability, but that challenge must be met by all Canadians, male and female. It is them who will have to make, by themselves and for themselves, the necessary democratic decisions.

If we want to maintain a competitive economy, our companies must have, among other things, sufficient profits to finance their own research and development. This means that those companies which are not at the present time viable, will have to adapt, modernize or disappear. It also means a greater reliance on automation of production lines. The salary levels of some groups of individuals might be adversely affected by such changes, and that is why we, in the Liberal Party, are advocating the creation of special programs of employment support and regional development, to act as buffers between the old economy and the new one.

Canada must meet the challenge of international competition, and I am convinced it can do it, but it will require a lot of change. If we enter a global free trade agreement with the United States, the pressure of U.S. markets, of Washington, will force us to adjust. If we want to compete with Japanese, Korean or European products and services, the pressure from these markets will force us to adjust. Adjustments will be necessary if we are to keep our markets in Europe, in the Pacific Rim countries or in the United States.

I think the present Government is wrong when it tries to put all our eggs in the U.S. basket. He should not have acted in the dark, without any preparation, without any comprehensive plan and without having received a clear mandate from Canadian men and women, not only a mandate on the substance of this initiative but a mandate on the way to take this step.

Instead of proposing Canadians to increase our competitiveness, instead of proposing readjustment programs developed here in Canada for Canadians, the Mulroney Government decided to ask Washington to discipline us. Unlike the Conservative postulate, the Liberal strategy is similar to the one contained in the interim report of the Joint Committee of the Senate and of the House of Commons tabled in September 1985.

Canada must exert pressures on its European, Japanese and American trade partners if multilateral negotiations are to be successfull. In its negotiations, Canada must consider not only the matter of tariffs barriers but also the question of non tariff barriers. It is in multilateral talks that the independence of Canada is least threatened.

Successful negotiations at that level would allow a better integration of the Canadian economy into the world economy without affecting our political sovereignty. Those negotiations which will last for a few years will give Canada and the provinces, in conjunction with the industry and unions, time to implement necessary and appropriate programs to make the transition between the old and the new economy easier.

Mr. Speaker, trade, taxation, tax policies, regional development policies are all but tools that a country uses to achieve more comprehensive goals about which a consensus has developed with time through the democratic process. That is a prerequisite to all talks with our neighbours to the south. I feel that for a lack of concern, inadvertently or by ignorance, the Conservatives have departed from the national consensus and Canadians are aware of it as shown in the polls.

Of course, outrageous patronage partly explains why the Conservatives have lost public support but that dramatic fall in popularity of the Government must be considered in a broader context. Surely the Canadian people reject so strongly the Conservatives today (we were told this morning that only 22 percent of Canadians support the Conservative Party) because they feel that they are breaking up the national consensus which has developed for the last forty years. I also feel that Canadians realize that the Mulroney Government has no action plan that has been well thought-out and democratically decided upon. Everything that is on the table is an impossible puzzle. We move pieces around, we put them here and there, without any notion of the final picture.

The Minister of External Affairs (Mr. Clark) travels around the world like a pilgrim looking for his luggage, but what Canadian message is he delivering? What policy is he conveying?

The Minister of International Trade (Miss Carney), for her part, is carrying along in her briefcase an all-purpose mandate from the Prime Minister which allows her to negotiate, to be

tough at times but to give in whenever the pressure gets too hard.

As for the Minister of Finance (Mr. Wilson), he must follow a bad score and improvise in turn a budget policy, and a tax reform which he has delayed time and time again.

Mr. Speaker, each minister has a few pieces of the puzzle in hand, and takes care of his own business but there is no conductor to really give the tempo, to coordinate initiatives and indicate to the Canadian people the direction of Government action.

• (1220)

[*English*]

I would like to conclude by returning to the underlying economic approach of this Government and this Budget.

Everything is not okay, far from it. Canadians do not believe in the concept that "I'm all right Jack". They care about the hardships facing their neighbours and the regions of Canada.

We expect the Government to show much more leadership in attacking the growing gap between the rich and the poor and between the have and have not regions of the country. It is simply not good enough to leave Canada's future only in the hands of market forces.

This country had a national dream, a dream of equality of opportunity no matter where one lives. We Liberals will not let this dream die.

Some Hon. Members: Hear, hear!

Mr. Garneau: Canadians expect nothing more, and they will accept nothing less.

[*Translation*]

Mr. Speaker, I now wish to move:

That the motion of the Minister of Finance be amended by deleting all of the words after "that" and by substituting the following:

—This House condemns the government for:

-presenting a budget that increases taxes on individual Canadians for the third year in a row, totalling billions and billions of dollars;

-widening the gap between the rich and the poor by their ill-advised and heartless fiscal policy;

-cutting the crucial Regional Economic Development Budget, for the third year in a row;

-once again delaying the long promised essential Tax Reform program thereby postponing any attempt to create more fairness to our tax system which is being eroded under the present conservative administration.

Mr. Deputy Speaker: We shall resume debate on the amendment with the Hon. Member for Ottawa Centre (Mr. Cassidy). But first, the Hon. Member for Kamloops—Shuswap (Mr. Riis), on a point of order.

• (1230)

[*English*]

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I rise on a point of order. There have been discussions among the Parties. I think you will find, as is the usual tradition, that there is unanimous agreement to permit the first speaker for the New Democratic Party to have, if necessary, the same time as the first speaker for the Official Opposition.

May I suggest that, since the hour is getting on, the Hon. Member's speech be heard and the question and answer period be held until perhaps after three o'clock.

Mr. Deputy Speaker: What the Hon. Member for Kamloops—Shuswap (Mr. Riis) has just said is, in fact, a tradition of the House. Is there unanimous consent to that effect?

Some Hon. Members: Agreed.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have had 20 years of experience in watching Budgets both as a journalist and as a politician in both this Chamber and in the Ontario Legislature. I venture to say that this is the emptiest and the most insignificant Budget that I have seen in all those 20 years of experience.

Since the Minister of Finance (Mr. Wilson) decided to defer the tax reform to be fair to all Canadians, there was a challenge in the Budget that he be frank with Canadians in recognizing the situation that many Canadians face. There was a challenge that the Minister of Finance provide real leadership in managing the economy in ways which every Canadian would benefit from. Unfortunately, the Minister was not fair. He was not frank and he has failed to provide the leadership we need. This was a Budget of lost opportunities from a Minister of Finance who has demonstrated that he fails to understand how most Canadians perceive how the economy is progressing and how the actions and economic policies of the Government affect them.

The Minister was so busy patting himself on the back yesterday that I thought his arm was going to fall off on several occasions. There is something seriously wrong with his perceptions because the Minister and his Government speak of Canada having a strong economic performance, yet the recent Gallup poll, not this morning's but the one of a month ago, indicates that more than 60 per cent of Canadians think otherwise. They think that the Government's record in economic management is weak. Are 15 million Canadians wrong, Mr. Speaker? Or is the view that the Minister of Finance has acquired, either from the top floor of the Ministry of Finance or from the riding of Etobicoke, somehow different from what most Canadians are experiencing?

Let me quote the Minister. He said the following both in French and in English:

If I had to choose just one message for Canadians today, it would be this: Our economic renewal program is working. It is delivering more growth, more jobs and more opportunities now. It is building new confidence at home. By changing our image abroad, it is helping to attract the investment that Canada needs.

Those were the words of the Minister of Finance.

Mr. Jelinek: Those are the facts.

Mr. Cassidy: That is not what 60 per cent of Canadians perceive. If you judge from today's Gallup poll, Mr. Speaker, I would venture to say that that is not what 78 per cent of Canadians see. We are seeing a situation where the ratings of the Conservative Party's popular support are running across the unemployment figures in the Province of Newfoundland.

When I look at how things are now, I find that 15 million Canadians are right, and it is the Government and the Minister of Finance that are out of touch with what is happening to average Canadians and their families today, five years after the recession of 1981-82 is meant to be over. If those Canadians had one message for the Minister of Finance it would be this:

[*Translation*]

The Minister's agenda for economic renewal is not working yet for us. It is not providing the growth and the jobs our region needs. Our confidence is starting to wane. We don't know about our image outside the country, but we think it is time jobs were created for us, for our neighbours and our children. And now is the time to start.

[*English*]

That is the message, Mr. Speaker, that many Canadians will be giving to the Minister of Finance, not just today but in the coming weeks.

I spoke to my friend, the Hon. Member for Kamloops—Shuswap (Mr. Riis), last night. I asked him what the reaction was in Kamloops—Shuswap. As he will say in the debate later today, the reaction from the interior of British Columbia is one of shock that the Minister of Finance could have done so little when the Budget is a once a year opportunity to set an economic direction for the country.

[*Translation*]

It is the same in the Chicoutimi area. There is nothing for people in the Saguenay—Lac-Saint-Jean area, nothing at all, except for assurances by the Minister of Finance that all is well if you happen to be within a certain radius of the CN Tower, in Toronto.

In Etobicoke, the Minister's riding, the unemployment rate is about 5 per cent. This points to a good rate of growth for people in the Toronto area. It does not reflect the situation in the rest of the country. It certainly does not reflect the situation in the riding of the Right Hon. Prime Minister (Mr. Mulroney), where the unemployment rate is 15 per cent, compared with 5 per cent in the riding of the Minister of Finance.

[*English*]

What do we do about two economies in the country where people within view of the CN Tower in Toronto are experiencing some growth, some economic revival, which is good for that part of the country, even though there are still people homeless and standing in lines at soup kitchens in Metropolitan Toronto? Some progress is being made there, but here in Ottawa the unemployment rate has been around 9 per cent, in Windsor it is around 9 per cent, and in most parts of the rest of the country the unemployment rate is much higher than that. The message, Mr. Speaker, is that the economic renewal program is just not working.

The Finance Minister said, and I quote:

> And we have only begun to see the results that we as a nation can achieve if we stay the course.

Given the fact that unemployment today in certain provinces is higher than it was at the height of the recession in 1981-82, I am not really sure what the Minister of Finance means. Does he mean that, given some more time, he can raise the unemployment rate more in certain parts of the country? Is that the program of the Minister of Finance? Surely not. Yet we have to judge a Government not just on the basis of its words but also on the basis of its deeds. I suggest that it is time for the Government of Canada to show the leadership Canadians want and need. We got very little in this Budget.

What we got in the Budget was a new target for the deficit, a bit of flim-flam in order to bring the deficit down below $30 billion. We got some deferral on defence, and a very unfortunate decision to defer $150 million in expenditures on Canada's program of aid to the Third World. We got an acceleration of tax payments by larger employers, which will affect the cash flow of the private sector to the benefit of the cash flow of the public sector. We got the withdrawal of the retaliatory tariff on Christmas trees, American books and on computer parts, tariffs which should never have been put in place. On top of that, we got a $650 million further tax increase on ordinary Canadians. However, that is all.

• (1240)

As I said last night, I wonder for what on earth we all came together. I am worried about the trend this Budget is setting because of my constituents in Ottawa Centre. Traditionally, year after year, they provide hotel services, restaurants and taxis for the army of analysts, stock brokers, lobbyists, journalists, pundits and observers who flock to Ottawa in order to participate in the annual ritual of the Budget. Between the marvellous amount of telecommunications and the emptiness of the Budget the Minister of Finance gave us, those people will not come to Ottawa every year just after Winterlude. There will be an economic slump in my riding because the Budget contains nothing at all.

The Minister had a unique opportunity, but it is an opportunity which he has in fact blown. He could, and I think he should, have looked across Canada in the mid-term of this Government to set a direction for Canada for the 1980s and 1990s. Everyone who observes politics knows the degree to which the Conservatives have fallen in public esteem. It is not just the scandals which have led people to that conclusion, although that has been the icing on the cake. There has been a

basic feeling that there is a lack of competence, a lack of vision, no sense of direction and a lack of leadership on the part of the Conservative Government, beginning at the level of the Prime Minister (Mr. Mulroney) and going right down through the Cabinet and the whole Party. That is bad for Canadians. As one Member of Parliament and as one citizen of Canada, I regret to see a Government that is behaving now as though it has been in power for 10 or 15 years and has totally run out of ideas. The difference is that this gang ran out of ideas before its first term had even come to an end.

A number of thoughtful commentators have been saying, I think justifiably, that if the Conservative Party intends and wishes to stay in power after 1988 or 1989, it will have to mend its ways in a very serious way. Conservative Members will have to take steps really to understand what is happening in Canada and to show Canadians they care about the situation, not just in downtown Toronto, not just in the Golden Horseshoe but in the interior of British Columbia. They must show that they care about what is happening to lumber producers in northern Quebec, to fishermen and women in the Maritimes and the Atlantic provinces, and about the fact that the oil industry has collapsed in much of Alberta and very little has been put in its place. That is the kind of caring we will have to see from the Government, and that is why this Budget is such a lost opportunity.

People in the Ministry of Finance maintain that the reason the tax reform has been deferred relates to the technical problems involved in putting it all together. I do not know whether or not that is true, although again I believe the Minister must be accountable for the fact that once again we have promises in tax reform but not performance. Tax reform has been delayed once again. With tax reform as the centrepiece of this Budget out of the way, there was the opportunity for some thoughtful reflection on Canada's direction and on what the Government intended to do about it. It was a time to reflect on the situation faced by average Canadians.

Over the past two years, middle and low-income Canadians have faced growing financial strains. The average family has borne tax increases under this Government of $1,350 per annum, and will face another $65 to $100 increase with this week's Budget. The vast bulk of Conservative tax increases have been borne by average families, whereas the burden of corporate taxes has continued to fall. This is an aspect of the situation we face which people are telling the Government they believe is unjustified.

Let me be more specific. According to the figures in the *Budget Papers,* taxes on individuals will have risen by 52 per cent between the year the Conservatives took office in 1984-85 and 1987-88. That is an extremely heavy burden at a time when people are struggling to get out from under after bearing the consequences of the recession. What is happening on the corporate side? In that same period, corporate taxes have dropped by 18 per cent. What kind of justice is that? The Government has promised tax reform, but it has raised taxes on individuals by 52 per cent and cut the tax take from corporations by 18 per cent in that period of time.

Perhaps I can put it in another graphic way. The Minister of Finance has said that tomorrow, the day after or sometime in the future, he will increase taxes on corporations. Since his Party took power, the share of federal government revenues coming from corporate tax has dropped from 13.2 per cent of total revenues to 10.5 per cent of total revenues in 1987-88. At the same time, personal income tax revenues have risen from 41.5 per cent of government revenues to 46.4 per cent of government revenues. Not that long ago, about a generation ago, personal and corporate taxes provided an equal share of federal government revenues. It has now got to the point where four and a half times the revenues come from the personal sector. The Minister of Finance has tolerated a $2.5 billion shortfall in corporate tax revenues in 1987-88 over what he was forecasting just a few months ago.

The Tory rhetoric about tax reform touches all the right bases, but their practice shows what the Government really believes. When we go to the hustings in 1988 or 1989, we will judge this Government not just on the basis of its rhetoric but on what it will actually have achieved. I suggest that all the evidence shows it will have achieved damned little for ordinary Canadians in the way of tax fairness, and for that I think we are all the sorrier because there was some real promise. The Minister of Finance takes pride in inching the deficit down below $30 billion this year, a target he missed in 1986-87. I predict he will probably miss that target again in the forthcoming fiscal year. We are asked to share his pride in the reduction of interest rates, although they are still two points above those of the United States. We are asked to share his pride in the steadiness of the inflation rate, although it is two points above that of the United States. We are asked to share his pride in the fact that unemployment rates have on average come down from their peak and fell by almost 1 per cent between 1985 and 1986. Sure, I am glad that occurred, but in 1987, while Canada may be doing better than most of the rest of the industrialized world, we are being told that our unemployment rates will stay above 9 per cent nationally.

According to Finance Department officials to whom we talked in the lock-up yesterday, the average unemployment rate in 1987-88, up to March 1988, will be 9.2 per cent. That is a reduction of less than half a percentage point from the average rate that prevailed in 1986-87. That is a measure of how much the Government has given up on its target of jobs, jobs, jobs which propelled the Prime Minister and his Party to office in September 1984.

I grant that Canada is doing better than other countries in terms of job creation and those things, but we must do that because the demographics of Canada are far different from those of West Germany, The United Kingdom or most other OECD countries. We have to run very fast in order to stay ahead. What the Government is doing now is essentially treading water rather than getting us ahead and coming to

grips with the unemployment problem and the problems of unfair regional disparities that continue to persist in Canada.

The Minister of Finance is the Dr. Pangloss of Canadian politics. Everything is for the best and the best of all possible worlds. There is barely a cloud to be seen in the sky. If any poverty still exists in Canada, one would hardly know it from the Budget Speech. In fact, the word "poverty" is not even mentioned. There is no reference to the situation experienced by four million of our fellow Canadians, men, women and children, I regret to say, who live in poverty. That must have come from orders from above because during the Throne Speech, which I presume was authored by the Prime Minister, poverty was not mentioned either. Somehow the Government is blind to the plight of 20 per cent of our fellow Canadians.

If the free trade talks are stalled and our economic relations with Washington are getting increasingly obstreperous, the Minister did not appear to have noticed. In fact, he seems to have forgotten those golden words, "free trade", because they do not appear in the speech either. The cod war with France which has the Atlantic provinces aflame rates barely a mention. Canada has quietly withdrawn the tariffs on books, computer parts and, thank goodness, Christmas trees, with which we fought our little trade war with the U.S. over shakes and shingles. We have found other ways to make our point, and U.S. consumers wound up paying the extra cost of the 35 per cent tariff. That is mentioned in the speech but as someone—

[*Translation*]

who is concerned about the situation, especially in Quebec and in my own province of Ontario, I find it strange that there is no reference to the 15 per cent tax on softwood lumber that will have a devastating effect on the future of the lumber industry in the province of Quebec, in the Atlantic provinces and the province of Ontario. Mr. Speaker, there is no reference to a tax that will have a very serious impact on employment in many regions in these two provinces. The Minister of Finance mentioned the good news but ignored the bad news which is the situation in which most Canadians in our regions find themselves.

So if you are practically blind to the situation or the problem, then you can only perceive the situation in Canada in a rosy context which, unfortunately, does not depict reality.

Indeed we now have two economies in Canada—one as the Minister of Finance sees it the other which most Canadians know through personal experience. There are two kinds of people in Canada, Mr. Speaker, the rich and the poor. Prosperity can be seen mostly in a small region of the country, around the riding of the Minister of Finance, in southern Ontario. You need only travel to the extremities of Ontario and Canada to get a totally different picture.

Before coming to the House today I had a look at the most recent unemployment figures, and I found the situation appalling, Mr. Speaker. From January 1986 to January 1987, 137,000 new jobs were created in Canada, a net increase of 137,000 jobs. Now if we look where these jobs are we find that 132,000 of them are in Ontario, mostly in southern Ontario, and the others throughout the rest of Canada. In other words, from January 1986 to January 1987 only 5,000 new jobs were created in the rest the country, which means Quebec, western Canada, the Atlantic Provinces and the territories.

That, Mr. Speaker, is what is going on in our country. The greatest part of Canada is still living in a state of recession and depression, yet the Minister of Finance does not have any answer to offer. The unemployment rate in seven of our provinces is now higher than at any time since the 1981-82 recession. And even though average economic indicators have improved, most Canadians have yet to pull out of the recession.

• (1250)

[*English*]

I listened to my friend, the Hon. Member for Laval-des-Rapides (Mr. Garneau), as he went through a number of unemployment figures which I will mention as well because they are important and telling. However, I want to remind my hon. friend, a former provincial Minister of Finance, that when he cites the high levels of unemployment prevailing in most parts of Canada today, let him and his Party not forget that those rates came about when the Liberals were in power. The economic crisis we face in Canada today began when the Liberal Government was in power. The tax concessions to, and tax expenditures for, corporations, which have cost Canadians so much and contributed so heavily to our $29.5 billion deficit, began when the Right Hon. Leader of the Opposition (Mr. Turner) was the Minister of Finance in the early 1970s. He began a trend which has cost Canadians billions of dollars in increased taxes to pay for those gifts to corporations. The Liberal Party of Canada may sound progressive when in opposition, it may decide to take on a number of the points and policies advocated consistently over the years by the NDP, but let us be clear about one thing: Liberals are progressive in opposition but they behave exactly like Conservatives when they are in power. We have 20 years of experience to prove it.

Let me read into the record just how hard people are still being hit by unemployment. Last year in Newfoundland unemployment averaged 20 per cent. It had reached 16.8 per cent at its peak in 1982. Unemployment in Prince Edward Island climbed to 13 per cent in 1982. Last year the average was 13.6 per cent. Somehow these facts seem to have escaped the Minister of Finance. In Nova Scotia the unemployment rate was 13 per cent. Last year, after two years of Conservative economic stimulation and renewal, the average rate was 13.5 per cent. In New Brunswick, it averaged 14.6 per cent last year, one-half per cent higher than in 1982. In Saskatchewan, the 1986 unemployment rate was 7.7 per cent, 1.5 per cent higher than during the recession. Unemployment in Alberta last year averaged 9.8 per cent, 2 per cent higher than 1982. Unemployment in B.C. last year averaged 12.6 per cent and has climbed to 14.6 per cent since the end of Expo. In 1982, it was 12.1 per cent.

Let me put it in another way. The Government told us in the Throne Speech last year, with some pride, that the average income of Canadian families rose in real terms in 1985 for the first time in five years. Good for us. The averages are encouraging. However, I am reminded of the economist who drowned in a pond the average depth of which was 7.5 inches. That is the situation for an awful lot of Canadian families. Averages made by people who tool around the streets of Etobicoke in BMWs and Jaguars do not put bread on the table for a lot of average Canadians. In 1985, the average family income in Ontario was $41,765. That was 40 per cent higher than the average in Newfoundland and most other Atlantic provinces. In other words, we have the contrast between the rich and the poor in this country and the Government does not feel it is worth looking at.

The Government has to deal with regional disparities. If the Throne Speech is any indication, the Government is aware of the problem. I remember responding positively when I heard the Governor General read the Government's words in the Throne Speech, and I quote, "that regional disparity remains an unacceptable reality of Canadian life." Somehow it seems that the Government's position is the same; it is unacceptable but it is not going to do anything about it. It is not just the fact that unemployment rates are intolerably high in seven or eight of our provinces, it is the fact that the Government has done so little to try to correct those disparities and to provide leadership and a sense of hope in many parts of our country.

Between the year the Government came to power and this year, far from increasing its commitment to combating regional disparity the Government retreated in the face of regional disparities, and between 1984-85 and the forthcoming fiscal year it is cutting $3 billion or something like 25 per cent from the budget of the Department of Regional Industrial Expansion and other regional and economic development programs. That is a tribute to Tory economic policies. The Government says regional disparity is an unacceptable reality, but its actions perpetuate those regional disparities. The Prime Minister told his constituents in Sept-Îles last weekend that the Budget was going to be thin on measures for regional development. We know he is often prone to hyperbole and I accuse him of that in this case. This Budget was not thin in what it did for regional economic development, it was non-existent.

You cannot maintain that any kind of meaningful economic recovery is taking place outside of Manitoba under an NDP Government, in southern Ontario where the NDP have also had a substantial influence, and in the region around Montreal. How quickly is that situation going to end? What is the Government going to do about it? What did it mean when it said that regional disparity was unacceptable? When I talked to Department of Finance officials, they said, "we are not going to do anything much because unemployment is going to stay at 9.2 per cent. In January of this year—you are motioning, Mr. Speaker, concerning extending the hour?

• (1300)

Mr. Deputy Speaker: The Hon. Member for Kamloops—Shuswap (Mr. Riis) asked that the Hon. Member for Ottawa Centre (Mr. Cassidy) be given time equal to that given to the member of the Official Opposition. That was granted by the House. We also agreed to proceed with the question and comment period after Question Period. However, does the Hon. Member for Ottawa Centre wish to obtain unanimous consent to continue his speech at this time?

Mr. Cassidy: I would hope to have consent to continue at this time, Mr. Speaker.

Some Hon. Members: Agreed.

Mr. Deputy Speaker: Very well. The Hon. Member for Ottawa Centre.

Mr. Cassidy: Thank you for giving me the opportunity to resume what I was saying. I will give a final statistic. There is a danger of going too heavily into statistics, but this one is telling. In January, 1987, there were 1,342,000 unemployed across Canada. That was a reduction of 5,000 from January, 1986. If every year we manage to eliminate 5,000 people from the unemployment rolls, were the Government given the time, which it will not be, in a mere 270 years we will succeed in wiping out unemployment in Canada. That is not in our lifetime, and it is certainly not good enough for average Canadians. Canadians want and deserve more than that. We cannot stay the course for 270 years, and no one wants to stay a course like that.

In vast areas of Canada in the future, more than 10 per cent of our workforce will be unemployed at any one time. Fifteen to 20 per cent of our young people are out of a job. I recognize that perhaps 10 per cent of the people unemployed today will be unemployed in a year's time. However, one family in four will have someone unemployed during the next 12 months. Half of us will likely have a close friend, a close relative or a neighbour who will be unemployed. Unemployment is becoming a pervasive fact of life which touches almost every Canadian home. It influences almost every decision. It undermines people's confidence, dignity, sense of worth, sense of purpose and ability to get on with their lives which, after all, is what the economy is all about.

Canadians say they want fairness. They say that it is not fair that corporations and rich Canadians get tax breaks while taxes keep increasing for the average family. They know it is not fair when Finance Ministers wring their hands but do nothing while chronic unemployment continues to blight the lives of 1.25 million Canadians. That is how many Canadians will be unemployed well into the 1990s with the economic policies of the Government.

Canadians do not accept the excuse that it is all right to have high unemployment because sometime in the future we will start to do better. That is very clear from the polls today

which put the Government a the lowest level of any Government in power in Canada during the last 40 years. The Government has fallen to these unprecedented levels of popular support, not only because of a web of scandal, but because of its failure to manage the economy effectively.

I will return for a moment to the question of poverty, which was not even mentioned in the Budget Speech. The Economic Council's annual review last year had this to say about poverty in Canada: "Fifty years after the great depression the sight of line-ups at soup kitchens and voluntary food depots cannot but raise feelings of outrage at the senseless intimidation of human dignity and ability among despairing men and women who would prefer to be productively employed".

Those soup kitchens are to be found not only in the Maritimes or western Canada. I have them in my constituency. People working in my riding office are helping in the Dalhousie food bank because people whom I represent as a Member of Parliament cannot get enough food, they do not have enough income in order to make ends meet. Four million Canadian citizens are living in poverty. Is there any sense of outrage from the Government? Does the Minister of Finance feel that there is something wrong with that situation? I guess he does not, Mr. Speaker. He does not want to talk about that at all.

I suggest that it is time we had a Government which is outraged about poverty. It is about time we had a Government which is outraged and concerned about the need for child care which is acceptable to all Canadians. It is about time we had a Government which was more honest in recognizing the situation faced by our farmers and other ordinary Canadians from coast to coast rather than selectively editing the record in order to come up with good news and no bad news at all. It is about time we had a Government which will come clean about what will happen as a result of the equalization Bill, which I understand will come before us in a week or two and will probably once again victimize the provinces, particularly the Province of Manitoba.

I think it is time that we had initiatives and leadership from the Government to combat the very high rates of unemployment among young workers. Rather than boasting about the science-based industries which we have in Canada, it is time the Government decided to admit its failures in terms of supporting research and development and the need for real action on the part of Canada to put the country back in the forefront with research and development entering into the industrial policy in a very major way. It is time that we have a Government which will begin now to bring back fairness in terms of tax policies.

[*Translation*]

Canadians want a fair fiscal policy, but it is not what they see in this Budget. Last January, the Minister of Finance (Mr. Wilson) informed us that his tax reform would again be delayed. It is now expected to begin in April or May, after which there will be discussions at the Committee on Finance and Economic Affairs, a bill in the fall, and finally perhaps a piece of legislation which will not come into effect before 1988 or maybe 1989.

We have had promises instead of action as concerns tax reform. Mr. Speaker, in my opinion, the Government should have given some indication that it is firmly committed to an effective tax reform.

Unfortunately, we have had another series of announcements and promises, but without any substance, and while taxes are increasing for ordinary Canadians, the wealthy are getting more concessions, such as the privilege of arranging for an RRSP with an investment broker instead of a trust company.

This means that people will be able to manage their RRSP's as though they were dealing with their own investments.

Mr. Speaker, the financial policy of this Government has been given a dramatic direction, but it has also been reactionary and regressive instead of progressive. Between 1986 and the new taxation year, taxes paid by individuals will increase by 13 per cent while corporate taxes will decrease by one-tenth of 1 percent. Is this based on the capacity to pay? Certainly not, Mr. Speaker, since corporate profits will increase by 20 percent and corporate taxes decrease, while individual incomes will increase by 4 or 5 percent and individual taxes by a higher percentage.

We estimate that, by 1990, the Conservatives will have increased individual taxes by up to $35 million while corporate taxes will have increased by under 1 percent of this amount. In each of their Budgets, the Conservatives have penalized average Canadians and omitted to impose real taxes on corporations. Where is the justice in this? Where is the credibility of the tax reform project of the Government? The answer is that there is no justice or credibility.

[*English*]

Effectively it promises jam tomorrow but never jam today, tax reductions tomorrow but never tax reductions today. Canadians will pay a cent a litre at the gas pumps to compensate for the removal of the PGRT. The average family will pay $65 to $100 on top of the $1,350 in tax increases they have already received in two previous Budgets from the Government. The average family will pay the 3 per cent surtax which was applied in the middle of last year to all Canadians. Meanwhile, on July 1 the tax rate of corporations will come down.

• (1310)

We were looking for the Government to send a signal to the average taxpayer that it is ready to eliminate the worst excesses of the tax system. We were looking for a signal as well that the Government will now start to collect the revenues which are available from tax reform both to create jobs and to start reducing the deficit. An important example of that kind of tax change would start with the totally unjustified exemption on capital gains, which was a giveaway in the 1985

Budget. That $500,000 capital gains exemption will cost $850 million because the Tories wanted to pay off their friends. Is it creating new jobs? Perhaps it is creating jobs in Florida, but the evidence is that in most regions of Canada it is not creating jobs at all. It is embedding unfairness in the tax system. There have been lots of rumours that there were going to be changes, but no action was taken.

The New Democratic Party tax probe pointed out a year ago that there were some 80,000 profitable Canadian companies which pay no tax at all. That figure is remarkably consistent year after year. It averages 75,000, 79,000, 80,000 companies per year, which means more than 25 per cent of companies do not pay tax. But did the Government move to make sure they will pay taxes this year? No, it did not. Did it indicate it even intends to do so? No, it did not. Again, there was no signal given.

We suggested that measures could have been taken which would have closed up the RRSP loopholes through the topping up which was brought in last year. The Government could have brought in revenues by closing off or by capping the tax exemption on capital gains. It could have begun to close the corporate tax loopholes not next year, but now. Was it done? No, not at all. That step was not taken. Instead, we are told that in 1987, we are going to lose $2.3 billion in revenues from corporations because of loss-carried-forwards and other fancy dodges which have enabled the corporations once again to pay less than their fair share of tax revenues.

I would now like to speak about the question of leadership. Leadership is what we looked for in a very real sense in this Budget. However, what we received from the Government this week has rightly been called a "do nothing" Budget. The economic and social challenges we face do not allow us the luxury of caretaker budget-making. Canadians have traditionally looked to their federal Government when there were major national problems to overcome, and that certainly applies now. That will not change. This country would not exist if it were not for the leadership of Sir John A. Macdonald in seeing that the Canadian Pacific Railway was built in order to link us from coast to coast.

The leadership of Conservative Governments, for example, has given us Air Canada, the Bank of Canada, and the Canadian National Railways. Many of these things came when Conservative Governments were in power. However, the neo-conservative doctrines from south of the border seem to have taken hold, and the need for that kind of leadership seems to have escaped the present Minister of Finance. I indicated the kind of leadership that we hoped to see in the area of tax fairness, but I think we need some other signals as well.

The Government should have given us a clear signal that it is committed to a real program of national child care with the federal Government helping to provide the resources with which this important program could be launched. My New Democratic colleague, the Hon. Member for Vancouver East (Ms. Mitchell), has been working hard for the last year in order to ensure that the Special Committee on Child Care does in fact recommend what we New Democrats have been calling for for a long time, which is that Ottawa initiate a national program of affordable and accessible child care. It will cost about $320 million to launch that program. I suggest that that program and those expenditures are long overdue. We are concerned about job creation and we estimate that that program could create 50,000 jobs across the country in very short order. We certainly have a slack in terms of unemployed Canadians to meet those needs for workers, and I suggest that in terms of social justice, justice for families, for women, for both sexes, this is a program which is long overdue.

The kind of leadership we do not need is what my hon. friend, the Hon. Member for Yorkton—Melville (Mr. Nystrom), referred to the other day when he exposed the shabby plans of the Government to bring in a western initiatives program, trying to dress it up as something new. As my colleague pointed out, the sum total of this new regional initiative for the West appears to be the money it will cost to change the shingles on the offices of the Department of Regional Industrial Expansion in Saskatoon, Edmonton and Vancouver, as well as moving a few DRIE employees to a new office in Winnipeg. This kind of thing used to occur when the Liberals were in power. I do not know why the Conservatives have to copy-cat everything that was done by the Liberals when they were in power. When people talk about open Government, they are looking for something a lot more honest and substantial than that.

I want to talk now about the farmers who are concerned, and rightly so, about this Budget. In 1987-88, we will have a payment to farmers of $700 million, with the $1 billion payment, to compensate them for the disastrous economic situation into which they were plunged by the grain wars between the EEC and the United States in the 1986 crop year. What will happen with respect to that is that we have an *ad hoc* program for one year and no guarantee of consistency or continuation. Effectively, those farmers are not guaranteed in any way that they can pull through with the 1987 crop year. We need some openness and anticipation on that front.

I will come in a moment to a few specific proposals for economic development in our regions, but I suggest it is now time to make a fundamental change in our economic policy and in how we define our economic objectives. It is time for the Government to adopt a policy of full employment and to make the policy of full employment a centre-piece of economic strategy for the Government of Canada, not just in 1987 but in 1988, in 1989, and for the next decade, or whatever time it takes us to get there. I suggest in fact that within four or five years, we should be able to get to full employment, not just the 6 per cent the economists tell us is now the non-accelerating inflation rate of unemployment. We should be down to the unemployment rates which are experienced now in countries like Sweden and Austria and that we in this country experienced back in the 1950s and early 1960s. It should be possible to aim for rates of unemployment as low as 3 per cent or 4 per cent in Canada. I believe it is is possible and realistic

to talk about reducing our unemployment rate by 2 per cent per annum, that is, by reducing the number of our unemployed Canadians by 250,000 per annum year after year until we get down to a level of unemployment which is in fact tolerable and acceptable to all Canadians, not just to the financiers and investment analysts on Bay Street who seem to provide the Minister of Finance with most of his advice.

The facts about unemployment in Canada are very clear. All the projections tell us we will continue to have 1.25 million unemployed Canadians for the foreseeable future. Through no fault of their own, they will live in idleness wondering what they did wrong in order that the economic system can continue to function and so employees are assured of a docile labour force which will not make too many waves.

[*Translation*]

Mr. Speaker, when opinion polls are taken, Canadians say that unemployment remain their most important concern. As the Youth Commissioner in Ontario, Mr. Ken Dryden, the former goal tender for the Montreal Canadiens, recently stated in his report: Canadians believe that unemployment is the main problem but the government does not respond. Governments act as they please and do what is possible but unemployment remains at an unacceptable level. If unemployment remains at an unacceptable level, it is too bad for the government. Mr. Speaker, in spite of the social cost of unemployment, in spite of the impact of unemployment on workers who find their life senseless and feel that they are being edged out of society, we are still tolerating an excessive unemployment rate.

Mr. Speaker, apparently social consensus to reduce unemployment is inexistent but it would be advisable to have one. And this is what I am advocating for the New Democratic Party. It is high time for us Canadians to start thinking seriously about our future and follow the lead of countries such as Norway, Sweden, Austria and, up to the 70, West Germany, who decided that a full employment policy is as important as any other objective in terms of political economy.

• (1320)

[*English*]

That is what I am suggesting we should be doing now. Like other countries, we should go beyond the prevailing situation where unemployment is systemic in Canada and somehow accepted as part of the system. We must change the system and plan for progressive reduction of unemployment to levels that are acceptable and tolerable. I suggest that 9 per cent unemployment across Canada is intolerable, with 13 per cent unemployment in many of our provinces and 19 per cent unemployment in Newfoundland. That is intolerable and the Government must make a commitment now to change that.

I suggest to the Minister of Finance that we are not only talking in abstracts. That may be the way his officials and advisers on Bay Street advise him, but the 1.25 million unemployed are real people.

Anyone who has visited a region of high unemployment knows that the whole community is affected. There is a sense of loss of opportunity, loss of mobility, and loss of dreams. There is no question that the high pool of unemployment that exists today helps to strengthen employers over employees, which can lead to unhealthy situations, to put it mildly, and can also adversely affect our productivity.

There is an intense sense of loss for the unemployed person because our society does not appreciate someone who is unemployed. Work is a major element in most people's lives because it gives them dignity, meaning, income, security, success, and self-esteem. In many ways, it is a major way for them to structure their time and provides a source of friends and social activities. It is difficult to hold up one's head when one does not have a job or know what to do, regardless of whether being unemployed is helping the over-all economic situation in the abstract.

I am sure most Members of Parliament from all Parties have shared my experience of being visited by unemployed people who have told how they feel depressed by that experience. For example, I advertised a job in my riding office a few months ago, for which 180 people applied. That is not an unusual number, and I believe that half of the people who applied were qualified and would have done a good job in the riding office for me and my constituents.

Often, employers do not answer letters from unemployed people. They feel harassed by a requirement in the unemployment insurance regulations by which they must go to a dozen job interviews every week in a depressed region, when they and the unemployment insurance officials know that there are barely a dozen employers in that area and there is no point in continually knocking on the doors if there are no jobs available.

While more humane treatment may help, it is not the answer. The real answer is to have fewer unemployed in our country. We should make the commitment now to lower our unemployment rate to levels that prevail in Europe. I admit that it will not be easy. I also grant that the New Democratic Party will come under close scrutiny for our economic policies in the coming months because of our position in the polls and that we will be contending as a major party in the forthcoming federal election. I will put before the people of Canada our commitment to full employment next to the commitment of the Minister of Finance to reduce the deficit. I believe Canadians will say that if they have a choice, they will choose full employment over whether the deficit is $28 billion, $29 billion, or $30 billion. The experience in countries like Sweden is that the measures that are used to achieve full employment are a good deal less traumatic than the initial commitment to achieve that.

I say honestly that I do not believe that a New Democratic Government can guarantee that every person who is employed will have a job working on a bank of computer terminals with which they control world-wide communications for some multinationals, or that they will have a job devising some new

technique by which psychiatric care is brought to people who are previously helpless. While I hope that occurs, many of the jobs will be just that, a job. However, many people who are unemployed would choose that over their current situation.

Many people, particularly young people, begin their careers with jobs that may not be outstanding but that provide experience on which they can progress. That essential growing experience is being denied them now. That very important commitment to full employment must come first. That will not be achieved without the Government's commitment to work with the provinces and municipalities, big and small businesses, the voluntary sector, and the labour movement in Canada. This will require a change of attitude that will influence all of our policies. It may require a review of tax policies that favour capital investment, which can cost jobs, and a consideration of tax policies that may help to create jobs rather than destroy them.

We must develop a co-operative approach in which all elements of society work together to achieve the goal of full unemployment, both at a national level and in every region and corner of Canada.

We need a sense of greater openness from employers in this country. I suggest that there are employers in Canada who still operate in the days of the great trusts of the 19th century in terms of their understanding of labour-management relations. They should open their books and reveal the situation to their employees. They should enlist their support, but make sure they benefit along with their sisters and brothers, their children and communities. I would like to see employers work together to create jobs rather than destroy them. I believe that men and women workers across the country will respond to that kind of challenge. The leadership for such an approach could and should come from the Government.

It is time to begin our journey on that long road toward full employment.

[*Translation*]

When I travel in Quebec, I am sometimes amazed by the steps taken by the former PQ Government which was quite progressive in several of its economic policies. For instance, for the various targetted regions and industries in the province of Quebec, there exist consultation panels made up of representatives from the various municipalities, regions, companies, unions, labours, volonteers who work together looking for means to reinforce the industries which may be threatened by Government policy changes or competition changes.

As recently as last year, I took part in Montreal in a conference which was really a huge consultation panel to try and develop a strategy for the futur of the city and region of Montreal for the next twenty years. Everybody was around the table. The participants had spent months preparing for that meeting. Mr. Speaker, you are well aware of this effort and how it was constructive in terms of planning, strategy, consensus as to what had to be done.

Mr. Speaker, if this approach has worked effectively in Quebec, it could also work effectively elsewhere in Canada.

Mr. Speaker, I feel this is good and should be copied.

[*English*]

Let me give an example of exactly how that approach is working effectively with an NDP Government in another corner of Canada. In Yukon, which my friends there call the top left corner of Canada, the New Democratic Party has been in government for approximately one and a half years, with a majority government in the last few weeks. When they came to power, the unemployment rate in Yukon was approximately 16 per cent to 19 per cent. Today, that rate has been cut to 9 per cent, below the national average, and is still decreasing. That Government has functioned with policies which my friends describe as a combination of John Maynard Keynes and Fritz Schumacher. There has been a careful analysis of where Yukon was losing jobs and how jobs could be created by import subsidies and other measures, while working very constructively to gain a consensus from all elements of Yukon society. One of the most exciting things occurring in the Yukon is a program called Yukon 2000. It is a program of co-operative planning for the future of the Yukon up to the year 2000.

• (1330)

In just over one year the Yukon has used far more local wood and timber for the construction of government buildings than it did before. That wood creates jobs locally; the steel that was imported did not. The people of the Yukon will be burning wood waste in a central heating plant to be built in downtown Whitehorse. This means that they will be using local resources and creating local jobs rather than having to pay in exports of products from the Yukon for imported oil that comes from southern Canada.

There are many other examples of what the Government of the Yukon has been doing in a few short months, which suggests to me what we could be doing nationally. The Yukon is not Canada. The population there is less than 25,000. If the lessons there were to be applied to the rest of the country, I suggest that if every region and municipality, be they populated by 25,000, 100,000 or 250,000 people, were to get together and plan in the same way perhaps we could see some of those results as well. But that would require leadership on the part of the Government.

I wish to make a few specific suggestions in terms of helping to resolve the injustices of regional disparity in our country and provide the leadership that we lack in the Budget. We have been told by the Finance Minister that these initiatives should no longer be taken in Budgets. For God's sake, when will it all come together? I do not know the answer to that question. I do know that the forthcoming tax reform will not in itself have economic impacts that can be relied upon in terms of getting the economy back to work. That was the experience in the United States, and it will be the experience here.

We need action that is now, action that is dedicated to moving Canada to full employment and bringing down the rate of unemployment among younger Canadians. I wish to make a number of suggestions in that area. First, the Government of Canada should be co-operating with the provinces in which lumber is an important industry to ensure that there is a major program of reforestation in all those provinces. I regret the circumstances and the decision of the Government to impose the lumber export tax, and my Party has made our position clear on that particular question. Those tax revenues, if they are coming in now, should be used to protect and enhance a major resource so that we can leave it to our children and our grandchildren, as opposed to destroying it in this generation. That would be a major source of employment in one-industry towns in rural regions of Canada. We need programs for agriculture that will ensure government participation on more than an *ad hoc* basis to maintain the agricultural economic base in western Canada in light of what has been happening with the suicidal grain wars between the European Economic Community and the United States.

It is time that the Government of Canada, and it could have done it in this Budget, announced that it will definitely award the contract for the Polar-8 ice-breaker to shipyards in British Columbia where Versatile has, I believe, won the bidding, and that that be undertaken now as a job-creating initiative. It would be a sovereignty-defending initiative for all Canadians. I suggest that the design for the project be carried out using the Canadian experience and technology that was gained in the Beaufort Sea. I suggest that the Government should not thoughtlessly put to one side the experience that was gained in the Beaufort by Alberta companies by allowing a foreign shipbuilder to design the Polar-8 at costs which I understand will be much higher.

In terms of agriculture I say, on behalf of my friends from western Canada, is it not time we got Canagrex back in operation in order to ensure that we can effectively market Canadian agricultural products around the world? It should be reinstituted not just for our grain products but for our meat products as well. Is that not something that is a priority? I think that it should be. The child care proposals which I just put forward would create an estimated 50,000 jobs. In British Columbia and in the Atlantic much more can and should be done in the area of fisheries enhancement and experiments with fish farming to make that resource into a permanent source of revenue and of jobs.

During 1985 my colleagues and I travelled across the country conducting a task force on jobs. We found that the potential for job creation and economic development at the local level was far greater than many people in Ottawa in the federal Government's advisory forces comprehend. We concluded that Governments at all levels should be initiating programs of community-based economic development. This would involve municipalities and regional bodies, small businesses, co-operatives, trade unions and caisses populaires, not just grants to big business.

The Government of Canada should be engaging in long range economic policy planning with different regions and different municipalities. We need and should have an economic diversification fund for single-industry towns. We need advance notice of plant closures as a matter of legislation so that communities, in conjunction with the federal and local Governments, can plan for plant closures by trying to avoid them or by trying to redeploy resources in other forms of employment before those jobs are lost.

I suggest it is time to put into place a program for social housing that will increase social housing units to 50,000 per year. Too many Canadians just cannot afford the houses that are now being built. This measure would create tens of thousands of jobs at an expense which is affordable to the Treasury.

Because we have in mind the problems of the deficit and so on I also suggest that at the national and regional level many of the approaches to full employment need not necessarily be costly. I will give one specific suggestion. The Economic Council of Canada has been making some suggestions about people being able to bank a certain amount of their income in order to take it out at other times, enabling them to manage their incomes over time a bit better. I suggest there are many Canadians who would like to take a course, take a trip, spend a year with a young child who has just come into the world, or for some other reason they would like to take some time out of the workforce without losing their attachment to a job. I suggest that legislation to permit that should be seriously considered as a part of the Canada Labour Code. I also suggest that people who wish to do that should be able to put aside and shelter from taxation a certain amount of their income for perhaps two or three years in order that they can draw the income out and maintain an income stream when they have taken time off for their sabbatical year, their trip, to paint that painting or to take that course or whatever it is they plan to do.

We need to look at labour market policies in general in order to see whether there are means by which work can be shared more effectively or the obstacles to work-sharing can at least be re-examined to ensure that they are not unrealistic and do not force people to choose either to work full-time or not to work at all. The latter means that they must work full-time rather than lose their attachment to the labour market.

Canada's municipalities have been pressing for federal co-operation in terms of getting their economies moving and in terms of renewing the infrastructure of roads, hospitals, water and sewage works and other municipal services. That is a demand which would help to create 50,000 jobs if answered. I suggest that that, too, is something which should be responded to positively by the Government.

Finally, it is time that the Government of Canada, in conjunction with the provinces, acted vigorously in showing initiative with respect to the problems of youth.

[*Translation*]

I just quoted from the report of the Ontario Commissioner of Youth, Mr. Ken Dryden, who recommended a program of initiatives that would allow young people to start their lives at work or to get the training courses they need to enter the labour market. But indeed, Mr. Speaker, that report has been ignored.

My colleague, the Hon. Member for Windsor—Walkerville (Mr. McCurdy) proposed the same kind of initiative with Opportunities for Youth, that could provide young people between 18 and 22 with two years of experience in the form of training, in the form of a grant to become entrepreneurs, in the form of life experience or in the form of a grant for post-secondary education.

It is a tragedy, Mr. Speaker, we have half a million of our young people who are now unemployed, and certainly the canadian Government should act, to ensure that all young people in this country can enter the labour market.

[*English*]

These are just a few ideas that I wanted to put before the Government. It seems that it has run out of ideas, which is why I will come in a moment to our amendment to the amendment to the motion of the Minister of Finance.

• (1340)

I am urging that we reorient our economic priorities. We cannot afford a "do-nothing" Budget. A Budget is not just an exercise at which to yawn; it is an exercise to give a sense of leadership, frankness, and fairness to all Canadians.

We acknowledge that there are problems with the Government's fiscal position. We are in a precarious state if the American economy, which has brought us up, turns downward. However, full employment policies do not only cost money. They bring in returns in terms of lower payments on unemployment insurance, lower payments on welfare, higher tax returns from corporations, higher tax returns from individuals who are back on the job, as well as higher returns in well-being and social cohesion in the common purpose of resolving our difficult problems.

This is why I believe we can face the scrutiny to which we will be put over the course of the coming months, now that the New Democratic Party has entered new grounds in terms of public support and is in fact a Party which will be vying for government at the time of the next federal election.

It is time that we made these commitments now. The Government must stand scrutiny for the fact that it has ignored the plight of most of Canada and has kept its vision blinkered. It has looked at the two economies and has seen only one, that is, the one of the rich, the one of the people around Bay Street and around southern Ontario, not the one of average Canadians across the country.

That is why I would like to move, seconded by the Hon. Member for Churchill (Mr. Murphy):

That the amendment to the motion of the Minister of Finance be amended by adding immediately thereafter the following words:

"and this House further condemn the Government for introducing a budget that tolerates the existence of 1,250,000 unemployed Canadians and fails to show fairness to the average Canadian family and regions that continue to feel the burden of economic recession with respect to employment and income; for failing to introduce a system of universal child care that would assist families and create jobs; for failing to demonstrate to the average Canadian taxpayer a genuine commitment to tax reform by eliminating in this budget some of the worst excesses in the tax system, such as the erosion of the corporate tax base begun by the Liberals in 1983;

for failing to even give mention in the Budget to the tragedy of four million Canadians living in poverty; and for failing to make full employment the first priority of the federal government.

That is our amendment. I hope it has the support of all Members of the House. I know, not just from the Gallup poll but from all other indications, that it has the support of far more Canadians than those who support the economic policies of the Government and of the Minister of Finance as announced yesterday.

Mr. Deputy Speaker: We will proceed with the period for questions and comments after Oral Question Period. It being 1.47 p.m., I do now leave the chair until 2 p.m.

At 1.47 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

TOURISM

IMPACT OF BUDGET MEASURES

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, the Budget speech delivered in the House yesterday has hit the tourism industry head on. Once again the Minister of Finance (Mr. Wilson) has decided to boost the price of gasoline, the excise tax has gone up one cent a litre, and this adds up to a 350 per cent excise tax increase since this Government came to power. The Minister has also raised the air transportation tax by $4 per ticket.

Why did the Minister choose to trip the tourism industry, an industry which employs 600,000 people and could indeed create quite a number of new jobs?

Mr. Speaker, this Budget proves that the Government has no consideration whatsoever for the tourism industry, nor for all those Canadians who must drive their car to work.

[*English*]

CHARTER OF RIGHTS

EXTENSION OF PROTECTION TO UNBORN CHILDREN URGED

Mr. Bob Corbett (Fundy—Royal): Mr. Speaker, in 1981 I spoke during the Constitution debate and urged that the rights of the unborn child be included in the Charter of Rights and Freedoms. I still believe that an unborn child must be accorded every right to protection as accorded those who can speak in their own defence.

Undoubtedly there are instances where the life of the mother is at risk, and I believe that her right to life must be given priority. However, the killing of an unborn child as a method of birth control is unacceptable to me and to a great number of Canadians. I urge the Government to take the appropriate action to include the rights of an unborn child in the Charter of Rights and Freedoms.

* * *

POLITICAL PARTIES

LIBERAL AND NEW DEMOCRATIC PARTIES—EYEING EXERCISE

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, the Liberals have now had their first meeting of the Committee to Look at the New Democratic Party. It is called the first meeting and, therefore, presumably there will be others, despite the denials of the Hon. Member for Hamilton East (Ms. Copps) that NDP watching is now going to be one of her favourite pastimes.

We in the NDP are considering striking a Committee to Look at the Liberals, but we would hold such meetings in public where both the public and certain prominent Liberals would be invited to appear. The Leader of the Opposition (Mr. Turner) this morning on *Canada AM* said he knows where the tax loopholes are. He could explain that he knows because he created many of them when he was Finance Minister. Judy Erola, the new paid spokesperson for the drug multinationals, could be invited to explain the real Liberal policy on generic drugs. Or the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) and the Hon. Member for St. Henri—Westmount (Mr. Johnston) could be invited to explain the Liberal view of free trade. Referees would be invited to this meeting.

Actually, Mr. Speaker, there was a committee that looked at the Liberals. A committee of the whole country looked at the Liberals in 1984 and threw them out of office. That same committee is now getting ready to throw out the Tories and, instead of going back to the Liberals, is looking to the NDP as the only genuine choice for a hopeful political future. That is why the Liberals are meeting, Mr. Speaker, but no amount of meetings will make the choice between Tweedledum and Tweedledee any less unattractive than it already is.

S. O. 21

STATUS OF WOMEN

ALBERTA FEDERATION OF WOMEN UNITED FOR THE FAMILY

Mr. Gordon Taylor (Bow River): Mr. Speaker, yesterday in this House a Member of the New Democratic Party criticized the Secretary of State (Mr. Crombie) for giving a grant to the Alberta Federation of Women United for the Family. I was disgusted, astonished, mystified, angry, horrified, shocked, alarmed, terrified, and almost mortified when I heard the remarks of the NDP Member.

• (1405)

The Alberta Federation of Women United for the Family is an organization urging and supporting high principles of life, working to keep families together and to avoid divorce, promoting the family and the equality of women in their family circle, stressing the extraordinary importance of child care and the need to look after the elderly in a dignified way, and fighting to give every unborn child created by God a chance to be born and to live. They deplore abortion on demand, something which murders thousands of unborn babies every year in Canada.

To this splendid group of women, the NDP would deny a grant. I say to this Federation: "Keep up the good work. You are upholding the principles that made this country great".

The Secretary of State of Canada should be thanked, complimented, honoured, praised, congratulated, admired, acclaimed, extolled and lauded for making this grant to such a splendid group of women.

* * *

[*Translation*]

THE BUDGET

GENERAL IMPACT

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, the Conservative Government is now going to take it out on children. Yesterday afternoon the Minister of Finance (Mr. Wilson) announced that, as of July 1, 1987, granola bars, ice cream and so many other candies and snack foods which children like so much will be taxable.

In this document which does not deserve to be described as a Budget, there is nothing for families, the elderly, and young people.

As of today, however, car drivers pay one cent more for a litre of gas, a total increase of four cents. Ever since the Conservatives and the Mulroney-Wilson tandem took over, all Canadians have been held hostages through these tax increases on fuel and the lack of energy policy of the Government.

Smokers have again been the victims of this Government which taxes, taxes, and taxes again.

Canada's tourism industry has also been hard hit by the Government. Air travel is becoming ever more popular, so the Minister raises the federal tax on this means of transportation to the tune of $4 a ticket.

In a previous Budget the Minister of Finance had promised less red tape for businesses. Today he announces that, twice instead of once a month, employers will be expected to remit source deductions on wages, thus making the administrative load that much heavier. This measure will seriously affect certain sectors of small- and medium-size businesses.

* * *

ENVIRONMENTAL AFFAIRS

RESPONSIBILITY OF QUEBEC MINISTER OF ENVIRONMENT TO APPEAR BEFORE COMMITTEE

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, as a Member of the Special Committee on Acid Rains, I deeply regret the attitude of the Quebec Minister of Environment who, on January 28, 1987, refused to appear before our committee.

Since February 5, the Environment Ministers of Manitoba, Newfoundland, Nova Scotia, New Brunswick or their representatives, have appeared before our committee. The Ontario Minister of Environment did as recently as this morning.

Mr. Speaker, knowing that the second worst polluter in North America is found in Rouyn-Noranda, and knowing also the polluted state of our lakes, forests, and maple groves in Quebec, I feel that the Quebec Minister of Environment should have agreed to come before our committee to discuss this situation and seek appropriate remedies.

Mr. Speaker, I therefore urge the Quebec Minister of Environment to reconsider and to decide to appear before our committee.

* * *

[*English*]

HISTORIC EVENTS

ESTONIA—ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Miss Aideen Nicholson (Trinity): Mr. Speaker, each year Canadians of Estonian origin gather to mark the anniversary of February 24, 1918, the day Estonia proclaimed its independence as a free and democratic republic. For this small nation whose people have survived adversity and oppression without ever losing their desire for freedom, the hard-won period of independence was all too short. It ended in 1940 when the Soviet Union forcibly and illegally annexed the three Baltic States of Estonia, Latvia, and Lithuania.

At this time when the Baltic States commemorate their days of freedom, it is appropriate to reflect on the precious gifts of democracy and freedom which Canadians are privileged to enjoy but which are denied to citizens of other countries. I know all Hon. Members will join me in reaffirming the hope we all share that our efforts will one day bring about the restoration of freedom and basic human rights in Estonia.

* * *

EXTERNAL AID

EFFECT OF BUDGET PROVISIONS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, two days ago, Stephen Lewis, Canada's Ambassador to the United Nations, said that Africa will be in a state of endless poverty unless the international community increases its financial assistance. Lewis criticized the United States and the Soviet Union for cutting aid budgets and said that there has been a retreat from good faith on the part of several western countries.

Yesterday Canada's Finance Minister (Mr. Wilson) gave the developing world a bad-faith Budget. He juggled figures to save $150 million in cash payments, and still pretends to contribute .5 per cent of our GNP to development. It does not work. When the juggling is over and the balls have fallen to the ground there will be $92 million less for development. That money is urgently needed in the developing world. Once again the Government has welshed on the needs of the Third World.

* * *

• (1410)

TARIFFS

LIFTING OF TARIFF ON CHRISTMAS TREE IMPORTS FROM UNITED STATES

Mr. Lawrence I. O'Neil (Cape Breton Highlands—Canso): Mr. Speaker, yesterday the Minister of Finance (Mr. Wilson) outlined the outstanding economic accomplishments of the Government. Lower interest rates and a growing national economy are the most important ingredients of regional development. Grants alone do not work. My riding is benefiting like never before because of this progress.

The Minister also lifted the tariff on Christmas trees entering Canada from the U.S. The tariff served the purpose for which it was imposed and brought home to the U.S. Congress that trade barriers can be imposed by the Government of Canada as well. Because it has been lifted, the Christmas tree growers of Nova Scotia will be relieved. They were concerned about possible U.S. retaliation.

This is one clear example of why we need a stable and secure trading relationship with the U.S. It is shameful that

the Opposition are opposed to securing that kind of a stable and secure trading environment with the U.S. Our Government's record is clear. It means better times for all Canadians in all regions. The Prime Minister (Mr. Mulroney) is showing what can be accomplished with strong leadership and sound management. All Canadians will continue to benefit.

* * *

[*Translation*]

SUPPLY AND SERVICES

RESPECT FOR EMPLOYMENT EQUITY REGULATIONS

Mrs. Suzanne Duplessis (Louis-Hébert): As a woman, Mr. Speaker, I certainly want to congratulate the Minister of Supply and Services (Mrs. Véniza) on her recent decision to cancel a call for tenders because the bidders had failed to respect employment equity regulations. This demonstrates our Government's firm determination to do everything in its power to ensure a better integration of Canadian women in the labour market. This is another promise we had made during the last election campaign and which has been kept.

On behalf of all Canadian women, I congratulate the Hon. Minister on this wise decision.

* * *

[*English*]

AUTOMOTIVE INDUSTRY

JAPANESE AND KOREAN ASSEMBLY PLANTS—CANADIAN CONTENT REQUIREMENT ADVOCATED

Hon. Herb Gray (Windsor West): Mr. Speaker, earlier this week the Minister of Regional Industrial Expansion (Mr. Côté) said he and his Conservative Government would not compel the new Japanese and Korean assembly plants in Canada to meet Auto Pact content requirements because to do so would discourage Japanese and Koreans from investing here. He also said he doubted that Canadian parts manufacturers could produce parts of the quality required by these new plants. Those statements shocked and dismayed Canadians because of what they showed about the lack of knowledge and support for this key Canadian industry by the Government.

We must insist that the Government immediately adopt a policy requiring all those who wish to sell cars in the Canadian market to play by the same rules and meet the Canadian content requirements. To do otherwise would put at risk tens of thousands of jobs. That may be the intention of the Government but that is not what Canadians want. We must insist that the Government understand and support the cornerstone of the Canadian economy, the Canadian auto industry, and the hundreds of thousands of Canadian jobs connected with it.

S. O. 21

HISTORIC EVENTS

ESTONIA—ANNIVERSARY OF PROCLAMATION OF INDEPENDENCE

Mr. William G. Lesick (Edmonton East): Mr. Speaker, on February 24, 1918, Estonia was proclaimed an independent democratic Republic. The country worked hard to establish itself under the harshest of post-World War I conditions. However, its freedom was short-lived. In June, 1940, the Soviet Union invaded that young country and shattered the dreams of a freedom-loving nation. Last December the Soviets had the gall to state that the people of Estonia joined voluntarily. That is nothing more than a deception. The democratic nation of Estonia was forced to give up its hard-earned independence and become a Soviet satellite.

Many people had to flee their homes and settle in other countries, including Canada. Every February 24 Canadians of Estonian origin remember their brief freedom as an independent nation. Let us join with them in commemoration of the anniversary and reflect on the importance of individual rights. We must never forget how precious freedom can be, and we must strive to ensure that democracy continues as our way of life.

* * *

THE BUDGET

EFFECT ON ATLANTIC CANADA

Mr. George Henderson (Egmont): Mr. Speaker, yesterday was a dark day for Atlantic Canadians. The Minister of Finance (Mr. Wilson) once again totally ignored them in his Budget. He ignored the plight of the unemployed, farmers, fishermen, and stopped the growth of our tourism industry dead in its tracks by adding another 4 1/2 cent-a-gallon tax on gasoline and diesel fuel.

• (1415)

Why is the Government treating Canadians in the poorer regions of the country this way? Is it because the Minister of Finance does not understand Canada? If so, what are Conservative MPs who also represent constituencies in Atlantic Canada doing? Why are they not speaking up in their caucus? Why are they not informing the Minister of Finance that Canada's financial house contains 12 rooms: 10 provinces plus the Yukon and the Northwest Territories, and that every room in the house needs some economic repair, not just the plush recreational room which houses the rich?

If the Conservative back-benchers are not delivering the message to the Minister of Finance, they are derelict in their duties as MPs. It is no wonder that they and the Government have lost the confidence of the Canadian people.

S. O. 21

ADMINISTRATION OF JUSTICE

TREATMENT OF CONVICT DURING COURT PROCEEDINGS

Mr. John Oostrom (Willowdale): Mr. Speaker, it is becoming clear that our criminal justice system is on the verge of disaster. Last week in Toronto a convicted criminal who is serving a four-year penitentiary sentence for bombing his own disco was back in court to face additional federal charges of fraud. While he waited for his preliminary hearing he was allowed to roam freely because of a court order which allowed him to pay the cost of being driven by sheriff's officers each day between Beaver Creek and Toronto.

Does this mean that we have two classes of criminals, that those who can afford to pay can buy special treatment? All prisoners in his predicament are confined to the Don Jail for the duration of preliminary hearings. If the individual feared for his life, protective custody should have been implemented.

One cannot help but be amazed that this individual, a convicted bomber, was within three months transferred from Millhaven, a maximum security penitentiary, to Beaver Creek, which is known as the Muskoka Hilton. I urge the Government and the judiciary to extend no special treatment to those who break society's rules by committing criminal acts.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT STATISTICS IN VARIOUS REGIONS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, yesterday's do-nothing Budget was a cold, cynical betrayal of the hundreds of thousands of Canadians who are unemployed and under-employed.

Wake up, Mr. Minister of Finance (Mr. Wilson), and recognize the tragedy existing on Vancouver Island with 15 per cent unemployed, in the B.C. interior with 16 per cent unemployed, southern British Columbia with 20 per cent unemployed, the Kootenay region of B.C. with 17 per cent unemployed, northern B.C. with 13 per cent unemployed, western Alberta with 13 per cent unemployed, northern Alberta with 13 per cent unemployed, northern Ontario with 15 per cent unemployed, northern Quebec with 15 per cent unemployed, southeast Quebec with 15 per cent unemployed, the Gaspé with 23 per cent unemployed, Labrador with 27 per cent unemployed, Cape Breton with 23 per cent unemployed, New Brunswick with 14 per cent unemployed, Nova Scotia with 15 per cent unemployed, Prince Edward Island with 17 per cent unemployed, western Newfoundland with 27 per cent unemployed, northern Newfoundland with 26 per cent unemployed, southern Newfoundland with 25 per cent unemployed, the south shore of Quebec with 15 per cent unemployed, the north shore of Quebec with 14 per cent unemployed, northern Nova Scotia with 20 per cent unemployed, southern Nova Scotia with 16 per cent unemployed, and Brant County with 10 per cent unemployed, et cetera, et cetera.

* * *

[*Translation*]

EQUALIZATION PAYMENTS

REQUEST THAT QUEBEC RECEIVE MORE MONEY

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, yesterday, the Quebec Government, through its Minister of Finance, Mr. Gérard D. Lévesque, announced it was very disappointed in the Budget brought down by the federal Minister of Finance, and especially in the lack of any statement about refunds in terms of federal tax transfers and equalization payments.

Mr. Speaker, I would urge all Members of this House and especially the Conservative Members from Quebec to put pressure on the Minister of Finance and the Prime Minister, in order to ensure that the province of Quebec is given a fair deal in the equalization dossier and that the federal Government refunds as soon as possible the amounts being claimed by the Quebec Minister of Finance.

* * *

[*English*]

REGIONAL DEVELOPMENT

CALL FOR CHANGE IN ECONOMIC POLICIES

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, Canadians in this region are both disappointed and outraged at the failure of the Government to take concrete and specific actions with regard to rectifying the regional inequalities in the country. "Wealth not evenly spread" says Prime Minister (Mr. Mulroney); "Programs to reflect regional need", said the Prime Minister in August; and "East Coast, West to get special aid" said the Prime Minister. Then in his great Throne Speech, the Prime Minister says: "regional disparity remains an unacceptable reality of Canadian life".

• (1420)

I call upon the Government to stop talking through both sides of its mouth and to provide some economic aid to those poor regions of this country. You have $5.8 billion from the regional economic development envelope. You have added $5 billion in excess taxes to Canadians. I call upon the Prime Minister—

Mr. Speaker: Order. I want to remind all Hon. Members that in this Chamber we do not say "you" when addressing questions to the Government or when the Government is

responding. I know the Hon. Member will be very careful not to do that.

Mr. Dingwall: Thank you, Mr. Speaker. I call upon the Right Hon. Prime Minister and the Minister of Finance (Mr. Wilson) to change their economic policies and address those economic disparities in this country. The Minister of Finance ought to know that unemployment in the regions of the country is unacceptably high. He has failed to address those very needs in the Budget. I wish the Government would exercise some political will and try to address the situation in order to provide economic stability to regions of our country.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

TREATMENT OF THE POOR AND OTHER CLASSES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance. I think it is tragic that I have to remind him that there are hundreds of thousands of poor people in Canada. Why were the unemployed young people of our country forgotten in his Budget? Why were those who must line up publicly at soup kitchens and food banks forgotten in his Budget? Why were single mothers forgotten in his Budget? Why were the people of Atlantic Canada, the west and the northern part of our country forgotten in his Budget? Why were so many Canadians forgotten?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Right Hon. Leader of the Opposition has it all wrong. They were not forgotten. I made specific reference to the problems that have existed in the regions of our country for some time now. For example, in western Canada we have addressed the problems in the oil and gas industry. We have addressed the problems with the farmers. We still must address those problems.

In Atlantic Canada there is the Atlantic Enterprise Program, the Atlantic Opportunities Program, and the Cape Breton Special Investment Tax Credit. We have maintained the regional investment tax credit. We have addressed these problems in many ways and we are seeing specific results.

The Hon. Member just referred to youth unemployment. When we came into office youth unemployment was 18.3 per cent. In January, 1987, it is 14.4 per cent. That is real progress.

Some Hon. Members: Hear, hear!

[*Translation*]

TAX INCREASES—NATURE OF FISCAL REGIME

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have another question for the Minister of Finance. Why should a single-parent family with an annual income of $15,000 pay $321 more than it did in 1984 when the present Government came to power? And why should a couple with two children and an income of $30,000 pay $1,020 more than in 1984? Why should Canadians trust this Government when the Minister of Finance himself has given them a tax system that is unfair and inequitable?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not like to remind the Hon. Member of how this began. We got started on this because we had to deal with a $38.3 billion deficit. That deficit began in 1972 when he was the Minister of Finance. Spending began to get out of control. During his time in office as Minister of Finance spending rose at an annual rate of 23 per cent and in the final year it was 29.8 per cent. That's a fact.

Some Hon. Members: Hear, hear!

• (1425)

Mr. Turner (Vancouver Quadra): Mr. Speaker, I want to remind this Minister of Finance, just for the record, that when I left the high office he now holds, the public debt of this country was $25 billion. Next year he is going to leave it at $300 billion. I am also going to remind him that the last two surpluses in Canadian history were brought down when I was Minister of Finance.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): That also happens to be a fact.

FUNDING OF REGIONAL DEVELOPMENT PROGRAMS

Right Hon. John N. Turner (Leader of the Opposition): I would like to remind the Minister of Finance that this country stretches from the Atlantic to the Pacific, up to the Arctic, and that a Budget ought to be a Budget for all Canadians.

Some Hon. Members: Question.

Mr. Turner (Vancouver Quadra): I am going to put the question. Unemployment in Newfoundland, in Prince Edward Island, in Nova Scotia, in Alberta and in British Columbia is higher now than it was in the depth of the recession in 1982. I therefore ask the Minister why is it since his Government came to power it has slashed over $3 billion from the regional development programs of the country?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, this Government came into office determined to deal with the problems. We are dealing with the problems. The Right Hon. Leader of the Opposition mentions the economic and regional development envelope. That was because there was $3.1 billion worth of spending because of the National Energy Program which has been removed. Is the Hon. Member, who is speaking out of both sides of his mouth on this one, saying we should go

back to the National Energy Program or is he saying we should—well, he is shaking his head. He does not know which way he stands on that.

Some Hon. Members: Oh, oh!

Mr. Wilson (Etobicoke Centre): Let me tell you, Mr. Speaker, just what we have done to deal with the problems of people who are in low income brackets. We have introduced employment initiatives to help those people get a job, to get the training. There has been $100 million devoted to that. We have a program for older workers to help them get back into the labour force. We have a refundable sales tax credit for those in low income brackets. We have the increase in the child tax credit and the acceleration of the payment of the child tax credit. These are all things which have been done to help those people and there is—

Mr. Speaker: Order. I think we might observe that there are going to be some days of debate on the Budget and there is probably a more appropriate place to exchange all of these statistics.

[*Translation*]

TRUE SIZE OF DEFICIT

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Minister of Finance and concerns the sleight of hand we witnessed in yesterday's Budget. Yesterday, the Minister of Finance said that next year the deficit would be $29.3 billion.

If the Minister had not resorted to the subterfuge of making businesses increase their paperwork and submit their source deductions twice a month, the real deficit for 1987-88 would be $30.5 billion.

My question is as follows: Why is the Minister trying to cover up the real situation, and when is he going to admit that the actual deficit is still above $30 billion?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the record which was set out in the Budget stands on its own, and I think it is a record which is well appreciated by people who are students of this and who compare it to the record which the Leader of the Opposition presided over when he saw a $481 million surplus turn into a $4 billion deficit in three and a half years. Spending rose by 23 per cent per annum. The national debt grew by 50 per cent. The debt service cost grew by 85 per cent. These are matters that can be labelled on the man who sits beside the Hon. Member. The inflation rate doubled during that period of time. Unemployment increased by 164,000—

• (1430)

Some Hon. Members: Order, order!

Mr. Wilson (Etobicoke Centre): —and the bank rate doubled.

Some Hon. Members: Hear, hear!

PERSONAL AND CORPORATE TAXES

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Liberal Party was defeated and a new Government was elected in 1984—

Some Hon. Members: Hear, hear!

Mr. Garneau: —with promises. The Government came to power promising to solve the problems of the deficit. After three years of economic recovery the deficit is at the same level that it was in the last complete year of the Liberal Government.

Why are the Minister of Finance and his Government trying deliberately to hide from the public the fact that individual Canadians will be paying more than $7.6 billion extra in taxes for 1987-88 while at the same time corporations will be paying $30 million less? Does the Minister think that is fair?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think I addressed that very clearly last night. We have recognized that there is a problem in the corporate tax system. That is one of the reasons for tax reform. We have acted regularly, starting in October of 1984, when we stopped the scientific research tax credit abuses and when we changed the rules on the use of limited partnerships. We stopped carve-outs, as well as the O&Y use of the tax system, something which the Right Hon. Leader of the Opposition brought in when he was the Minister of Finance. We have stopped all of these things.

We have also said that it is important to develop a general tax avoidance rule. These measures are designed to address the problem of the tax system. We are acting. We are not just talking about problems; we are acting on them.

Some Hon. Members: Hear, hear!

CORPORATE TAX REFORM

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Finance. Yesterday afternoon the Minister presented a Budget which increased taxes on the average family once again, making the cumulative increase for individuals in Canada some $1,500 since the Government came to power. The Minister then went on television last night and said two things. First, he said that there are many corporations out there that are profitable but which are not paying taxes. Second, he said that it is too soon for corporate tax reform. My question is simply this. Why is it too soon for corporate tax reform but not too soon for the Government to soak the average family when it comes to taxes?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I could repeat the answer to the question I just answered. We are acting on this. We have acted in a number of ways over the

last two-and-a-half years to deal with these instances as they come up. We will do it further in a tax reform discussion paper which will be brought forward this spring. I hope this will gain the support of the Hon. Member and his Party.

Let me comment on the effects on individuals. The unemployment rate is down. Some 677,000 more Canadians have jobs. Short-term interest rates are down. People who are buying homes today will find that it will cost them on a $50,000—

Some Hon. Members: Order, order!

Mr. Wilson (Etobicoke Centre): I know that the good news hurts over there.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, the news is that since this Government has come in corporate taxes have gone down 18 per cent, individual taxes have gone up 52 per cent, and unemployment in seven of the ten provinces is as bad or worse than when the Government was elected. That is the reality.

Some Hon. Members: Hear, hear!

[*Translation*]

REDUCTION OF FUNDS FOR EQUALIZATION PAYMENTS AND REGIONAL DEVELOPMENT—GOVERNMENT POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, today the unemployment rate in seven out of ten provinces is as bad as it was five years ago. Considering this fact, why does the Minister want to cut funds for equalization and regional development in this Budget?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, both the Leader of the Opposition and his cell-mate have been using this statistic on the unemployment figures. In Newfoundland in September, 1984, the unemployment rate was 23.8 per cent, while in January, 1987, it was 19.2 per cent.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): In New Brunswick the unemployment rate was 16.2 per cent in September of 1984; it is currently 13.9 per cent. In Quebec the figure was 12.9 per cent in 1984; it is 10.8 per cent at present. In Ontario in September of 1984 the rate was 9.4 per cent; at present it is 6.6 per cent. The figure for Manitoba was 9 per cent in 1984; it is currently 7.9 per cent. In Saskatchewan it was 8.7 per cent in 1984; it is currently 7.3 per cent. In Alberta it was 12.1 per cent; it is now 10.8 per cent. In British Columbia it was 15.1 per cent; it is currently 13.6 per cent. Those are the facts from Statistics Canada. There are only two provinces in which the unemployment rate is higher, and it is just by a very small amount.

Some Hon. Members: Hear, hear!

REQUEST FOR CORPORATE TAX REFORM IN ORDER TO HELP REGIONAL DEVELOPMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the reality is with respect to the comparisons between the depth of the depression and now. I can tell the Minister that he can go to most regions of the country and find that Canadians will tell him that unemployment is at a totally unacceptable level. That is what he will discover.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I want to ask the Minister this, and I hope instead of rattling off statistics he will give us—

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): Poor guy doesn't like the truth.

Mr. Speaker: Order, please. The Hon. Member will complete his question.

Mr. Broadbent: The third Party over there is having a little difficulty today.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Axworthy: The fourth Party.

Mr. Broadbent: That is right; they are behind the undecideds.

I wish to ask the Minister this. Since the Minister pointed out last night that there are many profitable corporations which are not paying taxes and since he knows that there are many regions in Canada in which the unemployment level is unexceptionally high—

Mr. Clark (Yellowhead): Unexceptionally?

Mr. Broadbent: —unacceptably high, why did he not bring in corporate tax reform now and use the money from that for regional development in those parts of Canada that need it?

Some Hon. Members: Hear, hear!

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, as a casual observer of the political scene I might say that the Hon. Member is not wearing his fleeting success very well.

Mr. Broadbent: That's really witty, Michael.

Mr. Rodriguez: Strike one!

Mr. Keeper: You know what you're talking about.

Mr. Nystrom: Bring back Crosbie.

Mr. Speaker: I ask Hon. Members to put their questions succinctly. Ministers, when questions are put succinctly, will deal with them in a succinct way. The Hon. Minister.

Mr. Wilson (Etobicoke Centre): Mr. Speaker, the Hon. Member has raised the question of regional disparities. This is a question that I very clearly addressed in the budget statement in two instances. We have been acting on this, as I indicated in response to the Right Hon. Leader of the Opposition, and there are further steps to be taken.

The Prime Minister has asked for a report on regional problems in Atlantic Canada which will be forthcoming shortly. The Deputy Prime Minister has a working group under way within the Government to deal with the problems of western diversification. There are other measures being taken in relation to problems in northern Ontario and northern Quebec.

As I indicated in the Budget, decisions will be made and announcements will be made at the appropriate time. But there is clearly a record of achievement by the Government. There is clearly a sense of direction as to how we will address this problem and see some real solutions.

• (1440)

SALES TAX EXTENSION

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of Finance who, in his budget speech yesterday, denounced sales taxes as unfair, inefficient, and silent job killers, while at the same time he added yet more sales taxes, for a total increase of $8.7 billion in the sales and excise tax loads since the Government took power. Will the Minister tell the House why he continues to depend so heavily on a form of taxation which hurts people and which he himself claims to find distasteful?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has quite rightly pointed to problems in the sales tax system about which I have been talking for some while now. The sales tax system is a silent killer of jobs. We have evidence in recent months where companies have closed down and moved to the United States, in part because of the impact of the sales tax system. I would hope, as we progress into sales tax reform, that she will understand and recognize that this is a problem and will look objectively and supportively at the reforms we will be proposing.

TREATMENT OF POOR AND UNEMPLOYED

Miss Aideen Nicholson (Trinity): Mr. Speaker, the Minister's rhetoric is good, but the fact remains that the Government is now stooping to wring nickels and dimes out of individual taxpayers who will be paying $7.6 billion in sales tax and income tax this year. What concrete assurance can the Minister offer today to the poor and unemployed who were left out of his Budget yesterday?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the poor and the unemployed have been well treated by the Government in the sense that 675,000 jobs have been created, which is the best way I know of getting people out of poverty, off the soup lines, and into the workforce where they have jobs. We have also addressed very clearly—and we have addressed it in all parts of the country—the problems of low-income Canadians, with the refundable sales tax credit. I see an Hon. Member across the way laughing at the refundable sales tax credit. I do not think that the people in her riding are laughing at that. I think they are quite appreciative that the Government is addressing a problem with action, not the rhetoric that she comes out with.

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[*Translation*]

FINANCE

INEQUALITY BETWEEN PERSONAL AND CORPORATE TAXES—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is for the Minister of Finance. There is a credibility problem. We have heard all sorts of promises about tax reform and about what the Minister will do next year. I want to ask him if there is any justice in the fact that, since his Government has come to power, taxes on individuals have increased by $23 billion while corporate taxes have gone down by $2 billion Is this fair?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, Governments are here to deal with problems. We are dealing with this problem. I have said clearly that the problems which the Hon. Member has raised in relation to the corporate tax system are valid concerns. We are dealing with those concerns. We have shut down a number of the tax loopholes which corporations had been using regularly, during the 2.5 years we have been in office.

I announced last night that there would be a general tax avoidance rule which, again, is supposed to deal with corporations that are making excessive use of these tax avoidance schemes and to get profitable corporations paying tax. We have also said that in tax reform there will be a reduction of tax preferences which corporations can use. All these things are designed to deal with that problem. As I have said before, I hope the Hon. Member will support us when we get to that element of tax reform.

CORPORATE TAX REVENUE

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, the latest unemployment figures show that, outside of Ontario, in the last year only 5,000 new jobs have been created since January, 1986. The Minister's own figures show that corporations are paying $2 billion less in taxes in 1987-88 than they were paying at the time the Government came into power. Why don't you take that $2 billion from corporations, which they should be paying, and get some jobs across the rest of the country?

Some Hon. Members: Order.

Mr. Speaker: Order, please. There has been a little slippage lately on the use of the word "you". Hon. Members know that that leads to disorder in the Chamber. I would ask Hon. Members to co-operate. The Hon. Member has put his question. It has been heard. We will hear the Minister.

Mr. Cassidy: Thank you, Mr. Speaker. I apologize—

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member had completed his question. I ask Hon. Members to stay within the rules. The Hon. Minister will reply.

Hon. Michael Wilson (Minister of Finance): Thank you very much, Mr. Speaker. I think Hon. Members of the House are quite used to the statistics which the New Democratic Party has used. Back in May, 1985, the Leader of the NDP said: "The effect of this is a net loss of 50,000 jobs this year and an additional 100,000 jobs next year". That is a very clear statement from *Hansard*. Since May, 1985, we have created 9,000 jobs in Newfoundland, 18,000 jobs in New Brunswick, 86,000 in Quebec, 222,000 jobs in Ontario, 25,000 jobs in Manitoba—

Some Hon. Members: More, more!

Mr. Speaker: The Hon. Member for Humber—Port au Port—St. Barbe.

* * *

THE BUDGET

PLIGHT OF UNEMPLOYED

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is for the Minister of Finance. Yesterday the Minister of Finance brought down a Budget, and today every youngster in the country is down in the basement looking for a secret place to stash their piggy banks in an attempt to keep their pennies from a Minister of Finance who wants to tax their granola bars, cream puffs, and other snacks. If the Minister were living in the real world, he would know that 1.25 million Canadians are unemployed, including 150,000 in Atlantic Canada, and that a kiddy tax is not the answer. Why were there no measures in the Budget to help the unemployed mothers and fathers, brothers and sisters of the nation?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, what is the answer is lower interest rates. Interest rates have come down 3.5 percentage points from the time we took office. They had another drop again today, and we will probably see that trend continue because of the strong confidence in the Government and the way—

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): In specific answer to what we have done to address the problems of regional disparities in Atlantic Canada, I remind the Hon. Member that we have the Atlantic Opportunities Program—$600 million of federal purchasing will be directed toward Atlantic Canada. We have the Cape Breton investment tax credit. We have the special investment tax credit which is special for all Atlantic Canada. We have the Atlantic Enterprise Program. We have had ERDA agreements with each of the provinces. All of these are designed to address the problems of regional disparities and unemployment in Atlantic Canada. Things are starting to work.

CAPITAL GAINS TAX EXEMPTION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the only way in which Atlantic Canadians were special in the Minister's Budget is that we were especially ignored. Not since Marie Antoinette said "Let them eat cake" has such an uncaring answer been given by a Minister to the poor and unemployed. How can the Minister continue to fatten the privileged few with a capital gains tax exemption worth $800 million this year, at a time when so many Canadians are doing without a job or a decent meal?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member has forgotten why the capital gains tax exemption was brought in. It was to help farmers. It was to help small businesses. It was to help give people the incentive to take money out of Canada Savings Bonds and put it into a new business which would create jobs. That is the reason we did it. I believe 475,000 jobs have been created since May 23, 1985, when that measure was brought in. That is the reason we brought in the capital gains tax exemption.

[*Translation*]

EQUALIZATION PAYMENTS—QUEBEC—GOVERNMENT POSITION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is for the Minister of Finance. The have-not regions lost more ground yesterday as regional development expenditures have increased only by 1.7 percent, which is very little, and the Budget says nothing about equalization in spite of the fact that the changes made to the equalization program have resulted in a loss of about $100 million for Quebec.

My question is this: Can the Minister of Finance tell this House whether he plans to correct this unfair treatment for Quebec as soon as possible?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, Quebec is not being treated unfairly, anymore than any other province. We have implemented a program to increase federal-provincial transfers and we have had a 5 percent rate of increase for equalization payments and a 5.3 percent rate of increase for education and health, I believe, and over the next five years, transfers to the provinces will increase from $65 billion to $90 billion. This is a major increase.

Oral Questions

QUEBEC'S INTENTION TO SUE FEDERAL GOVERNMENT

Mr. Robert Toupin (Terrebonne): Mr. Speaker, this is not the opinion of the Quebec Finance Minister, since he is considering taking legal action against Ottawa to obtain justice in this matter.

Mr. Speaker, are court actions the only way for Quebec to obtain justice and to urge this Government to act?

• (1450)

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Minister of Finance in the Province of Quebec is free to hold his own opinions. I believe that increasing the rates of equalization by more than 5 per cent per annum last year, this year and next year, is the right way to go. We are fully in accord with our responsibilities under the Constitution. We have said we are going to increase the equalization next year and the year after under technical changes in the equalization formula, and I think that this indicates clearly the commitment of the Government toward assisting the provinces that are less well off.

* * *

STATUS OF WOMEN

REAL WOMEN—INVITATION NOT ISSUED TO ATTEND CONFERENCE ON THE FAMILY

Mr. Sid Fraleigh (Lambton—Middlesex): Mr. Speaker, my question is directed to the Minister responsible for the Status of Women. The Canadian Advisory Council on the Status of Women is sponsoring a conference on the family, and for that I commend them. Once again, however, we see discrimination rearing its ugly head. REAL Women, who are perhaps one of the strongest advocates of the family, have been refused an invitation. The flimsy excuse being used is that they were invited last year and, due to the lack of space—

Mr. Speaker: The Hon. Member is using a lengthy preamble to set the tone for his question. I think that the preamble has set the necessary requisites and I would ask the Hon. Member to put his question.

Mr. Fraleigh: Can the Minister offer an explanation for this apparent discrimination?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, let me say that I am very much looking forward to this conference which is being sponsored by the Advisory Council on the Status of Women. Seventy-five groups will attend from all across Canada, with regional and cultural diversity. There are over 1,000 groups from which they pick the 75, and some 30 per cent of those are turned over every year.

I might point out to the Hon. Member that among those attending are the Canadian Federation of University Women, the Canadian Nurses Association, *Féderation des Femmes du Québec*, the Federation of Junior Leagues of Canada. It will be a very fine conference in which there is no discrimination.

* * *

[*Translation*]

THE BUDGET

DAY CARE SERVICES—GOVERNMENT POSITION

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question is directed to the Minister of Finance.

After insisting on several occasions on the importance of the family, of employment equity, on the urgency and priority of child care, last night in its Budget the Government totally ignored these matters.

I should like the Minister of Finance to indicate to us what funds we allocated in last night's Budget for child care services? Why is there no funding provided in the Budget, contrary to what the Government had promised?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member is well aware of the process set in train in Vancouver last November at the First Minister's Conference where the Prime Minister asked the provinces to work with the federal Government in trying to develop the standards for a national child care program. That is under way right now. There will be reports coming back to the First Ministers whereby we can co-operate with the provinces in dealing with this important initiative. At that time we will be able to take decisions on how we can proceed with the funding.

In the budget speech I have said that processes such as this must continue, and at the appropriate time we will be taking the right decisions. There is opportunity to do so within the fiscal framework.

[*Translation*]

ADHERENCE TO COMMITMENTS—GOVERNMENT POSITION

Mrs. Lucie Pépin (Outremont): My supplementary question is directed to the Prime Minister. Indeed, Mr. Speaker, at this Federal Provincial Conference which was held in Vancouver, the Prime Minister promised that there would be new money in the Budget for child care services. I should like the Prime Minister to tell us if he agrees with his Minister of Finance that there should be no funding in the Budget for child care services. Has the Prime Minister decided that child care services are no longer a priority for his Government? You made a commitment, Mr. Prime Minister. You stated publicly that funding would be provided for child care!

[*English*]

Hon. Michael Wilson (Minister of Finance): That is not the case, Mr. Speaker. I believe that I have responded to that question on the part of the Government. I have said very clearly that there is a process under way. When the recommendations are in from the consultation going on right now—

Mrs. Pépin: There was a promise.

Mr. Wilson (Etobicoke Centre): I think that the Hon. Member should give me the courtesy of listening to my answer. I listened very carefully to her question.

Ms. Copps: The Prime Minister made a promise.

Mr. Wilson (Etobicoke Centre): The process is under way right now. We are going to be able to make those decisions and provide funding within the context of the fiscal framework when those recommendations come forward.

Mrs. Pépin: The Prime Minister said there would be money in the Budget.

CHILD CARE FUNDING

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is also on the subject of lack of any support for child care and families in the Budget. Canadian families with young children do not need a breathing-space kind of Budget. What they need is assistance right now. We have had this confirmed over and over again. We have a crisis.

Can the Minister of Finance tell us why the Government is stalling on child care promises? We have it documented that a promise was made by the Prime Minister of substantial support. Is the Government stalling to wait for the provinces because the Government has a cop-out? Is that what the Government is trying to do? The Government wants to cop-out on this altogether. Why aren't you—

Mr. Speaker: Perhaps the Minister has heard the question and can deal with it in his answer.

Hon. Jake Epp (Minister of National Health and Welfare): Nobody is copping out, Mr. Speaker. The Prime Minister gave a very clear commitment from the Government of Canada, in Vancouver.

Mr. Benjamin: He is hiding.

Mr. Epp (Provencher): He is not hiding. None of us is hiding. Maybe you should hide behind your ignorance.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please. I am sure that if there is ignorance here, the Hon. Minister would wish to enlighten us all. The Hon. Minister.

Mr. Epp (Provencher): Mr. Speaker, the Ministers of Health, the Ministers of Social Services along with the Minister responsible for the Status of Women very clearly—

Mr. Garneau: The Minister of Finance?

Mr. Epp (Provencher): The Minister of Finance is totally in agreement with it. The Prime Minister has given a direction. The Hon. Member is a member of a parliamentary committee and she doesn't have the report. She keeps talking here day after day. I ask that she give me the recommendations and then we will have the program complete so that by the end of the first half of this year the program can be pronounced by the Prime Minister at that time.

REQUEST FOR FUNDING

Ms. Margaret Mitchell (Vancouver East): Of course, the Finance Minister agrees, Mr. Speaker, because he does not want to spend any money on child care. This Party has presented recommendations to the Finance Minister—

• (1500)

Mr. Speaker: I would ask the Hon. Member to put the question. This has been a very active Question Period and we are starting to run out of time. I am sure the Hon. Member can put her question directly.

Ms. Mitchell: Mr. Speaker, if the Minister of Finance received the letter outlining our position on emergency funds for child care, and he did, why will he not take a leadership role and provide funds now? Will he reconsider at all?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the Hon. Member is putting forward a plan which was only accepted or put forward by Manitoba. None of the other provinces wanted to go that route. I wish the Hon. Member would start to understand that approximately 8 per cent of Canadians accept that route. Surely we must have an option and surely we must have different plans for different Canadian families. I wish the Hon. Member would move away from her approach which is that only she knows while the rest of us do not know anything about families and the needs of children.

* * *

THE BUDGET

GASOLINE TAX INCREASE

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Finance. The Government has been trying to decide how to finance assistance to the energy sector, whether it be through tax increases, the Consolidated Revenue Fund or perhaps depletion allowances. It has come down to the one-cent-per-litre increase on gasoline taxes and the equalling of the taxes on

leaded and unleaded gasoline. However, the Government has forgotten one thing. It has forgotten to give assistance to the energy sector. Without any assistance to the energy sector, why is there this tax grab against Canadian motorists?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think I said two or three times in the Budget Speech that we have acknowledged that the energy industry is going through some difficult times today. We have also acknowledged that one of the ways we can address this problem is through tax reform. We can address the problem in the energy industry in a more permanent way through tax reform. We have also said that as projects come forward in which there could be a role for the federal Government, we want to discuss them very carefully with the provinces and the elements of the industry involved to see if there is a role for the Government to play. These are things we want to do, and we will continue addressing these matters on an ongoing basis.

MINISTER'S POSITION

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, honourable mention in the Minister's Budget will not help the energy sector. Why is the Minister using lower world oil prices to gouge Canadian motorists constantly?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not want to embarrass the Hon. Member by reminding him of what happened to gasoline prices during the period between 1980 and 1984. They went up quite significantly, and today they are down below the level of September, 1984. The Hon. Member should be quite aware of the record of the Government with which he was involved and of our record today as a Government.

SMALL OIL INDUSTRY COMPANIES

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, I wish to follow that up with the Minister of Finance. This morning I spoke to some representatives of the small petroleum exploration service companies in Alberta. They told me that they are simply dying and that the removal of the PGRT helped the big boys but did not help them at all. You raised $450 million by hosing the consumer again for one cent a litre—

Mr. Speaker: Order. Let us try to concentrate.

Mr. Waddell: You are absolutely right, Mr. Speaker. I am sorry. I am losing my riding so that should concentrate my mind a bit.

The one-cent-per-litre increase means $450 million. Why does the Minister not put that into a special fund and earmark it for aid to small Canadian producers in western Canada?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think we have indicated quite clearly by our actions last year, when we quadrupled the small producer tax credit and made changes retroactively to help those people who were providing funding through royalty income to the small producers, that we have responded clearly to those concerns. As I just said in response to a previous question, there is still more that might be done. We want to address this clearly and on a permanent basis through tax reform. I would appreciate the support and recommendations of the Hon. Member as we get closer to that date.

Mr. Speaker: I will try to recognize a few more Hon. Members but—

[*Translation*]

—but I would ask Hon. Members to limit themselves to only one question. The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) has the floor.

* * *

THE BUDGET

PROVISIONS CONCERNING THE NEEDY

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is for the Minister of Finance. The Minister is aware that in 1985 there were in Canada some four million men and women living below the poverty line. He is also aware that in every town and village in Canada, non profit organizations have to set up clothing and food banks, better known in Montreal as "*La soupe*". He will know also that the lineups in front of these food banks are getting longer every day.

Could the Minister indicate to Hon. Members as well as these four million people on what page of his Budget they are likely to find a way out of their poverty?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that for Canadians the best way out of poverty is through employment. We have created 675,000 jobs. In the province of Quebec, we have created eight times more jobs than the previous Government.

[*English*]

In addition to that, I have outlined clearly with the refundable sales tax credit, with the acceleration of the child tax credit and with the increase in the child tax credit, that all these are designed to help those below the low-income cut-off line. The results show that 263,000 fewer Canadian families are below the low-income cut-off line. That is progress.

CANADA PENSION PLAN

INCREASED DISABILITY PAYMENTS—RESULT OF ACTIONS TAKEN BY PROVINCES

Mr. David Daubney (Ottawa West): Mr. Speaker, my question is for the Minister of National Health and Welfare. In January the Government increased disability payments under the Canada Pension Plan by $150 per month. This benefited over 150,000 Canadians. However, 20,000 of the poorest disabled Canadians have found that this increase has been erased by a reduction in provincial welfare payments. In light of the fact that these federal increases were designed to help precisely those disabled Canadians in the poorest category, what action will the Minister take to ensure that increases in federal disability payments are not effectively cancelled by provincial government reductions?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the change in the Canada Pension Plan disability benefits of a maximum increase of $150 per month is something we were hoping we could pass right through to those who are disabled. A number of provinces have decided, either through municipal welfare programs or provincial welfare programs, not to pass through the full amount or to retain some of the amount. Prior to the effective date of the legislation, I had written that it would be my hope that the pass-through would take place and would include drug cards and that type of thing.

There is a problem in the Canada Assistance Plan and I believe we have to address that, but I want to see those benefits passed through. I should say that when I have talked to companies about every case that has come to my attention, I found that companies have passed through the entire amount this Parliament gave in increases through the CPP.

[*Translation*]

Mr. Speaker: It is with regret that I must advise the House that the Oral Question Period is now over. The Hon. Member for Charlevoix (Mr. Hamelin) rises on a question of privilege.

* * *

PRIVILEGE

APPLICATION OF OFFICIAL LANGUAGES ACT TO PARLIAMENT

Mr. Charles Hamelin (Charlevoix): Mr. Speaker, I would like to raise a question of privilege concerning my rights as a francophone Member of Parliament and the rights of anglophone Members in this House. Mr. Speaker, as I pointed out to you, when some doubt arose as to whether the Official Languages Act of this country applied to Parliament, the law clerks of the House of Commons and the Senate were asked for a legal opinion. In fact, since 1981—

Mr. Speaker: I'm sure all Members are very much aware of the subject the Hon. Member is raising. It is a difficult and very important matter, and for that reason, I would ask all Members to listen with some—

• (1510)

[*English*]

I would ask all Hon. Members to quieten their discussions because the point the Hon. Member is making is an important and difficult one and deserves the attention of the Chamber.

[*Translation*]

Mr. Hamelin: Mr. Speaker, this question is indeed very important because, as I said before, four legal opinions have been drafted since 1981: on June 5, 1981, by the Law Clerk of the House of Commons, Mr. Maingot; in November 1981 by the Law Clerk of the Senate, Mr. Raymond L. du Plessis; on June 4, 1986 by the Law Clerk of the House of Commons, Mr. Marcel L. Pelletier; and recently, on February 16, by the Law Clerk of the Senate, Mr. du Plessis. These legal opinions all concluded that the Official Languages Act of Canada, adopted nearly twenty years ago, does not apply to this Parliament.

An Hon. Member: Shame!

Mr. Hamelin: Imagine, Mr. Speaker, this fundamental legislation does not apply to the Senate, to Parliament or its components. This conclusion is justified on the basis of the terms used in Section 2 of the Official Languages Act, namely: "all the institutions of the Parliament and Government of Canada". In fact, Parliament is governed only by the Constitution of this country and cannot be subject to the jurisdiction of the courts unless it specifically so decides in the Constitution. And that apparently is not the case. Furthermore, the terms "institutions of the Parliament of Canada" are not specific enough to mean Parliament itself, since there is a distinction between the institutions of Parliament and its constituent parts, the institutions being those created by Parliament, including the Library of Parliament and the parliamentary committees, while under Section 17 of the Constitution Act, 1867, Parliament consists of three components, namely the Queen, the House of Commons and the Senate. This distinction between the institutions and the constituent parts of Parliament is sufficient reason to conclude there was no specific intention on the part of Parliament to be bound by Section 2 of the Official Languages Act.

The conclusions of all three law clerks are quite clear in this respect, and to quote Joseph Maingot: "The Official Languages Act is so unspecific with respect to the House of Commons that I can say that in law, one cannot give it that interpretation". I would now like to quote Mr. Pelletier, Law Clerk of the House of Commons: "In concluding, I may repeat with even greater emphasis than the previous Law Clerk that the Official Languages Act does not apply to the House of Commons nor to its officials in the performance of their duties". And now, Mr. du Plessis:

[*English*]

"Therefore, because of the imprecise nature of the language as used in the Official Languages Act when it refers to Parliament, the Act cannot be held to apply to the administrative offices and staff of Parliament."

[*Translation*]

Finally, as concerns the status, rights and privileges of Canada's official languages under Subsection 16(1) of the Canadian Charter of Rights and Freedoms, they are enounced nearly word for word in the same terms as in Section 2 of the Official Languages Act, including the words "in all institutions of the Parliament and government of Canada". The Canadian Charter of Rights and Freedoms adds nothing to the status, rights and privileges of English and French in Parliament itself, or its constituent bodies. This explains the following comment of the House of Commons law clerk, Mr. Pelletier: In my opinion, the Charter says nothing about the language in which the Houses of Parliament must serve the public and the working language of their employees.

I could continue, Mr. Speaker, but I shall stop here. I have given you a document on this matter. However, I find it rather uncomfortable, and that is an understatement as I could say ridiculous or even crazy, for this Parliament to have established a Standing Joint Committee on Official Languages in Canada and for Parliament itself to be exempt from the law.

We, the members of the committee, which includes representatives from the Senate, the opposition and the Government, must remonstrate with federal institutions, agencies and departments, while we ourselves are above the law.

I find this completely ridiculous. As co-chairman of this committee, I look silly remonstrating with parliamentary institutions, departments or agencies when my own House of Commons and the Senate seem to be above the law. I find this completely ludicrous. I am ashamed of the fact that the law still fails to recognize the basic right to linguistic duality in Canada. Does the sovereignty of this Parliament put it above the law? I do not think so, Mr. Speaker. I hope, and this is my appeal to the Government, that the Official Languages Act, which is to be amended in the near future, will contain specific provisions saying that Parliament, its constituent bodies and its institutions are directly and necessarily bound, as they should always have been, by the Act as amended.

Mr. Speaker, in view of what you said earlier in my intervention, I rely on you to guarantee my rights as a French-speaking parliamentarian so that, with you and within these walls, I may truly live the linguistic duality of this country.

I would like to add, Mr. Speaker, and I shall close on this point, that, under the law, our translators could leave and we could have our the debates in English only. I repeat that, under the law—

An Hon. Member: The debates in French!

Mr. Hamelin: —or the debates could be in French only. Imagine in what a ridiculous situation this place us.

Mr. Speaker, I am relying on you and on the Government to see to it that this montrous anomaly is corrected as soon as possible.

Thank you for your attention, Mr. Speaker.

[*English*]

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I want to compliment my colleague on his argument and the effort he has made to research it. I have not had an awful lot of time to try to put my thoughts together on the matter, so in trying to address the question of whether or not the language of Parliament was either English or French I took for my instruction the Constitution Act and referred to the same section my hon. colleague referred to in which it says:

> 16. (1) English and French are the official languages of Canada and have equality of status and equal rights and privileges as to their use in all institutions of the Parliament and government of Canada.

My hon. colleague argues that since the Official Languages Act was passed some 20 years ago and does not specifically refer to Parliament, that leaves us in sort of a conundrum. It seems to me that the Constitution Act takes care of that matter in Section 16 and makes French and English, on an equal basis, as it obviously should be, the working language of Parliament. We see every day in the institutions of Parliament, that is the buildings, the committees, and the various ways in which we function, that both languages have official status and can be used interchangeably. I listened to my colleague's comments on the legal opinions of persons probably more learned than I in constitutional law. However, I still refer to Section 16.

• (1520)

While this is an interesting point, I am not sure that it is a question of privilege because the right of my colleague to use either French or English—and he uses both very well in this House—is enshrined in Section 16 of the Constitution. In my opinion, in no way is my hon. colleague or anyone in this House restricted in the use of either language. Translation is provided in the House of Commons thanks to the Right Hon. John Diefenbaker who instituted it and thanks to all of us who make sure that translation services are available at every committee meeting. I believe that the House of Commons, the Senate, and the other institutions which together form the Government of Canada, are in fact living Section 16 of the Constitution every day.

I submit, first, that the use of both languages is provided for in the Constitution. Second, I submit, not to diminish the point which my hon. colleague makes, that it is not a question of privilege because his right to use either language is protected in this House and all the institutions of Parliament.

[*Translation*]

Mrs. Lucie Pépin (Outremont): Mr. Speaker, I should like to ask you to give serious consideration to the request of the Hon. Member for Charlevoix (Mr. Hamelin). As assistant critic in the field of the official languages I know that the Hon. Member for Ottawa—Vanier (Mr. Gauthier), who is responsible for this question, would want to express strong support for the request made by the Hon. Member for Charlevoix. I think it is very important to give careful consideration to this request.

I also have another favour to ask you. When you study the request concerning the official languages, I would like you to consider the feminization of words, for every time we ask that a report be written in French we are invariably told that there can be no question of feminizing words because this is not covered by the Standing Orders of the House and, as it happens, it is up to the Committee on Official Languages to enforce it. Since we now seem to be experiencing some difficulty with respect to the official languages in the House, the time might be appropriate to consider this other issue as well. I should think that it has now become common to use feminine words when referring to Canadian women and, in my opinion, the House of Commons should be up to date in the presentation of its reports and documents.

So I would urge you to give serious consideration to the request of the Hon. Member for Charlevoix with respect to the official languages, but to consider as well the feminization of words in all House of Commons reports.

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, I would like also to make a few submissions in order to assist you in dealing with the matter at hand, the question of privilege, since you will have to determine later on whether the privileges of the Hon. Member for Charleboix have been breached, as he has submitted.

The matter he is raising, that the Official Languages Act may not apply to Parliament, is not new. It has been raised on a number of occasions in this House, for instance by the Hon. Member who usually sits next to me, the Hon. Member for Ottawa—Vanier.

I also had an opportunity to read legal opinions submitted by Mr. Maingot, Mr. Pelletier and others.

However, I would remind Your Honour that they are just that, legal opinions, and indeed only the courts could rule whether the Official Languages Act applies to Parliament, the House of Commons and the Senate. It is ironic that the application of the Official Languages Act to the House of Commons is being debated, because certainly this is the most bilingual of all federal institutions. All documents here are published in both languages. All debates here can be held in both languages. We have here simultaneous translation, both in the House, in Commitee of the Whole and in our standing committees. However, this is the point the Hon. Member for Charlevoix (Mr. Hamelin) chose to rise just the same.

I respectfully submit, Mr. Speaker, with the purpose of assisting you in reaching a decision, that the Hon. Member's privileges have not been breached, because this would have required something to have happened here in this House, within this Chamber, or in one of our committees or in one of our offices, through which the Hon. Member would not have been served in his own language, or would have been deprived of the right to use the language of his choice—something like the absence of simultaneous translation that would have prevented the Hon. Member or some of us from understanding in their own language. But this has not happened to my knowledge.

I think what the Hon. Member is attempting to do is indicate he is not satisfied with the fact that in his view the Official Languages Act does not apply to Parliament. Therefore, this is rather a point of debate as to the interpretation of the Act that he is rising, and in my view he cannot content, as far as the Standing Orders are concerned, Mr. Speaker, that the privileges of a Member have been breached, since Members can speak in the language of their choice, and receive all the documents in both official languages.

In order to pursue his worthwhile goals, and I commend him for that, the goal is to ensure, and I also agree with that, that the Official Languages Act apply to Parliament, the House of Commons and the Senate. At that point, what should be done is this—an amendment should be introduced here, to clarify whether the Act applies to Parliament. The Hon. Member did not do that. Rather, he chose to raise a question of privilege, and I submit that in so doing he erred.

I feel that the Official Languages Act should be amended. I would invite the Hon. Member to do so. If he does not intend to do it, I myself will introduce an amendment in this House, because it should be clear that Parliament must be subject to bilingualism. Even if in effect Parliament has always respected both official languages, it is clear to me that the Official Languages Act should apply here beyond a reasonable doubt. But as far as privilege is concerned, it is my view that Your Honour should not rule there is a *prima facie* case, because there is none.

Mr. Speaker: The Hon. Member for Charlevoix (Mr. Hamelin) on the same issue.

Mr. Hamelin: Mr. Speaker, I have listened carefully to the argument of my hon. colleagues. However, I wish to explain that for me, it is not a matter of customs, or a matter of services which are effectively . . . Just now, in the House of Commons, we are quite properly provided with services in both official languages. I feel it is a matter of right. I am not asking for a handout as a parliamentarian; it is a matter of right which is not based on customs. Does this Parliament, the Senate and its components recognize bilingualism as a right the Canadian reality of this linguistic duality which is essential to this country? I feel as a parliamentarian that my right has been denied.

Mr. Prud'homme: If I may, Mr. Speaker, I should like to deal for a few moments with this basic issue raised by the Hon. Member for Charlevoix.

You will remember Mr. Speaker, and so will Hon. Members who were here before 1984, the determination and dedication with which the Hon. Member for Ottawa—Vanier (Mr. Gauthier) pursued this matter. He showed tremendous courage at the time because a great many people were wondering what he was talking about whenever he raised the issue of bilingualism in Canada. Perhaps the Hon. Member wants to refer to the imprecise nature of the language used in the Official Languages Act. The Hon. Co-Chairman of the Committee on Official Languages is aware of it, because he co-chairs the committee with the Hon. Member for Ottawa—Vanier whom he has known since he was elected in 1984. I congratulate him for his dedication to this important cause. We are not asking for favours but, for what I consider our basic rights. The Hon. Member for Charlevoix knows full well that, after his election, the Hon. Member for Ottawa—Vanier recognizing his interest in this issue, joined forces with him and they became friends of sort.

Before you reach any decision today, I submit, Mr. Speaker, that because this is a basic and non-partisan issue— The Hon. Member for Charlevoix has proved it. The Hon. Member for Outremont (Mrs. Pépin) has brought in new elements. My colleague and Acting Leader in the House, the Hon. Member for Saint-Jacques (Mr. Guilbault) commented on the matter. But it is the whole matter which has always been questioned. One day, we will have to reach a conclusion: Does the Official Languages Act apply to the House of Commons and the Senate, yes or no? We believe that it does. But others say no. This is a legal matter. I know that the Government is about to introduce major amendments to the Official Languages Act. It is a golden opportunity. Before Your Honour deals with this issue any further, he might want to get in touch with my colleague the Hon. Member for Ottawa—Vanier who, for the first time since 1984—it is rather exceptional, a coincidence, I am sure, but is away today on official business. You are well aware, Mr. Speaker, of how attentively he has approached this question in the past, as I mentioned earlier, and before the Chair takes this matter under advisement over the next two weeks I am sure that the Chair might be interested in convening jointly the Hon. Member for Charlevoix and the Hon. Member for Ottawa—Vanier since this is in fact an issue which goes beyond party politics.

If I may at the same time, as your president for Members' Services, avail myself of the opportunity—and a golden one it is for me—which the Hon. Member for Charlevoix has given us, I would like to raise the whole question of bilingual services for Members. I am here as a Francophone. First and foremost, I am here as a Canadian.

• (1530)

[*English*]

Mr. Prud'homme: I am here as a Canadian first. I have always said that, in both languages.

[*Translation*]

But I am a Quebecer and French is the primary language I have been using for the last 23 years. However, for reasons that have to do with the reality of Montreal, with the makeup of my own riding and with the membership of all committees, I am obligated to function in both languages, along with a minority of Members.

[*English*]

Some of us must face that daily. I have always asked Members, who I believe are reasonable and may use only one language, to understand, if they have difficulty functioning in one language and are recognized as first class Members of Parliament, how difficult it is for those of us who must function in both languages daily. I believe I am one of those Members. The law requires that I serve my electors in both languages and I like to attend every committee where both languages are used. While there is not a great percentage of Members who must do so, I feel that we are at a real disadvantage when we offer these services because we have the same staff and same background.

Your Honour and your predecessor were kind enough to acknowledge that there was a certain class in the House for services. I was pleased to recommend to you and your predecessor, Mr. Speaker, that we have certain services under the heading "territorial". My district is small, but I must use every language in the world. The Minister of State for Multiculturalism (Mr. Crombie) knows that every language is used in my district. However, we came to an agreement that some Members should receive supplementary services under the heading "territorial". Some Members have many more electors than others. In Toronto, for example, those Members may have two to three times as many electors as I. The committee would decide that since I can walk in my constituency, in which I have the average number of electors, I would receive a certain amount of money and not be a candidate for supplementary services. However, I have the additional difficulty of the fundamental requirement for bilingualism. In this respect, some Members are at a real disadvantage.

I am sure the Hon. Member for Charlevoix (Mr. Hamelin) will not press you for an immediate answer. While Your Honour is reflecting on this question, may I humbly submit that you should also consider the fact I have just brought to your attention publicly. I was going to do so privately, but since this is a non-partisan issue, I can raise it in public as well.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I want to take a few minutes to speak on this very important issue. First, we all recognize that the topic raised today has been brought to the attention of the House on several occasions as a result of interventions by the Hon.

Member for Ottawa-Vanier (Mr. Gauthier) who has often stated in the House that in his opinion, and in the opinion of others, a law appears to be deficient in terms of its application to the House of Commons.

I believe there are two necessary elements required when one raises a question of privilege. First, we must be speaking of the privileges of the House itself, and second, there must be at least an allegation that the privileges have been breached. I do not believe that inquiring as to whether a statute of the Parliament of Canada is binding on the House of Commons is a question of privilege in itself.

[*Translation*]

However, I would like to say, Mr. Speaker, having expressed the opinion that this is not a question of privilege, that it might be appropriate to enquire as to whether this legislation supports the Standing Orders of this House, not necessarily the privileges of this House but the Standing Orders.

[*English*]

In other words, while there may not be a question of privilege, an interesting question could be raised on a point of order if one of the services that is customarily available, according to the Standing Orders of the House, was suddenly not available to a Member of Parliament. The Member could then make a case that there would be a point of order.

[*Translation*]

Let me explain, Mr. Speaker, that according to the Index of our Standing Orders, Standing Orders 59, 70, 77, 96, 77(2), 110 and 135 specify what procedure is to be followed or what rule concerning official languages in this House is to be enforced.

Therefore, I think that if at a given time the Hon. Member for Charlevoix found out that some services available or which should be available to the members of this House under our Standing Orders are unavailable to him, he could then rise on a point of order rather than on a question of privilege.

This is why I would like to make a distinction, because as I said earlier, inquiry about our Standing Orders or about whether an Act of Parliament applies to this House would not be a question of privilege *per se*. On the other hand, as far as services available to this House are concerned, under the Standing Orders, this would be, in my humble opinion, a point of order rather than a question of privilege affecting this House.

[*English*]

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, what you have to decide is whether, in fact, according to the narrower rules of the House, a prima facie case of privilege exists. You are not called upon to find whether it is good, bad or indifferent that the Official Languages Act may or may not apply to the Parliament of Canada. I would suggest that if the Hon. Member for Charlevoix (Mr. Hamelin) feels strongly that that Act should apply then, of course, he is quite free to pursue that through the normal channels, to try to effect the necessary, in his opinion, change to that particular statute.

• (1540)

I would point out, Your Honour, that there are several other statutes of otherwise general application which exempt Parliament from the full force of that particular statute or part thereof. One which immediately comes to mind is, of course, the Canada Labour Code. I would suggest that it is incumbent upon the Hon. Member to demonstrate that some actual and not some hypothetical breach of privilege has actually occurred.

Even if the Hon. Member was able to demonstrate that in some way his ability to act as an Hon. Member of this House has been taken away from him because, like myself, he is only able to properly function in one of the official languages, the remedy for that might be through the normal rules and practices of this House rather than by a change or amendment to the Official Languages Act. Therefore, as much sympathy as I might have for the point made by the Hon. Member, I would suggest that no actual breach of privilege has been demonstrated and, therefore, there is no prima facie case.

Mr. Prud'homme: Your Honour, I thought we could leave that to you, but if the Hon. Member brings in new argument, of course, I think I am bound to answer some of his argument. I did not expect it, I must admit. I would prefer though, not to open up debate yet on the Official Languages Act, but Your Honour may find—and I do not want to go that way—that there is indeed a prima facie case of privilege. Perhaps Your Honour will look into it and be of the opinion that the Hon. Member for Charlevoix is right. That may present an anomaly.

Your Honour may say that indeed you have discovered, to your surprise, that to the best of all legal advice the Official Languages Act does not apply technically or legally to the House of Commons. The Hon. Member for Ottawa—Vanier (Mr. Gauthier) year after year wanted to present a special Bill on this question. Your Honour may come to the conclusion that indeed the Official Languages Act does not apply to the House of Commons so, therefore, the Hon. Member was right to raise the question. The Hon. Member would be then satisfied that Your Honour has said, no, it does not apply. Then the Hon. Member will know which other course he would have to follow.

Therefore, I would prefer to leave this for the reflection of the Speaker. If the Chair says there is no prima facie case of privilege, well, then we can find arguments not to contradict, but so that we may not leave the Chair on the one track we would not like it to take.

[*Translation*]

Mr. Speaker: I think perhaps the Chair should consider the comments made by each Member. The Hon. Member for Charlevoix (Mr. Hamelin) had some very interesting things to

say, and I agree this is indeed a serious matter. Now, it may or may not be a question of privilege.

I think I will need time to consider all the points made by Hon. Members, but in any event, this may be an anomaly, and it certainly is a rather extraordinary and even bizarre situation, because in practice, at the House of Commons we provide every opportunity for every Member, anglophone and francophone, to speak and work in both languages. Obviously this is not the exception but an ongoing and normal practice in this House as it is in the committees and everywhere else on the Hill. Apparently, however, we have a legal opinion, a very intelligent and enlightened opinion, that has concluded that for a variety of reasons, the Official Languages Act does not apply to the House. If this opinion is correct, we have a situation that is quite extraordinary.

For the time being, I intend to defer my ruling, but I am most grateful to the Hon. Member for Charlevoix (Mr. Hamelin) and to the other Members, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria), the Hon. Member for Saint-Denis (Mr. Prud'homme), the Parliamentary Secretary, the Hon. Member for Western Arctic (Mr. Nickerson) and the Hon. Members for Saint-Jacques (Mr. Guilbault) and Outremont (Mrs. Pépin). And I think it would also be appropriate for me to recall the views held by the Hon. Member for Ottawa—Vanier (Mr. Gauthier), who unfortunately is engaged elsewhere today. This is a subject that is very important to the Hon. Member for Ottawa—Vanier as well. In any case, the Chair feels that the best thing would be to adjourn debate so that we will have a chance to consider all the arguments and comments we have heard. Consequently, I shall defer my ruling. I want to thank all Members for their comments. The Hon. Member for Charlevoix (Mr. Hamelin).

Mr. Hamelin: Mr. Speaker, I just want to thank you—

Mr. Speaker: I hope this is not on the same question.

Mr. Hamelin: Mr. Speaker, I simply want to say that I greatly appreciate your very receptive attitude to this subject and I want to thank you on behalf of the Francophones of Canada.

* * *

[*English*]

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I merely want to ask the Deputy Government House Leader (Mr. Lewis) the traditional business question of the House as is customary on this day every week.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties and this evening at six o'clock when the vote on the amendment of the Hon. Member for Broadview—Greenwood (Ms. McDonald) is taken, we would immediately thereafter call the vote at second reading. That would mean that tomorrow we would call the Budget for the second day.

• (1550)

On March 2, when the House reconvenes after one week's recess, we will be tabling the 1987-88 Main Estimates. We will then move to consideration of Bill C-6, legislation concerning the Atlantic Accord, followed by Bill C-39, the Canada Shipping Act. That will be followed by Bill C-12, the Prairie Grain Advance Payments Act.

Mr. Boudria: Mr. Speaker, indeed, there has been consultation among the Parties in the House and there is agreement to proceed with both votes at six o'clock, as I understand it from my House Leader.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government, and the amendment of Mr. Garneau (p. 3594) and the amendment to the amendment of Mr. Cassidy.

Mr. Deputy Speaker: It was understood this morning that we would now proceed to the question and comment period on the speech of the Hon. Member for Ottawa Centre (Mr. Cassidy). The Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Riis: Mr. Speaker, I have a short question for the Hon. Member for Ottawa Centre (Mr. Cassidy). Regarding the whole matter of tax reform the Hon. Member clearly indicated that he had some questions with respect to whether or not the intent of the Government to introduce serious tax reform in fact reflected justice, fairness and equity in our tax system. He went on to make the point that the Government had the opportunity in its most recent Budget to eliminate the open-ended capital gains tax exemption, while recognizing that it is an appropriate exemption for family farms, small businesses and family homes. To have it apply widely to capital gains obtained in Canada from any and all sources is one thing, but to have it apply to capital gains obtained from sources outside Canada, sources in Florida, Hawaii or the Caribbean is another matter.

The fact that income derived from capital gains obtained in those foreign jurisdictions is not subject to any tax in Canada is something I do not think one would find in any country of the world. Even Mr. Reagan, the President of the United

States, as part of his tax reform realized that not to tax capital gains was unjust, inappropriate and unacceptable to his administration. Yet the Minister of Finance (Mr. Wilson), when he had the opportunity in his most recent Budget to close off what has to be the most obvious tax loophole in our system, did not do it.

The fact is that the Minister of Finance failed to act on this obvious and major loophole which every tax expert in the country has identified as being just that, as well as being unfair and unjust. Does that not jeopardize the whole approach to the Government when it says that it is interested in tax reform? Can one really have faith that the Government means business and is serious about a just and fair tax system when it fails to take advantage at such an appropriate time to close off this loophole?

Mr. Cassidy: Mr. Speaker, I thank my hon. friend for his question. I want to comment very briefly on it. Yes, it does jeopardize the integrity of the tax reform process. Since the Conservatives came to power in 1984 the increase in taxes on persons has been about 50 per cent while at the same time the decrease in taxes on corporations has been about 18 per cent. What we are being told is that despite that the Government will mend its ways and that, in fact, we will see a reduction in personal taxes and an increase in the corporate tax load on profitable corporations. What I think will happen is that the people, having had their heads bashed against a brick wall for two-and-one-half years, will find that there may be some modest decrease in personal taxes but nothing close enough to compensate for the increases in taxes that have taken place under the Government since September of 1984.

Mr. Hockin: Mr. Speaker, I would like to tell the Hon. Member for Ottawa Centre (Mr. Cassidy) that I listened carefully to what he said this morning. I would like to ask him a few questions. First, can the Hon. Member remember back to November 9, 1984, when his colleague, the Hon. Member for Yorkton—Melville (Mr. Nystrom), predicted that when the Government decided to cut $4 billion from the deficit—he said that he had been told this by economists—as many as 100,000 people could lose their jobs because of these cutbacks. Does the Hon. Member for Ottawa Centre stand by his colleague's prediction, given that 675,000 jobs have been created instead of 100,000 being lost?

I also want to ask the Hon. Member what his approach is to corporate tax reform in the context of other jurisdictions which have lower corporate tax rates. He argued for more revenues from the corporate sector. Is he also arguing for higher marginal rates? I want to get this clear. If he is, then how would he handle the relationships with other jurisdictions if they had lower rates?

In listening to the Hon. Member's remarks I tried to keep a list of the many things that he promised his Party would do if it formed the Government. Although a number of these measures will be announced in different ways in due course during this fiscal year by the appropriate Ministers, has the Hon. Member added up what his programs would cost and what the deficit would be if he were Minister of Finance?

Mr. Cassidy: Mr. Speaker, the Minister of State for Finance (Mr. Hockin) might have mentioned that the growth rate in the economy has declined year after year since his Government came to power. One of the reasons for that has been the very heavy burden of taxation which now amounts to about $1,400 to $1,500 on the average family. That has oppressed the ability of people to spend. It is also having an effect in terms of the reduction in the personal savings rate as people dig into their savings in order to try to maintain their standard of living.

If the growth rate in terms of the economy declines, what that means is that, yes, we are losing jobs that could have been, and would have been, otherwise created. The Government insists on the figure of 675,000 jobs having been created. As I pointed out this morning, from January of 1986 to January of 1987 the total increase has been 137,000 jobs. That is an annual rate much less than what we had before. Only 5,000 of those new jobs were to be found outside of Ontario; the rest were to be found in the Province of Ontario. That is good for Ontario. It is my province and I am glad to see that happening now in the Golden Horseshoe. However, that renewal is not making itself felt elsewhere in the country.

If the Minister had been listening he would have noted that I said we need to make full employment a key priority of the Government. If one does that then there will be benefits in terms of the deficit, as well as in terms of costs. I think the Minister is aware of that. There would be benefits in terms of lower rates on UI and lower expenditures on the Canada Assistance Program and higher tax revenues that come both from individuals and from the corporate sector, if corporate taxation is fair.

With respect to the question of corporate tax reform, the Minister should realize, and I am sure he knows this and would not have asked the question if he did not know the answer, that in the United States there has been a transfer of about $110 billion of tax burden from individuals to corporations as part of the tax reform package that has taken place in that country. As my friend from Kamloops—Shuswap noted, it is significant that in the United States there are now no concessions provided for capital gains. When we suggest that apart from the farming sector and small business sector we should close up that loophole on capital gains, we are being consistent with what is happening in the United States.

I suggest that the concept of broadening the base and lowering the rates is one that is effective, but that the problem in Canada has been that the share of revenues coming from the corporate sector, far from increasing as it has in the United States, has been systematically decreasing. It has gone down from 14.5 points to 10.5 points of total federal revenues just in the last three years.

• (1600)

Mr. Hockin: Mr. Speaker, I have a supplementary question. I think the Hon. Member is agreeing with two of my three premises. He agreed that 100,000 jobs were not lost, as was predicted by his Party in 1985, in that he acknowledged that 675,000 jobs were created. In his third last sentence he agreed with the notion of lowering corporate rates and broadening the base, which is very close to what the Minister of Finance is saying.

Perhaps he would like to answer the question concerning what happens when neighbouring jurisdictions have lower marginal corporate rates than us. Is this something which concerns him?

Mr. Cassidy: Mr. Speaker, I thank the Hon. Minister for his question. I have no problems in terms of talking about corporate tax reform which at the same time plugs up loopholes, brings in more revenues, broadens the base, and brings in lower marginal rates. All those things are possible. That is in fact what has occurred in the United States.

What I fear is the record of the Government. Since 1984 it actually allowed corporate tax revenues to decrease by some $2 billion. It then turned around and complained about the fact that it could not get the deficit down to the level which it believed would be comfortable. The Government must turn to its own friends in the corporate sector and point out to them that one of the reasons the deficit is not down to the targets it set is precisely because of the favours which are being given to the corporate sector.

In respect of tax comparisons between the two countries, the Hon. Minister knows that over many years Canada has had nominal rates which from time to time have been higher than those in the United States. One must look at the whole package of depreciation and at other treatments of investment and other matters affecting the net rates of corporations, not just take the marginal rate. I, for one, refuse to be stampeded by suggestions that we must have exactly the same rates as those in the United States.

On the personal side, for example, there are enormous expenditures on social security and on private medicare plans which average Americans have to pay, which are essentially not matched in this country, and which far more than account for a difference in marginal rates.

• (1610)

[*Translation*]

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, it is with a bit of sadness that I rise today in the debate on the Budget of the Minister of Finance (Mr. Wilson). This is his third Budget. There is a simple way to sum up the three Budgets of this Conservative Government and of this Minister: taxes, taxes and more taxes; tax increases, tax increases and more tax increases; de-indexation, de-indexation and more de-indexation! The impact of the three Budgets of the Conservative Government clearly shows the position of that Party. The position of that Party is to favour the rich, make the poor even poorer, and attack the middle class to make sure that it too will become poorer.

Let us consider the consequences of these three Budgets on elderly Canadians. For openers, the Government has yet to take action to eliminate its own discrimination concerning older people who are single, separated or divorced, people aged 60 to 64. As you may recall, we expressed our agreement when the Minister of Finance announced that widows and widowers would be eligible for the spouse's allowance, but we wanted the Government to make it possible for single, separated or divorced people who are in the same financial situation to benefit as well from the spouse's allowance, a program of the old age security pension.

At the time, Mr. Speaker, the Minister of Finance had told us that, according to the estimates, roughly 85,000 individuals might benefit as widows and widowers, and that it would cost $325 million. In fact, 50,000 people are involved and the cost would be $200 million. In other words, there is a $125 million surplus in the departmental estimates and it has not been used. If we take into account the amounts saved in welfare payments by the Government, we can say that there was a surplus of about $150 million in the allocation for senior citizens. The public expected the Conservative Government and the Minister of Finance, who simply represents high finance, to announce yesterday to Canadian senior citizens that all those who are single, separated or divorced would be eligible to the spouses allowance. Instead, Mr. Speaker, this Government and this Minister of Finance decided to maintain the capital gains tax exemption which benefits the wealthiest and which cost $1.2 billion in the last two years, 1985 and 1986.

Mr. Speaker, I am concerned about another group besides our senior citizens. Older workers were expecting something, especially the 35,000 early retirees who had been eligible to unemployment insurance in 1985 and who had received benefits before the Conservative Government decided, the night before Christmas, as a Christmas and New Year's gift, that, beginning January 5, 1986, all amounts received as pension income with employer and employee participation would be taken into account and considered income, which would automatically result in reductions of unemployment insurance benefits. Mr. Speaker, 35,000 people in Canada, including 13,000 in Quebec, are waiting to be reimbursed for these amounts, which have been estimated at about $10,000 per person. This money belongs to these people, but the Minister of Finance did not announce anything for them.

As far as pension reform is concerned, we could have expected some kind of indexation for private pension plans, as well as improvements and increases in the benefits received under the Quebec and Canada Pension Plans to ensure that men and women will have adequate pensions to live comfortably after retirement. As concerns women, Mr. Speaker, on July 26, 1984, in Sherbrooke, the Prime Minister (Mr. Mulroney) and the Government made a commitment to find a

way to allow the 3 million homemakers in Canada to contribute to the Canada and Quebec Pension Plans. Still more promises, Mr. Speaker! All that we have are more and more taxes to pay, and there is nothing for ordinary Canadians.

Mr. Speaker, it is the same Government which had said it would never touch senior citizens' pensions. Hon. Members, especially those of the Progressive Conservative Party, will certainly remember the proposed de-indexation of Old Age Security Pensions. Without their vigilance and action, senior citizens would have been penalized again. But thanks to their pressure and to Mrs. Solange Denis who had said of the Prime Minister what the Canadian people generally think of him now—"Charlie Brown, that is not worth much!"—the Government had to back down.

But in spite of all that, thanks to the New Horizons Program which makes it possible to organize in every municipality, village, parish or riding, clubs for the Golden Age, senior citizens can choose a board of directors and organize cultural, sport and social activities, and thus continue to play an important role in society.

Mr. Speaker, this Government has even made cuts in the New Horizons Program, intented for senior citizens, reducing its budget by 27 per cent or nearly $3 million.

Mr. Speaker, I should like to deal now with the financial consequences of these cuts on our senior citizens. I am talking here in terms of income tax. A couple of senior citizens earning $15,000! This couple will have to pay $130 more in 1987. They paid $45 more in 1986.

Mr. Speaker, those people have made this land what it is. Honourable Members here are reaping the benefits of the work and dedication of that generation that laboured at a time when there were starvation wages, unacceptable conditions and exploitation by the rich because there were no labour unions. In return, the young generation here and the Minister of Finance (Mr. Wilson) keep on favouring the rich only, giving nothing to and showing no respect for those parents and the old generation.

Well, that population will remember. Already, today's survey indicated there is only 22 per cent support. And that was before the Budget, Mr. Speaker. I am convinced the trend will continue until there is nothing left of that group in society that is only here to favour the rich.

Let us look at the impact on families. Despite what we remember of the Throne Speech, that official document, that statement made by the Prime Minister (Mr. Mulroney) with its commitments, Mr. Speaker. What is the impact on Canadian families of the three budgets put forward by this Government? First, everyone will remember the 3 per cent cut on family allowance indexing. And still today, the Minister of Finance prefers to maintain the so-called capital gains exemption for the rich, because it favours the rich, rather than reinstating full indexing of family allowance.

Mr. Comeau: You are speaking through your hat!

Mr. Malépart: I can appreciate that a Tory Member says I am speaking through my hat, because he only owes money to the rich, or again there is patronage or corruption. But the people who are watching know that very well. Mothers know very well that since this Government has been in power, family allowance does not increase as it should. And they know very well that the better off—the rich—are getting more money from this Tory Government.

This year, Mr. Speaker, the Government will be snatching away $135 million from mothers. Last year it was $40 million, and the year before $15 million. This will go on until 1991. The Government intends to save $1.21 billion on the backs of Canadian families. While in 1985-86 only, the rich people's capital gains exemption cost $1.2 billion. I understand that the Conservative Member who shouted earlier is rich, there is something for his pockets. It is the sole reason for his being here but, Mr. Speaker, let me tell that Member that Liberal Members did not come here to fill their pockets. They came here to accomplish something for all the Canadian people.

Let us remember, Mr. Speaker, that this same Government decided to tax people's health by introducing a sales tax on drugs. This Government successively increased the sales tax on appliances generally, and I recall that for the fourth time yesterday, the Minister hiked the sales tax on fuel, thus increasing it by 4 cents a litre or 18 cents a gallon over two years and a few months.

Such is the record of this Conservative government, Mr. Speaker. And what are the consequences of those three budgets for our low and middle income families? A two children family with the head of the family earning an income of $15,000 will have to pay $490 more in income and indirect taxes for 1987 because of this Conservative government budget. A two children family where both parents work and earn $15,000 each, a family with two kids and a $30,000 income, will have to pay $966 more in income tax for 1987 because of the decisions made by this Conservative government in its three budgets.

Let us see, Mr. Speaker, what the impact will be on housing. Everybody knows that in each district there are senior citizens who will become entitled to what is called social housing, whether it be housing co-operatives or low rent housing, but waiting lists are very long in every municipality. As we remember, the government made huge cutbacks. This program is no longer working, and now there is nothing in the budget to remedy those injustices.

To recap, Mr. Speaker, there is absolutely nothing in this budget for senior citizens; there is absolutely nothing for Canadian families; there is absolutely nothing for housing. But can anyone tell me where in this Budget can we find anything likely to give confidence to the youth of this country and prove to them that this Government cares about them? We know that the Minister of Employment and Immigration (Mr. Bouchard) is going to announce cuts in the employment programs included in the documents later on. Nothing for our youth, nothing to replace the Katimavik program that was

abolished by this Government, nothing to replace any program; no action in favour of the farmers, the remote areas or anybody. But yes, there is something for the rich and the Tories, the only people with an opportunity to take advantage of the system and the generosity of this party.

Personally, I firmly believe that the Government could have taken some initiatives. While reducing the deficit, it could have first, instead of postponing the fiscal reform and the introduction of a monthly or annual guaranteed income, the government could have, as of today, with all the information already available, published documents at the same time for the purposes of consultation and review . What is being done? Contrary to the promise of the Minister of Finance and the Prime Minister, nothing has been introduced. Nobody has answered. Are these delays scandal-related? Is it a dissension in Cabinet that delays the long-awaited fiscal reform to mitigate the injustice of the tax system for the average family in comparison with corporations? Everything has been delayed. Is there a dissension in Cabinet or in the caucus? Nobody has answered that question. Why does the Conservative Government not table immediatly all documents concerning an open, sincere and honest consultation on tax reform?

Here are the questions we should ask about tax reform: Should we, as the Government did, keep the capital gains exemption which, I repeat, benefits only the rich? And it was even said that capital gains made outside of the country mean an income tax decrease in Canada and thus, translate into a tax increase for the middle income earners. When is the Goverment going to stop bleeding them dry? Before they have splipped their pay cheque into their pocket, the Government has already taken it back. Before you have time to slip it into your pocket, the Government, that is Michael and Brian, cut it in half. You have not even got that time! In the good old days, you could put it in your pocket, get home, get it out and pay your income tax. But not anymore! These days, the working man is seen as no more than a thief. No sooner has the boss given him his pay cheque than some Conservative pops up saying: "Hang on. Half of that is mine, just the rest is yours."

Shame, Mr. Speaker. The middle class has had it with this. In short, they are fed up. The minister says: "Corporations, we cannot change that, we will give them the scare, so they do not pay income taxes. But we do not scare individual taxpayers. We just hit them with all we have got." I understand the minister of Finance. All his buddies are rich people. They are not like the people I know. His friends told him to save their money bags. What the people I know back home are saying is: Help us survive. Let us live. All we are asking for is our fair share. But the minister of Finance has buddies who want their money bags saved. So far he has done a lot to oblige his money toting buddies, his friends in Canada who are rich. No wonder you rate 22 percent. There are scandals and there are scandals but no fraud or trickery is worse than what you are doing to the middle class. Those people are wondering—at this very moment, the workers in the labour force who are in their forties are wondering what will happen when they retire, whether or not there will be any money left in the till for them.

The time was ripe for reform, for a real reform in the area of pensions. The time was ripe for making sure that private pension plans were indexed, to improve . . . Governments have already increased contributions to the Quebec Pension Plan and the Canada Pension Plan. But what people need are benefits.

Mr. Speaker, I see that my time has expired. One could talk for hours trying to bring this Government to understand and ponder but, after two and a half years, I have come to the conclusion, which is supported by public opinion, that it is no use, that they understand nothing, that all they care about is getting rich and catering to the rich.

Mr. Deputy Speaker: The Hon. Parliamentary Secretary to the Minister of Agriculture (Mr. Champagne (Champlain)) for a question or a comment.

Mr. Champagne (Champlain): No, Mr. Speaker, it is on debate.

Mr. Deputy Speaker: Are there any questions or comments on the speech of the Hon. Member for Montreal—Saint-Marie (Mr. Malépart)? If not, debate will continue with the Parliamentary Secretary—

• (1620)

[*English*]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I thank my colleague.

[*Translation*]

Mr. Speaker, I am very happy to take part in this important debate and to support the budget of my colleague the Minister of Finance (Mr. Wilson).

[*English*]

This is a Budget that consolidates and extends the progress we have made in restoring the health of the nation's finances. It is a Budget that reaffirms the Government's commitment to carry through with a comprehensive program of action to strengthen the job-creating capacity of the Canadian economy.

The constituents in my riding of London West, like all Canadians, are pleased and confident that the economy is being well managed. That is important in my riding and I know it is important in all ridings across the country. The people are very happy to see the progress the Government is making.

This Budget points the way to a further major step in our program. It is absolutely historic that what is being proposed is a comprehensive reform of the nation's tax system. Today we have heard many suggestions from Hon. Members opposite on how the tax system can be improved. That, of course, is the next chapter.

This is also a Budget that confirms the solid economic results of sticking to our agenda for action. It is a Budget guided by a clear sense of direction and backed up by a record of proven success in managing the nation's economic and fiscal situation. To fully appreciate the progress we have made, we should recall the prediction made by the Hon. Leader of the Opposition (Mr. Turner) on November 9, 1984. At that time, he predicted that over 100,000 jobs would be lost as a result of the $4 billion cuts that were made in the first Budget. Not only did that not happen but 675,000 jobs were created.

To fully appreciate what this agenda has meant for women and youth, one need simply look at the number of jobs that have been created in those two categories. Youth unemployment is down significantly and jobs for women have been created at an unprecedented rate. To fully appreciate the progress we have made, it is useful to recall the situation that existed when this Government came into office.

Let us not forget that when this Government came into office, the economy was still feeling the after-effects of a severe recession that had ended almost two years earlier. Economic performance was very disappointing. Unemployment was still at almost 12 per cent. Interest rates were far too high and this was discouraging investment and consumer demand.

Two and a half years ago that was the situation. However, those were just symptoms of deeper, underlying problems faced by the economy. This Government felt that unless we began to deal with the deep-rooted causes of high unemployment and interest rates, the symptoms would only grow worse. One cannot fiddle with the thermometer, one must do something about the furnace. We moved from symptoms to causes and we did not have to look too far to find one of the most serious causes of Canada's economic problems; it was the Government itself.

Government involvement in the economy had become stifling. It was everywhere. It was unproductive and unhelpful. Layers of regulation were distorting investment decisions and business practices. All Parties could find parts of our regulatory system that had to be changed. All Parties could find things that had to be improved in order to free the economy to act with less government interference.

Fifteen straight years of Budget deficits had swollen the national debt to $200 billion. The rapid increase in the debt was harming Canada's economic future. We must remember, particularly since the Leader of the Opposition criticized the Minister of Finance (Mr. Wilson), that, as the Minister of Finance made clear today, it was during the tenure of the Leader of the Opposition as Minister of Finance that we moved from a surplus to a huge deficit, and we also experienced an inflation rate that jumped from just about where it is now to 10.6 per cent. I suppose that is what it would be if the Liberals formed the Government. Economic growth had slowed considerably. The bank rate during that period when the Leader of the Opposition was Minister of Finance rose by four and a quarter percentage points. Spending doubled and the Public Service grew by 66,000 people in those years.

So that we do not forget, let me remind Hon. Members that, as a result of this, the Auditor General stated that Parliament had lost or was close to losing effective control of the public purse. That was the kind of fiscal leadership shown by the Leader of the Opposition when he was Minister of Finance.

The record of this Government in two and a half years with its fiscal management and the confidence it has built in the economy cannot be in greater contrast to the record of the two or three-year period from 1972 to 1974. The malaise that had begun then fed on itself, so that by the time this Government took over in 1984 it was absolutely necessary for us to intervene and to intervene vigorously. We found that the more the Government intervened in the economy in an effort to help, however, the more it aggravated the very problems it was trying to help. Rather than part of the solution, it became part of the problem. Subsidies led to more subsidies, as we all know. Regulation led to more regulation. Spending led to more spending. It was a continuing spiral that fed on itself, making industries inefficient and uncompetitive and driving down the prospects for economic prosperity. The Government of the day was bankrupt of ideas. It was caught in a spiral and did not look to the fundamental way out.

• (1630)

Earlier today the Hon. Member for Ottawa Centre (Mr. Cassidy) regretted the economic slump which he says might be caused by this quiet Budget of ours. Instead, he wants more subsidies, more regulation and more spending. He wants to get us back into the spiral that got us in trouble in the first place. He did not like this quiet Budget because he said it would hurt the economy of Ottawa Centre. People would not come to hear Budgets anymore because they would not be too interesting. I say that if we can deliver to this House every year a Budget with the kind of economic performance we have experienced, then we should not do a lot of fidgeting. We should not be putting on a spectacle just to attract people, which is what the Hon. Member wanted. We should be providing solid economic leadership and this Budget does that.

On taking office the Government was determined to call a halt to this destructive spiral. It set out its goals very clearly in the agenda for economic renewal in November, 1984. That document should be read again, because the extent to which this Government has fulfilled the promises in that document is impressive. We have made good progress toward all those goals. Economic performance is much improved because the economy is working better. The economy is working better because of the fundamental improvements which have come about through our economic renewal program. The Government has taken action to restore fiscal responsibility by reducing the deficit and slowing the growth of the national debt. We have done this mainly by expenditure restraint and good management. After 15 years of rising deficits we have brought about the first consecutive three-year decline in 30

years. That is remarkable and, let us not forget, unprecedented. When we talk about fiscal responsibility, that is what we are talking about; bringing the deficit down.

A number of Hon. Members opposite do not like to hear about fiscal responsibility. That reminds me of the comic strip from two Saturdays ago where a child received an allowance of $3 a week. She went to see her father and said, "I do not have any money, I want another $3 to get through the weekend". The father said, "We have given you a certain amount of money for the week, will you please show some fiscal responsibility and not ask for an extra $3"? The ten-year old child left the room and thought to herself, "I don't know what fiscal responsibility is but I sure don't like the sound of it".

Hon. Members opposite do not like the sound of fiscal responsibility but it has been responsible for the huge production of jobs and lowering of interest rates in Canada. It gave a tremendous burst to housing construction and has really meant the renaissance of our economy. Compare this economy with that of Australia which did not come to terms with its spending. Interest rates went up to 15 per cent or 16 per cent or higher, I do not know. The economy ground to a halt and that was inevitable. This Government, through fiscal responsibility, drove interest rates and the deficit down.

Look at the economic resurgence that followed. The deficit has fallen almost 24 per cent, from $38.3 billion in 1984-85, to a projected $29.3 billion in 1987-88. All of that was achieved primarily by controlling government spending. In real terms, program expenditures have fallen by an average of 1.1 per cent a year over the three-year period.

[*Translation*]

We have also taken measures to promote growth and job creation.

[*English*]

To foster entrepreneurship, risk-taking, promote innovation and a positive climate for new enterprise, the Government dedicated a number of programs to bring about all these changes in a fair and open way, and consistent with the sense of compassion characteristic of Canadian society. There has been substantial progress towards a new role for Government; not the same old role but a new role. The Government has brought forward a remarkable number and range of fundamentally important framework initiatives as part of its economic renewal agenda.

Public policy in any country is really two things. It is output, such as expenditures, or frameworks which set the context in which things are done. The framework side was often forgotten by previous Governments with their constant reliance on spend, spend, spend. We have moved towards a framework approach. Let me give you some examples.

Destructive program frameworks such as the National Energy Program have been abolished and replaced by market-oriented incentives. The regulatory framework has been revised in transportation and financial institution sectors. It takes just a second or two to name each of the major initiatives which are leading to a new framework for business activity, but Members of this House know just how much is involved in each of these areas. For example, it would take me the better part of my time just to outline the main features in the goal of financial institution reform. This policy has been very well-received. The Hon. Member for Laval-des-Rapides (Mr. Garneau) complained it might lead to foreign takeovers in the financial sector. I commend the paper to him. He should read it again. It is silent on foreign participation except in the securities industry, and the whole program is designed to give our financial institutions, which are great job creators, world-class status, indeed a jump on our foreign competitors.

Privatization of Crown corporations is proceeding and the size of the Public Service has been reduced. What a contrast with what went on before. We have moved forward to remove obstacles to the growth of business and encourage investment. One of our first acts was to abolish the Foreign Investment Review Agency and replace it with Investment Canada. Instead of discouraging investment we began to encourage it. I am reminded that the Hon. Member for Laval-des-Rapides called for more consultation as we go into freer trade with the U.S. and in the GATT negotiations. In fact the NEP and FIRA were brought in with virtually no consultation with anyone. We are consulting. There is an elaborate network to help us in our bilateral negotiations with the U.S. and our multilateral negotiations through GATT. The consultation process is deep, profound and goes on daily. That is in marked contrast to the way the previous Government approached matters of this sort.

A new competition policy has been implemented. We are actively encouraging research and development, and tax measures such as the lifetime capital gains exemption are already working to create jobs in the small business sector, the engine of growth in our economy. The Hon. Member for Ottawa Centre spoke disparagingly of the lifetime capital gains exemption but it is very important for farmers and small business. The Investment Dealers' Association of Canada traces billions of dollars in new, permanent, job-creating equity investment directly to that particular provision. At the same time we have substantially strengthened our social safety net. The refundable sales tax credit in effect for 1986 will help those on whom the burden of consumption taxes fall most heavily. We have enriched the child tax credit and put in place a new delivery system so those who need help the most will receive a prepayment in November of each year. I was very proud to introduce that Bill and it has been enormously well-received. All of us heard about it when we returned home at the Christmas break.

Comprehensive reform of pension arrangements will encourage savings for retirement while improving pensions for all Canadians. Part-time workers and women will benefit particularly from the change in pension standards. Previous Governments never did anything of any importance regarding pensions, but we have acted. Since December, 1984 our

Government responded positively to two further challenges; first the challenge presented by growing competition and protectionism internationally.

• (1640)

The Member for Laval-des-Rapides was criticizing our initiative on bilateral trade with the United States. He said we are looking at the trees rather than the forest. In fact, that is what is wrong with his policy. The Liberal Policy on bilateral trade liberalization is to discuss individual irritants and hope the Americans will pay attention. They would like to discuss steel, potatoes, or whatever. In fact, that approach has not been working and will not work. The comprehensive trading umbrella under which we are talking to the Americans has them listening and will lead to the solution to the problems which we have been living with during the last 10 years. That is the comprehensive approach of addressing the forest rather than just the trees. It takes courage to do this and the Government is doing it.

There has been a challenge presented on regional disparity at home. We have taken action to deal with that. We have signed economic and regional agreements with most of the provinces. Let us not forget the abolition of the Petroleum and Gas Revenue Tax. It has provided a positive framework for energy development. To assist the Atlantic region we have signed the Atlantic Accord and the Nova Scotia Accords which were extremely well received. We have instituted the Atlantic Enterprise Program and are directing an additional $600 million in federal procurement to Atlantic Canada over a four-year period.

Western Canada is benefiting from the assistance given to farmers through the crop insurance program and the special drought assistance program. Our actions supporting grain transportation and the huge $1 billion special Canadian grains program announced in December are concrete actions taken to meet real needs. These things have been mandated by the Throne Speech and will be announced by Ministers at the proper time as the fiscal year unfolds.

[*Translation*]

Our tax system has become an obstacle to economic growth. It is too complex. The tax burden is very unjustly distributed among taxpayers. To improve the system is one of our priorities.

[*English*]

Much remains to be done to improve the tax system. The tax system has engaged the attention of most speakers today. I listened very carefully to the remarks of the Hon. Member for Laval-des-Rapides. His principles for tax reform are very general but, quite frankly, they are very similar to ours. However, we are being more specific. We are moving toward the harder decisions. We are consulting regularly and when we bring forward our proposals in a few months they will be much more carefully thought through than the level of generality which I heard from the Hon. Member opposite.

On July 18 the Government announced that it would be developing a proposal for comprehensive tax reform designed to achieve those goals. Consultations have already been conducted on this by the Minister of Finance and myself with various groups. The work on this proposal is continuing with the benefit of advice and information which we are getting from Canadians in every region and every sector of the economy. We intend to bring forward a tax reform proposal which ensures that our tax system plays a positive role in the renewal of Canada's economy. Unlike the tax changes introduced in the MacEachen Budget, our consultations are thorough and careful in order to ensure that there are no rude surprises.

One of the most important issues of tax reform will be to strengthen Canada's economy and create new jobs and economic growth. That is why we want tax reform. The central objective is to reduce tax rates in all three elements of the tax system. We want to reduce personal and corporate rates and we want to change the federal sales tax system in order that it, too, will be lower but more broadly based. There can be no better incentive than lower tax rates for growth, investment, savings and job creation.

To get tax rates down we must reduce or eliminate a wide range of exemptions, deductions and tax credits which are now part of the system, having been put in by 10 or 20 years of previous Governments. So many of those exemptions and preferences are not useful and are not working. They have outlived their usefulness and resulted in very high costs to the Government. As the Minister of Finance said yesterday, tax reform would mean that those Canadians now making extensive use of tax preferences would pay more tax and those who have been making little use of tax preferences would pay less tax. With that approach we will be able to put forward a fundamental tax reform which will engage the interest and support of all Canadians.

Most Canadians want a fair tax system in addition to lower taxes. They want it to be less complex and more understandable. We are committed to that as well. We can achieve these goals by dealing with all three elements of the tax system together as an integrated package. We want a tax reform proposal which builds on the progress we have already made in improving our tax system.

In conclusion, our economic renewal agenda is working. More to the point, 675,000 more Canadians are at work today than in 1984. Inflation has fallen. Interest rates are down. This Budget and the action program it represents deserve the support of every Member of the House.

Mr. Johnston: Mr. Speaker, I have one brief question of the Minister. Just after I came into the House he told, I suppose, an apocryphal story about a little girl who went to her father after she had spent her $3 allowance and he told her to exercise fiscal responsibility. Had the Minister of Finance (Mr. Wilson) been in that situation, on the basis of what we saw in this so-called Budget, he would have asked his father to

lend him some money from his allowance for next week. The Minister of Finance has effectively brought $1.2 billion from 1988-89 back into 1987-88 simply to get his budget deficit under $30 billion.

Would the Minister not agree that the analogy is very apt indeed? On the Minister's advice the little girl who ran out of her $3 and needed more should have gone to her father and asked for $3 paid in advance from the next week's receipts. That is one approach. Also, would he not agree with me that this manipulation of cash flow does not do one thing to improve the fiscal position of the Government other than to put in the window a deficit number which is under $30 billion in hopes, perhaps, of fooling those who are ignorant of the manipulation which in fact is taking place?

Mr. Hockin: Mr. Speaker, the analogy which the Hon. Member is trying to make to the comic strip story which I told does not work. The analogy is really that if the little girl was selling lemonade she should try to collect the receipts at least twice a month rather than once a month. That is what we are bringing in. We are bringing in a policy which allows better cash management. Cash management is needed in a household and also in the Government. As a matter of fact, in the United States this is done much more quickly than we do it here in Canada.

We are putting in place a system which is natural for an industrialized country. This twice monthly payment will only affect 35,000 to 40,000 businesses of the one million businesses which exist in this country. It will apply to the larger ones. They have the computer facilities to accomplish that quite easily. I believe this is an important cash management initiative. The Government of Canada has brought forward others, by the way, in response to the Nielsen Task Force and other studies and consultations. Proper cash management is something about which the previous Government did nothing. Many payments were tardy and there were prepayments of government obligations that did not make any sense. We have addressed that, and this is a prime example. If my daughter was selling lemonade, I would tell her try to collect the proceeds at least twice a month rather than once a month.

• (1650)

Mr. Johnston: Mr. Speaker, that is a very facile response to a serious question. Did the Nielsen Task Force Report recommend that there be an acceleration of employee withholdings so that, in other words, employees should be obliged to remit twice a month? If the Minister wants to carry his argument to its logical conclusion, surely there should be a remittance not twice a month but perhaps four times a month or even every day.

The fact is that it has been established in the law that it is quite appropriate that the remissions take place historically 14 days after the end of the month.

Furthermore, the Hon. Member's argument completely breaks down when we consider that in the year 1988-89 there is no better cash management because in the month of April that year the Government will only receive $1.2 billion from the previous March and, in the following April, it will only receive $1.2 billion, making exactly the $4.2 billion it would have received in April had it left the matter alone. That argument is ridiculous and the hon. gentleman for whom I have a great deal of respect does not present a worthy argument to defend the indefensible.

Mr. Hockin: Mr. Speaker, we are not denying that after the $1.2 million it is a one-time budgetary revenue increase. The Hon. Member forgets that by hastening these payments at the provincial as well as the federal level, the whole time period is being moved up 15 days. That leads to a significant interest rate saving that will continue in the future. Simply because the figure is not $1.2 billion every year does not mean this acceleration should not be done. While I do not have the figure, it is substantial. The Government should take action to bring in more revenue if it can find ways to do so without increasing taxes.

Mr. Langdon: Mr. Speaker, it is interesting to see the transition of the Member from the Chairman of the Joint Parliamentary Committee of which I was a part into a Cabinet Minister which tends to lead to inaccuracies and overstatements of fact. I believe the Chairman of the Committee might have been more scathing about that in cross-examining witnesses.

Let me deal specifically with the comments that were made with respect to the Hon. Member for Ottawa Centre (Mr. Cassidy) and his suggestion that the $500,000 capital gains tax exemption was a worthy candidate for elimination in the Budget. First, while it may have been unconscious, the Minister has distorted the position that was taken by this Party which exempts those small farmers and small businessmen to whom he referred from any such change. We are talking about a change in a system which not only encourages, through tax exemption, speculative investment by large companies, but speculative investment by people entirely outside the country. That is surely a worthy target for immediate change.

If the Minister is so certain that this introduction of the $500,000 capital gains tax exemption has brought vast increases in investment to this country, why do the *Budget Papers* themselves for the year in which this was first introduced, 1986, state at page 8: "In fact, business, non-residential investment decreased in Canada by 1.2 per cent"?

I note that the increase for next year is a measly 1.5 per cent, and anyone who has studied some economics, as I know the Minister has, will recognize that those are most devastating figures for investment in this country and, in fact, account for a good deal of the difficult economic growth prospects which we see ahead of us.

Mr. Hockin: Mr. Speaker, the Hon. Member and I come from a very fortunate part of Canada where unemployment is low and industrial production is at historic high levels. I can forgive the Hon. Member for overlooking the answer to his last

question, that the oil and gas sector has collapsed. There may be some activity in our region near Petrolia, but the Hon. Member will realize the billions of dollars of investment that has dried up because of the collapse of the oil and gas market. If that is set aside, he will see that there has been an enormous increase in investment. The Investment Dealers' Association has its figures, but the macro figures will also show it, if the oil and gas sector is excluded. It has worked.

We will look at everything in tax reform. I am not saying that the $500,000 capital gains tax exemption must remain. It will also be considered. The comments by the Hon. Member and other Members on this question are important because it forms part of the analysis. There is frequent mention of people buying yachts in Florida and writing it off under this capital gains program. However, the fact is that this program has helped small business generally and farmers in particular. Of course, any anomalies in the program should be reviewed.

I believe we should take into consideration one's incentives to work hard. Sometimes a person's incentive to work hard is to buy a bicycle, a painting, or to go on a trip. Is the Hon. Member saying that only certain kinds of incentives are appropriate in the lexicon of the NDP? I believe the Government should allow as much freedom as is reasonable in terms of incentives for Canadians.

I also remind the Member that the facts are indisputable that long-term common equity investment in small business has increased over $1 billion in the last fiscal year, according to the Investment Dealers' Association. They do not trace it to the tax changes in Quebec, but to this particular provision.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, let me begin my facing the difficult task of labelling this Budget. The Government has labelled it as a good budget. The Minister of Finance (Mr. Wilson) himself has called it a "stay the course" Budget. One newspaper today called it a "breathing space Budget". I suggest that it is perhaps more indicative of a government that is out of breath, rather than one that is taking a breathing space. It could also be labelled as the "pie in the sky" Budget because the promises on tax reform are supposed to be the great highlight of the Budget. Yet there is absolutely nothing which indicates specifics with respect to such tax reform. I think as I look at the Budget that perhaps the headline in the Montreal *Gazette* this morning "The Popcorn Budget" is the best description I have seen. It is actually one I have to say I came up with before the Montreal *Gazette*. It is a Budget full of hot air. It has an awful lot of buttery syrup mixed up with it, but the major proposals within this Budget are all in the category of that famous tax levied on popcorn.

• (1700)

I feel that I should actually be complaining to the Minister of Consumer and Corporate Affairs (Mr. Andre) about the false advertising in this Budget and suggesting that this Budget should be very strongly looked at by the authorities in the Department of Consumer and Corporate Affairs who look at false advertising, because it contains a great deal of nonsense which is not accurate and not reflective of the real state of the economy.

I would like to now look at some of the good news which is supposedly contained in this Budget. I could take, for instance, the growth rates which one might have thought would be the heart of a good news Budget. What do those growth rates say? In the four budgetary exercises for which the Conservative Government has been responsible, starting with 1984, each and every single year the rate of growth in this country has declined and declined significantly. In 1984 it declined 5.5 per cent; in 1985, 4.0 per cent; in 1986, 3.3 per cent, and projected for 1987 is not an increase, not good news, but a further decrease to 2.8 per cent in terms of growth rates.

One could look at the unemployment rates. It is fascinating to find, if one looks carefully through the documentation—there was not very much provided so it was relatively easy to look through—the growth rates as compared with the United States and various comparisons with European countries, but we could not find a comparison of the unemployment rate now in Canada with that of the United States. The reason, of course, is that it is not good news. It is very bad news.

We have in this country a 9.7 per cent unemployment rate. The United States has an unemployment rate of approximately 6.9 per cent. We work on the basis of very similar comparisons and there is no question whatsoever that we have seen the government increase the gap in unemployment rates between the United States and Canada to one of the largest levels which has existed since the Great Depression itself. There is an almost 3 percentage point difference between ourselves and the United States. We are simply being outperformed by our closest trading partner.

I could look at investment rates, which I have just done in my question to the Minister. On page 8 of the *Budget Papers* we see again figures which show that in this past year there were great decreases in investment in this country. A tremendous Conservative pro-business government has taken power. It is supposed to be a great friend of the corporate community, but it ends up giving us a significant decrease in investment levels by private business. We can take for example the 1.2 per cent for business non-residential investment. That is not just a lower growth rate, that is an actual decrease, an actual decline, which this tremendous friend of business has managed to create.

We could look further at the forecasts for corporate tax, which are always a rather interesting reflection of what the Government thinks is going to take place with respect to the buoyancy of the economy itself. When we look at those statistics, which are found on page 22 of the *Budget Papers*, we see that the actual receipts were over $2 billion below what was forecast for 1986-87. For 1987-88 the forecasts, compared to last February's Budget, are even below the expectations which were put before the Canadian people at that time. So it is a bad news Budget, not a good news Budget.

It is a bad news Budget even for those who have some sacred belief in reducing deficits. The deficit which is now projected for the end of this coming fiscal year is $29.3 billion. Anyone who has some historical memory can go back and ask what the projection was which was made by the great Minister of Finance a year ago in February. His projection was that the deficit we would be facing, not in a year, but now, would be $29.5 billion. But it is $32 billion because of mistakes and because of increased tax loads on Canadians which have decreased economic activity and have brought down, as a result, a much higher deficit than was forecast. This is exactly what some of us predicted last year.

It is frankly a Budget which the Government has blown. Yet it has a magic trick which somehow is going to make it look good. It is the magic trick of accelerating income from taxes. By accelerating it, it will make a once and for all gain of $1.2 billion. At the end of next year, as a result, it will look as if it is lucky to have a $29.3 billion deficit. But that will be achieved only through trickery, only through playing with the figures, only through what is in essence a manipulation of a system of receiving income from employers which, of course, will significantly hurt those employers.

• (1710)

That is the supposed good news which is contained in the Budget. More important than that is the tremendous unfairness which exists in the Budget. It is an unfairness which shows itself in there being no action taken on regional development concerns, despite high unemployment levels in regions across the country. I am not just talking about provinces, I am talking about areas within provinces. Frankly, the statistics are frightening. There are parts of British Columbia in which the unemployment rate as of January was 19.6 per cent. There are parts of Alberta, that great area of Tory prosperity in the past, in which unemployment rates in certain areas are 12.8 per cent. There are parts of Saskatchewan in which unemployment rates are 10.7 per cent. The only part of the country which does not have an area, a region, with an unemployment rate of over 10 per cent is Manitoba, which is governed by a NDP Government.

If we consider places such as Ontario we see that in northern Ontario there is an unemployment rate of 14.6 per cent. These figures are direct from Statistics Canada. Recently in this debate someone noted that, surely, we are not questioning figures from Statistics Canada. Even in southern Ontario, which is supposed to be the heartland of prosperity, the unemployment rate in Brant County is 10.2 per cent. In areas such as the area around Montreal the unemployment rate is 12.4 per cent. In other parts of Quebec the unemployment rate is 14.5 per cent and 15.2 per cent. In Labrador it is 26.5 per cent, as it is in parts of Newfoundland. In Cape Breton it is 23.1 per cent. In Prince Edward Island it is 17.8 per cent. In parts of New Brunswick it is 16.2 per cent.

There is nothing, absolutely nothing, in the Budget to deal with those types of regional inequalities which cause tremendous damage to people and which result from these vicious levels of unemployment. All of us know that in fact those official statistics are often under-estimated by significant margins. We are talking about human tragedy.

I wish to talk about some of those human tragedies. For instance, I wish to talk about a woman in my constituency, Mrs. Hahn, who is retired. As a result of measures such as the increase in the gas tax she will no longer be able to visit her family in Toronto. I wish to talk about auto workers, such as Marcel Lemieux, who were looking for action in the Budget to protect the auto industry and to give a fair balance between those who are meeting 60 per cent Canadian value added in the Big Four and those who are getting a free ride in the Korean and Japanese companies which do not have to meet those goals.

I wish to talk about farmers in my constituency, farmers such as Claude Giroux, who has not only faced tremendous squeezes in terms of prices that he is paid against his costs of production, but who is being hit for back taxes. In this case he tried to keep his family and farm together by working off the farm.

I wish to talk about people such as Gloria Seale, a woman in one of the low-income housing projects in my constituency who was offered a job. She felt a tremendous sense of satisfaction to finally have a job made available to her. She found that she could not take the job because day care was not available since the Government has refused to act despite promises in the Speech from the Throne, despite promises from the Prime Minister (Mr. Mulroney), and despite promises from the Minister who deals with this subject. We have seen nothing in the Budget whatsoever with respect to day care, or anything else that might help the women of the country.

I also wish to talk about a friend of mine, Richard Kamau, who lives not in Canada but outside of Canada. He lives in Africa. As a result of the Budget and its attack on the weak he faces a cut, as we discovered this morning, because the money that CIDA will be able to spend on its projects has been cut by $92 million next year. We saw the details this morning, and they demonstrate that very clearly. What we have is a Budget that is hurting people, not just here in Canada but elsewhere in the world.

I recognize that it is a tough time economically, that we have difficult challenges in front of us. In fact, the previous speaker and I spent far too much time on the same committee. We came to complete agreement with respect to many of the problems that we face as a country. There is a need to rebuild our industry; a need to become competitive; a need to be much more dynamic and effective in our trade activity; and a need to push ahead in our resource sector. There is a need to build up from the bottom new community initiatives which will get people back to work and get the country moving again. The Budget does none of that.

I must say that the Minister boasted that there are no new initiatives in his Budget. Therefore, I say that it is a sick Budget from a sick Government, a Government which is staggering from scandal to scandal, a Budget in which inaction is made a virtue. It represents a sickness in the Conservative Government, and I deeply regret it.

• (1720)

Mr. Hockin: Mr. Speaker, in describing the Budget the Hon. Member referred to it as being pie in the sky, as popcorn, as hot air, or as something of no substance. Does he describe the following particular concrete achievements in the province in which we both live as pie in the sky or hot air? Some 356,000 jobs have been created in the Province of Ontario since September 1984; 62,000 jobs have been created in the Toronto area in the past 12 months; the value of building permits issued in 1985 was up 33.8 per cent or $2.1 billion compared with 1984; building permits in the first 10 months of 1986 were up 34.7 per cent; and, for the month of January 1987, there were 5,738 housing starts. The list goes on and on, and I have only referred to the Province of Ontario. Those achievements are not pie in the sky or hot air. They are reality. They have been created by the climate and physical responsibility put in place by the Government. Perhaps we are not supposed to talk with any pride about Ontario, but this is real and this is where we live. Does the Hon. Member call these things—and I could mention farm cash receipts increasing in 1986 by 7.2 per cent compared with 1985—pie in the sky or hot air?

Mr. Langdon: Mr. Speaker, perhaps if the Minister had been listening a little more carefully he would have heard me refer to the pie in the sky aspects of the Budget in respect of tax reform. I indicated quite clearly that it was a Budget which had within it pie in the sky being promised, just as the Salvation Army used to do in the past, suggesting that tax reform would be brought in and that that would give us fairness and growth. That was the pie in the sky to which I referred.

Let me refer quite directly to the mass of magnificent statistics which the Minister read to the House. In his speech the Minister said that the problem which his Government faced in coming into office was that there had been too much government action, that Government was stifling the people of the country. It seems to me that that has led to a reversal, a retrenchment, or a Government which has been in retreat, for the most part, so far as economic initiatives are concerned since 1984. Certainly in respect of the Budget there is no new initiative of any kind, except for more taxes which fall upon the ordinary person.

With regard to the pattern within the country, I think that a Minister with the insight of the Minister who has just spoken would want very much to say that the over-all picture is crucial and that that picture shows, as I indicated in my speech, that growth rates have fallen in each year since the election of the Conservative Government.

Also I think that the Minister would want to recognize that the auto industry in his part of the country and in my part of Ontario has been a major, possibly overwhelming factor in respect of the tremendous expansion that has occurred in many parts of Ontario. Yet, that auto industry is presently being put at risk in terms of the Auto Pact, duty remission schemes, and the whole set of issues which is being bargained about in the free trade arrangements.

Unfortunately the Minister has not proven his point. Instead, he has demonstrated my point, that across the country we have seen economic devastation in many respects. In our part of the country we have seen gains, and those gains have come out of an industry which the Government is putting directly at risk.

Mr. Boudria: Mr. Speaker, I am sure the Hon. Member for Essex—Windsor (Mr. Langdon) remembers the election campaign of 1984. However, I wonder whether he remembers a particular document commonly referred to as "Pocket Politics, 1984". I have been told that the document was given to Conservative candidates. It was a 46-page policy manual authorized by the PC of Canada Fund, according to what is written on it, as registered agents for the Progressive Conservative Party of Canada.

In any case, one thing Tory candidates were supposed to say was that a Conservative Government would double research and development effort to 2.5 per cent of the GNP in the first four years in office. I know the Hon. Member comes from the academic world and is obviously very concerned, as am I and many other people, about the research and development efforts or lack thereof of the present Government. Does he think, as do I, that it is difficult to consider this particular campaign to have been fulfilled? The budget of the National Research Council was cut from $520 million in 1984 to $398 million in 1986? In addition, the Tory Government across the way cut a further $20 million on October 9, 1986. Does the Hon. Member agree that the Tories very badly breached this particular promise and failed to deliver in the popcorn Budget which was brought down yesterday?

Mr. Langdon: Mr. Speaker, I thank the Hon. Member. One is almost tempted to say "colleague" because we share the back-benches, but one must think of all with whom we share the back-benches, and it is a little questionable.

I think the point which he made was a crucial one for two reasons. First, there is no question that the economies of the future, the countries which will do well, the countries which will expand free trade, see accelerated growth rates, and keep their people at work, are the countries which invest in research and development, as we in Canada should be doing.

Second, I must say with regret that the failure to meet a promise when a Government is elected, especially a promise as direct and as concrete as the one to which the Hon. Member referred, leads to unfortunate cynicism about politics as a whole, to which the Government has contributed more than its share in recent weeks.

Mr. Deputy Speaker: I will recognize the Hon. Member for Ottawa West (Mr. Daubney) on a short question or comment, and then we will resume debate.

• (1730)

Mr. Daubney: Mr. Speaker, I listened with care to the remarks of the Hon. Member for Essex—Windsor (Mr. Langdon) for whom I had, or at least until today, a certain amount of respect. Having heard his remarks I felt I should quote from the article which I have just read in this month's *Saturday Night*, the headline of which reads:

> Steven Langdon, the NDP critic on industry and free trade, knows everything about the economy except how to make it work.

That has a certain ring of accuracy to it. Let me quote a brief excerpt from the article which is written by Robert Fulford for *Saturday Night*, a journal which is not known to support the Conservative Party:

> The major problem of Langdon and his fellow New Democrats—is that their party's political culture remains profoundly anti-business. They live in a society whose wealth depends on business, yet they take no pleasure or satisfaction from the success of business.

The Budget we heard last night talked about the success of business and the success of the economic management which the Minister of Finance (Mr. Wilson) has brought to this nation's affairs. Does the Hon. Member not realize that his constituents rely on that success, that the people in the Windsor area need the kind of economic leadership the Government is giving them? Does the Hon. Member not realize that he does not speak for the people of Essex—Windsor when he speaks in his kind of trivial, anti-intellectual and very disappointing way about the Budget. The Budget is an important document. It is an important record of a very successful two and a half years of economic management.

Mr. Langdon: Mr. Speaker, I take it that the hon. gentleman did not enjoy the speech. Let me say two things in response. First, this was a speech about the Budget which I fear—perhaps the Hon. Member has not had a chance to read it yet—not only has nothing in it but was boasted about by the Minister of Finance because it has nothing in it.

With respect to the second point and our supposed anti-business philosophy, I make only the point that what we have been saying about this Budget and its do-nothing character is precisely what my friends in the business community have been saying as well. When we chatted outside last night at the scrum we each looked for words which could be more perjorative with respect to a Budget which came in and did not, at a time of tremendous difficulty for the private sector as demonstrated by those decreased investment levels, do anything to try to pick up this country up, to put more money into the hands of the ordinary person and get Canada moving again, very much with the support of business, but very much with the leadership of Government.

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Parliamentary Secretary to Minister of Agriculture (Mr. Champagne).

Mr. Michel Champagne (Parliamentary Secretary to Minister of Agriculture): Thank you very much, Mr. Speaker. At last, I could say. First of all, before getting into the gist of my remarks, I want to say that my hon. colleague from Ottawa-West (Mr. Daubney) is perfectly right when he says that our New Democrat colleague knows nothing about the economy, and that the Hon. Member next to him does not understand anything either. Anyway, I wonder to what extent a Member of the NDP can understand the Canadian economy because he has no idea of what it is to be in power. NDP members know nothing at all. The only think they can do—yes, it's true, Mr. Speaker, they are good at one thing: criticism, criticism, criticism. It is about the only word they know and I encourage them to keep on in that direction because then they will always be in the opposition.

Mr. Speaker, unlike my colleague from Montreal—Sainte-Marie (Mr. Malépart), I am very proud to rise today to take part in the debate on the budget that was tabled yesterday by out excellent Minister of Finance, the Hon. Michael Wilson. Mr. Speaker, this is first and foremost a budget that is one more step in the direction that the Progressive Conservative Government has taken since it came to power on September 4, 1984, a budget that essentially deals with the economic and social future of Canada through the creation of permanent jobs, lowering of interest rates, reduction of deficit, control of inflation and national reconciliation.

Mr. Speaker, since September 4, 1984, we are talking about these goals and we are achieving them. We are achieving them because our Government, under the enlighted direction of our Prime Minister, has been listening to the Canadian people, has given to our Minister of Finance (Mr. Wilson) a clear and specific mandate to put the Canadian economy back on its feet. If you look at statistics, they speak for themselves, and I do not think this is partisanship.

If you look at interest rates, they were at 12 percent in 1984 when our Party took power. They are down to about 7 percent today. That is moral responsibility shown a by Progressive Conservative Government.

As for inflation, we were able to keep it at about 4 per cent. This has increased the purchasing power of many Canadians and particularly the less privileged. Here again, our Government has shown political and moral responsability.

The people in my riding of Champlain know what mortgage rates mean. They suffered enough when these rates reached a level of 20 to 22 per cent in the 80's. Do you realize how disastrous these rates were for our economy and for hundreds of thousands of families who had to sell their houses, to give up their hopes to buy one or even stopped contributing positively to the Canadian economy because of a lack of financial means? This immoral situation was created by a Liberal

Governement with an unrestrained arrogance towards Canadians in general, and taxpayers in particular. Mr. Speaker, they learned the hard way on September 4!

Mr. Speaker, this morning, I was very surprised to see, sitting side by side, the Hon. Member for Laval-des-Rapides (Mr. Garneau) who fatherered the Quebec deficit and the Leader of the Opposition, the Right Hon. Member for Vancouver Quadra (Mr. Turner) who fathered the federal deficit. They were chatting about the Budget!

Mr. Hudon: An expanding vacuum!

Mr. Champagne (Champlain): Yes, an expanding vacuum, as my hon. colleague for Beauharnois—Salaberry (Mr. Hudon) says. The Hon. Member for Laval-des-Rapides was saying almost word for word: This morning I picked at random a few editorials reflecting the harmful impact of the Conservative Budget. Then I realized to what extent Liberals were indulging in demagogy and had a very short memory. This is why I checked some papers and I shall quote, as did my colleague for Laval-des-Rapides, from an article published on February 16, 1984 in *Le Droit*, the day after the last Liberal Budget. It says: "Business and labour groups are disappointed with Mr. Lalonde's Budget. The President of the Saint-Jean-Baptiste Society, who made very harsh criticisms, considers that Budget as an electoral and partisan exercise of Liberal propaganda."

This afternoon, I heard the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) say that the Government had neglected the workers and the unemployed. Mr. Speaker, on February 16, 1984, the day following the last Liberal Budget, the Ottawa daily *Le Droit* was saying in large characters: "Lalonde ignores the unemployed. The federal budget presented last night in the Commons contains little to help the unemployment situation, and the rate is expected to remain at around 11 per cent next year."

Mr. Speaker, this came from an irresponsible Governement. It came from a Liberal Government. We have seen the results.

In *La Presse* of that same day, February 16, 1984, Mr. Speaker, the columnist Laurier Cloutier wrote: "Mr. Lalonde's Budget paves the way to a new recession. The budget presented by the federal Minister of Finance, Marc Lalonde, will cause a new increase in inflation and interest rates within a year, and a new recession at the end of next year. Several spokesmen for the business community, after a first evaluation of yesterday's budget, said they feared new economic problems in the short term . . . " That was all about the last Liberal budget.

Fortunately, Mr. Speaker, on September 4, 1984, the Canadians rejected the Liberals, otherwise, we would have had a recession in 1985. We would be going through an economic slump, because of an irresponsible Government which knew only how to spend, and not how to manage wisely the Canadian economy.

Mr. Speaker, I will mention again that 1984 Liberal Budget, because the Hon. Member for Laval-des-Rapides (M. Garneau) was saying this morning that the "opposition was disappointed and skeptical", but this time I will quote the leader of the New Democratic Party who said that "the unemployed will not profit from all the talk about recovery, as more than 80 per cent of the tax cuts contained in the Budget are targeted to people in higher income brackets."

Mr. Speaker, looking at the leader of the Opposition and the leader of the New Democratic Party, I realize one thing: since 1984, and even 1980 for the latter, the only thing they can say is that it is inequitable and unfair. Mr. Speaker, it is precisely then that we realize that two opposition parties are not able to renew themselves, to contribute actively and positively to the development of the Canadian economy, when we see them, particularly the New Democratic Party recently, sit in this House, prevent the normal course of the business of the House, keep us here until 3 o'clock a.m. on matters of paramount importance for the Canadian economy, that we see to what extent the sheer partisan attitude of those two opposition parties prevails over the rational pursuit of economic and social development for the well-being of Canadians.

Mr. Speaker, we heard about regional problems this morning. I heard my colleague the Hon. Member for Laval-des-Rapides (Mr. Garneau) say that the federal Government had done nothing to help the regions. I would like to remind him of one thing: federal-provincial agreements have been signed, particularly with Quebec, and it should be stressed; we signed agreements on forestry. We signed federal-provincial agreements on mining, on agriculture this week, on economic and regional development under ERDA. We signed agreements which at last enable Quebec, with the help of the federal Government, jointly and constructively, to ensure that our economic development, our creation of permanent jobs, that the hope to give young people a good and stable future now materialize, because there are two responsible governments, one being the federal Government. It was a Progressive Conservative Government which was not afraid to sit down with the provinces and negotiate to see exactly what they wanted. Of course, under the Liberal Government, Mr. Speaker, this was not done because as we know . . . There are indeed some Liberal members who are gentlemen but I can say to you, Mr. Speaker, that the arrogance of the Liberal government was such that the Quebec premier was told that he was just a hot dog eater. I remember that there were 74 Quebec members in this House who after years of negotiations with Quebec were on the verge of signing a constitution which allowed us to be proud of our country; but they turned around and knifed them in the back and kept them apart from the rest of the country. Such was, Mr. Speaker, the Liberal government which the Canadian people defeated in September 1984.

Mr. Speaker, when we see a responsible government—

Mr. Prud'homme: Responsible?

Mr. Champagne (Champlain): I would ask my colleague from Saint-Denis (Mr. Prud'homme) to listen closely to what I am going to say. When we see a responsible government which decides to take control of the Canadien economy and to cut its expenditures, over 63 per cent of the deficit reduction being on account of cuts made within the management of the State and not necessarily distributed among taxpayers as a whole as demagogically stated by the New Demoractic Party and the Liberal Party. Mr. Speaker, we have said, and we have the figures to prove it, figures provided by Statistics Canada and the Conference Board, that our Minister of Finance was right to put the Canadian economy on a new course, to restrict Government spending, to sit down with the provinces and consult and co-operate, in order to offer Canadians effective programs at a lower cost than was the case under the Liberals during their last term.

Mr. Speaker, I realize that at this point we can hardly expect the Opposition to support us, because it would have to say that we are an efficient and a responsible Government.

Mr. Speaker, this afternoon I was listening to the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), supposedly an ardent defender of the rights of widows and orphans, who was saying that the Progressive Conservative Government had betrayed Canadians who were most in need. Mr. Speaker, I would like to remind him of a few points which I am sure will embarrass him. In 1980, Mr. Speaker, in their election literature, the Liberals promised an allowance for widows and widowers between the ages of 60 and 64. It took a Progressive Conservative Government to make it all come true. The Hon. Member for Montreal—Sainte-Marie had nothing to do with it.

Mr. Malépart: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Paproski): Order! The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), on a point of order.

Mr. Malépart: My point is that the Hon. Member involuntarily misled the House by saying the Liberals promised to do this. That was not what the Liberals had promised. They had promised better things.

• (1740)

[*English*]

The Acting Speaker (Mr. Paproski): That is not a point of order. The Hon. Member will have an opportunity to ask a question or make a comment after the Hon. Member has finished his speech.

[*Translation*]

Mr. Champagne (Champlain): Mr. Speaker, this is where I realize to what extent he had a poor memory because I took this word for word from the pamphlet of the former Liberal candidate in the riding of Champlain in 1980. It was written word for word. They should consult one another before making statements which mislead the House.

Mr. Speaker, this reminds me of something else, and I see my colleague from Duvernay (Mr. Della Noce) who is sitting behind me. When the Montreal East refineries were closed down in 1981, the Hon. Member for Montreal—Sainte-Marie did not even get out of his office. He did not rise a finger to help the Texaco and other refinery workers who lost their jobs, Mr. Speaker, and that is called political immorality. He thought he should stick with his Party instead of helping workers who were having a hard time.

Today, Mr. Speaker, I just cannot understand now he sits in the Opposition, how he can say something which totally contradicts what he used to say when he was sitting on the Government benches. It is as though Liberal Members generally, and the Hon. Member for Montreal-Sainte-Marie (Mr. Malépart) in particular, are more anxious to score political points than to protect the rights of workers.

Mr. Prud'homme: Mind your own business!

Mr. Champagne (Champlain): Mr. Speaker, I will reply to my colleague the Hon. Member for Saint-Denis (Mr. Prud'homme) that I am minding my own business, because the business of Canadians is my business. And to think that in 1979 and 1980, Mr. Speaker, the Liberals defeated our Government because we wanted to impose an 18 cents tax on a gallon of gas, while later on they had no qualms about increasing the tax by $1.15 a gallon! Mr. Speaker, when they did that in 1980, they showed a complete lack of political ethics. But they prefer to ignore it, Mr. Speaker.

Today, Mr. Speaker, the Hon. Member for Laval-des-Rapides (Mr. Garneau) told us that a one cent increase in the price of gas was outrageous. I do not have words to express my feelings for the $1.15 increase which the Liberals themselves had imposed. There is no word to express that. I can only speak of total lack of political morality. That is the kind of things Liberals have shown us over the past four years.

Mr. Speaker, I should like to recall for the benefit of my colleague the Hon. Member for Montreal-Sainte-Marie (Mr. Malépart) that the retail price of gas in Montreal in 1984 was 60 cents a liter. Now, it is 50 cents a liter. Two and a half years after we came to power, the price is ten cents lower than what we had inherited from the Liberals. That, Mr. Speaker, is for me a sign that our Government and, above all, our Minister of Finance, is highly responsible towards every Canadian. I hope no Hon. Members opposite will cry over our shoulders, especially not NDP Members, claiming that one cent more will prevent a brother-in-law from visiting his sister-in-law. Those Members, Mr. Speaker, voted along side with the Liberals in 1980, when we were defeated over the 18 cents proposal. They share responsibility with the Liberals for what was done, for all the wrongdoing to the Canadian economy. They are hypocrits, Mr. Speaker.

• (1750)

Mr. Boudria: On a point of order, Mr. Speaker.

Mr. Deputy Speaker: I will recognize the Hon. Member from Glengarry—Prescott—Russell (Mr. Boudria).

Mr. Boudria: Mr. Speaker, respectful of the rules as we all are, I do not believe you would want Hon. Members to be accused, indeed not the Hon. Member from Montreal—Sainte-Marie (Mr. Malépart), in the way the Member from Champlain (Mr. Champagne) just did, knowing it is against the rules to accuse anyone of being a hypocrit, this being said, Mr. Speaker, again in all due respect towards you.

Mr. Deputy Speaker: I do not think that the Hon. Member from Champlain (Mr. Champagne) was accusing the Hon. Member from Montreal—Sainte-Marie (Mr. Malépart). No doubt his remarks were of a general nature.

Mr. Malépart: He is speaking of Conservative Members who are hypocrits.

Mr. Champagne (Champlain): Mr. Speaker, it is too bad my colleague for Glengarry—Prescott—Russell (Mr. Boudria) rose to speak, because as the saying goes, one should rather remain silent and look stupid than open up and prove it. That proof he just gave, Mr. Speaker.

Mr. Speaker, this morning and earlier today we heard the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) cry scandal. This is about the only thing which they can rely on right now, because as far as the economy is concerned, Mr. Speaker, everything goes well, very well indeed—676,000 jobs!

As far as social security is concerned, everything goes very well, Mr. Speaker. We maintained our social programs, we improved on them—widows' and widowers' pensions. And I know the Hon. Member for Montreal—Sainte-Marie, without being personal, agrees that we gave a supplement to Canadians widows and widowers aged 60 to 64.

Mr. Prud'homme: We are half-way there.

Mr. Champagne (Champlain): I know he supports that and applauded us. Of course, I also agree with him that more will have to be done. However, Mr. Speaker, we have only been here two and a half years, and we have done a couragous and remarkable job of straightening up the mess created by the Liberals over the years.

Mr. Speaker, they accused us this morning, I mean the Hon. Member for Laval-des-Rapides (Mr. Garneau) said: I do not understand why the Minister of Finance did not table a five-year plan to tell us where we are going. He has a short memory, Mr. Speaker. Very short indeed. The Liberals never reveal their true intentions to the Canadian people. During the 1980 campaign, they did not talk about the Energy Program, they did not say that they would reduce the VIA Rail passenger services by 20 per cent, they did not say that they would review the Crow rate. In fact, Mr. Speaker, during the electoral campaign, the Leader of the Opposition told everyone willing to listen that he would keep his new program secret until the day when he made a Speech from the Throne. You can see how inconsistent the opposition party is. Everything is so clear that you cannot see where you are going.

Mr. Speaker, I was listening to the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria). I know that my allotted time is nearly over, but I would simply like to remind the Hon. Member that when he speaks about scandals—

Mr. Malépart: One year and a half to go!

Mr. Champagne (Champlain): —we recall certain juicy contracts given to businesses managed by former ministers. We remember that, when he was asked by a reporter about the trips made by his family on certain airplanes, the former minister Gerald Regan, pointed out that such information is classified. We also remember the purchase of Petro-Canada. Since my allotted is nearly over, I would like to remind the Hon. Member of one thing, namely that one of the close friends of the former Prime Minister obtained the contract for the Washington embassy even though he was not one of the four people on the list for this contract.

Members of the Opposition speak about scandals, but since they are much worse than we are, I think that they should be saying: Do as we say, not as we do. In closing, Mr. Speaker, I would like to add that a responsible government took over the reins of the economy on September 4, 1984, and is now doing a great job of putting the Canadian economy back on its feet and of giving back to all Canadians the prosperity they deserve.

Mr. Deputy Speaker: The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) on a question or a comment.

Mr. Malépart: Mr. Speaker, it is the swan song, the cry of a desperate and defeated man, a man who is becoming aware that his short career here in Ottawa, with a rating of 22 per cent at the national polls, and of 13 per cent in the province of Quebec—

An Hon. Member: What is his rating in Quebec?

Mr. Boudria: Did you say 13 per cent?

Mr. Hudon: The management of polls!

Mr. Malépart: —13 per cent in Quebec. And I am sure that in the Member's constituency, it is less than 10 per cent.

Mr. Boudria: There are more people who are undecided than there are Conservatives.

Mr. Malépart: Mr. Speaker, this poor Member was really pathetic. The first year, people said it was because of inexperience; the second year, it was ignorance; but now it is incompetence. Mr. Speaker, as to his unfounded statement that the Liberals wanted to limit the spouse's allowance to widows and widowers, if he knows how to read—or if he does not know, instead of reading speeches prepared for him, he should ask his assistant—he can find that the Liberals were committed to giving the pension to all those in need, whether single,

separated, divorced or even married, aged 64 to start with, and then progressively down to 60 years old.

• (1800)

Some Hon. Members: Why didn't you do it?

Mr. Malépart: Mr. Speaker, the Hon. Member is not on track, he can talk about VIA Rail, he does not know which way to go. I would like to ask a question to the Hon. Member, who is boasting about the glorious achievements of his Government, who is so proud that his Government kept the capital gain exemption for the rich but denied payment of unemployment benefits to retirees, who was telling people in his riding—and I know some who disagree with the policy of his Governement—in 1985, that he was with them, when he was actually saying the opposite in the House. Here is what I would like to ask the Hon. Member.

First, he approved of the deindexing of Old Age Security and was humiliated when the Prime Minister bowed to the pressure from older people and Opposition Members and backed down. The Hon. Member at that time rose in the House and tried to have us believe that older people agreed with the measure, which was not true.

Second, does the Hon. Member agree with the fact that the capital gain exemption for the rich is being maintained, whereas Family Allowances are deindexed? Third—

Mr. Deputy Speaker: I regret to interrupt the Hon. Member.

* * *

TELEGLOBE CANADA REORGANIZATION AND DIVESTITURE ACT

MEASURE TO ENACT

The House resumed consideration of the motion of Mrs. McDougall (St. Paul's) that Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada, be now read the second time and referred to a legislative committee, and the amendment of Ms. McDonald (p. 3435).

Mr. Deputy Speaker: It being 6 o'clock, pursuant to Standing Order 13(4)(*a*), the House will now proceed with the deferred division on the motion for second reading of Bill C-38, an Act respecting the reorganization and divestiture of Teleglobe Canada. Call in the Members.

The question is on the amendment of Ms. McDonald (Broadview—Greenwood).

That the motion be amended by deleting all the words after the word "That" and substituting the following therefor:

"Bill C-38, An Act respecting the reorganization and divestiture of Teleglobe Canada, be not now read a second time but that it be read a second time this day three months hence".

The House divided on the amendment (Ms. McDonald), which was negatived on the following division:

• (1810)

[*English*]

(*Division No. 65*)

YEAS

Members

Allmand
Althouse
Benjamin
Blaikie
Boudria
Caccia
de Jong
Dingwall
Finestone
Foster
Fulton
Gagliano
Garneau
Gray
(Windsor West)
Grondin
Heap
Henderson
Hopkins
Hovdebo
Johnston
(Saint-Henri—Westmount)
Kaplan
Keeper
Langdon
MacLellan
Malépart
Manly
McDonald
(Broadview—Greenwood)
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Parry
Pépin
Prud'homme
Robichaud
Robinson
Rodriguez
Turner
(Vancouver Quadra)
Young —41

NAYS

Members

Andre
Attewell
Belsher
Bertrand
Bouchard
Bourgault
Boyer
Browes
Caldwell
Champagne
(Champlain)
Charest
Clark
(Brandon—Souris)
Comeau
Corbett
Cossitt
Côté
(Lac-Saint-Jean)
Darling
Daubney
Desrosiers
Edwards
Epp
(Provencher)
Fennell
Ferland
Fontaine
Forrestall
Fretz
Gérin
Gottselig
Graham
Gray
(Bonaventure—Îles-de-la-Madeleine)
Hamelin
Hamilton
Harvey
Hawkes
Hicks
Hockin
Holtmann
Hudon
Jacques
James
Jardine
Joncas
Kelleher
Kempling
King
Lanthier
Layton
Leblanc
Lewis
MacKay
Mailly
Malone
Martin
Mazankowski
McCain
McKenzie
McKinnon
Minaker
Nickerson
Nowlan
Oberle
O'Neil
Paproski
Peterson
Pietz
Plourde
Reid
Schellenberg
(Nanaimo—Alberni)
Scowen
Sparrow
Stackhouse
Suluk
Tardif
(Charlesbourg)
Towers
Tupper
Turner
(Ottawa—Carleton)
Van De Walle
Vézina
Vincent
Weiner
Winegard—81

• (1820)

Mr. Deputy Speaker: I declare the motion lost.

Mr. Lewis: Mr. Speaker, it was agreed to earlier today that the House would immediately proceed to the recorded division on the second reading motion. I think you would find a

disposition in the House to apply the vote on the amendment, in reverse, of course, to the second reading motion, unless someone else has come into the House. The Hon. Member for Halifax West (Mr. Crosby) would like to be added to our Party and the Hon. Member for Saint-Jacques (Mr. Guilbault) would like to be added to the Liberal Party.

Mr. Benjamin: Mr. Speaker, may I ask the Parliamentary Secretary if the all-Party agreement earlier was in writing or in blood?

Mr. Nystrom: Mr. Speaker, my understanding, even though my colleague, the Hon. Member for Kamloops—Shuswap (Mr. Riis) is not here, is that there has been no all-Party agreement. In case there is not an agreement, we certainly want to debate this matter further. It is a very important issue.

Mr. Mazankowski: Mr. Speaker, I am not sure who is quarter-backing the New Democratic Party. I did discuss this matter with the House Leader and it was my understanding that there was an agreement. I did discuss it with the Hon. House Leader of the Liberal Party and he also agreed there was an agreement. I find this rather strange.

Mr. Gray (Windsor West): Mr. Speaker, I simply want to say that it has been my understanding that there was an all-Party agreement that the vote would be counted on the motion for second reading, but in reverse. I am sorry the House Leader of the New Democratic Party is not here to clarify this matter. However, I just want to put on the record what my understanding is with respect to the arrangement between the three Parties.

Mr. Nystrom: Mr. Speaker, as I said, I have not had a chance to consult with my House Leader, but if there is an agreement we will certainly stick to it, and we will take the word of the Government House Leader and the Opposition House Leader on that.

Mr. Deputy Speaker: The House has heard the representations from the Parliamentary Secretary to the Deputy Prime Minister to the effect that on the main motion the vote will be reversed, with the addition of the Hon. Member for Halifax West (Mr. Crosby) and the Hon. Member for Saint-Jacques (Mr. Guilbault).

Some Hon. Members: Agreed.

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

Teleglobe Canada

(Division No. 66)

YEAS

Members

Andre
Attewell
Belsher
Bertrand
Bouchard
Bourgault
Boyer
Browes
Caldwell
Champagne
(Champlain)
Charest
Clark
(Brandon—Souris)
Comeau
Corbett
Cossitt
Côté
(Lac-Saint-Jean)
Crosby
(Halifax West)
Darling
Daubney
Desrosiers
Edwards
Epp
(Provencher)
Fennell
Ferland
Fontaine
Forrestall
Fretz
Gérin
Gottselig
Graham
Gray
(Bonaventure—Îles-de-la-Madeleine)
Hamelin
Hamilton
Harvey
Hawkes
Hicks
Hockin
Holtmann
Hudon
Jacques
James
Jardine
Joncas
Kelleher
Kempling
King
Lanthier
Layton
Leblanc
Lewis
MacKay
Mailly
Malone
Martin
Mazankowski
McCain
McKenzie
McKinnon
Minaker
Nickerson
Nowlan
Oberle
O'Neil
Paproski
Peterson
Pietz
Plourde
Reid
Schellenberg
(Nanaimo—Alberni)
Scowen
Sparrow
Stackhouse
Suluk
Tardif
(Charlesbourg)
Towers
Tupper
Turner
(Ottawa—Carleton)
Van De Walle
Vézina
Vincent
Weiner
Winegard—82

NAYS

Members

Allmand
Althouse
Benjamin
Blaikie
Boudria
Caccia
de Jong
Dingwall
Finestone
Foster
Fulton
Gagliano
Garneau
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Heap
Henderson
Hopkins
Hovdebo
Johnston
(Saint-Henri—Westmount)
Kaplan
Keeper
Langdon
MacLellan
Malépart
Manly
McDonald
(Broadview—Greenwood)
Mitchell
Murphy
Nicholson
(Trinity)
Nunziata
Nystrom
Orlikow
Parry
Pépin
Prud'homme
Robichaud
Robinson
Rodriguez
Turner
(Vancouver Quadra)
Young —42

Bill read the second time and referred to a legislative committee.

Mr. Deputy Speaker: It being 6.30 p.m., the House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.30 p.m.

HOUSE OF COMMONS

Friday, February 20, 1987

The House met at 11 a.m.

Prayers

• (1105)

STATEMENTS PURSUANT TO S. O. 21

[*English*]

ENVIRONMENTAL AFFAIRS

ACID RAIN—FORTHCOMING MEETING BETWEEN PRIME MINISTER AND UNITED STATES PRESIDENT

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, it seems to us on this side of the House that it is time for the Government to come to its senses, to stop beating around the bush and to explain where it is going on acid rain with the United States.

The Prime Minister (Mr. Mulroney) should be gracious enough to recognize that the envoys' report is not working in Canada's favour as he had originally hoped. Having done that, the Prime Minister should tell President Reagan when he comes to Ottawa on April 5 that Canada wants to see a substantial cut in American air pollution crossing over the border into Canada. At the very least the Prime Minister should try to secure from the President a commitment not to oppose the acid rain control legislation currently before Congress.

Emission reductions, not further research, are the message the Government of Canada should give to the United States. The first public opportunity to do so will emerge right here in Ottawa on April 5 when the Prime Minister and President Reagan will meet.

* * *

THE BUDGET

MEASURE TO STIMULATE PRODUCTION IN STEEL INDUSTRY

Mr. Felix Holtmann (Selkirk—Interlake): Mr. Speaker, the Budget is great news to steel producers and steelworkers all across Canada. The withdrawal of the general preferential tariff on most specialty and carbon steel mill products will give our steel industry a much needed boost and will stimulate greater production levels and more jobs throughout the country.

The people in my constituency of Selkirk—Interlake are extremely pleased with this Budget. The Town of Selkirk is the steel capital of Manitoba. The people of Selkirk are pleased that the Government has seen fit to strengthen the steel industry further and that, as a result of the Budget, job security in Manitoba's steel industry is also strengthened. The Budget is good for Selkirk, it is good for Manitoba, and it is good for all of Canada.

* * *

THE BUDGET

EFFECT ON AVERAGE FAMILIES

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, yesterday the Government tabled its third Budget in the House of Commons. It is a Budget which has done nothing to improve fairness for average families, families who have been looking to the Government to provide honest and straightforward leadership.

Not only has the Budget failed to introduce tax reform to ease the burden of average families but it has actually raised their taxes for the third straight year. For the residents of northwestern Ontario, this Budget has not allocated one penny to relieve the region's official 9.7 unemployment rate, a figure that we know is fudged because it fails to include residents of Indian reserves. In fact the Conservatives have chosen to ignore even those regions less fortunate than my own.

The only exception to this has been the Government's constant desire to raise the price of gasoline. Once again it has hosed northern consumers at the pumps. It is about time the Government realized that northerners already face the highest gasoline prices in Canada and they must rely upon their trucks and cars to travel the vast distances between and sometimes within communities.

Next year or shortly after, the Canadian public will pass judgment on this and on previous Budgets. No more will there be Conservatives to put the boots to average taxpayers or the unemployed people of northern Canada.

S. O. 21

[*Translation*]

AGRICULTURE

AGREEMENT ON DEVELOPMENT OF FOOD PRODUCTION SIGNED AT QUEBEC—GOVERNMENT PARTICIPATION

Mr. Gabriel Desjardins (Témiscamingue): Last Tuesday, February 17, Mr. Speaker, a food production development agreement was signed in Quebec City.

The Ministers involved, particularly the Canadian Minister of Agriculture (Mr. Wise), are to be commended for this timely initiative to grant $35 million for food production development in Quebec over the next five years.

These funds will be expended for research and development, technical innovations, new initiatives, as well as soil conservation and quality improvement.

Mr. Speaker, agriculture is one of the major economic sectors of my region, and I would urge all Abitibi-Témiscamingue agricultural institutions, organizations and businesses to take full advantage of this agreement. This is a unique opportunity for the Abitibi-Témiscamingue region to play a leading role in Quebec's food production development.

* * *

ENERGY

GASOLINE PRICE INCREASES ANNOUNCED BY PETROLEUM COMPANIES CONDEMNED—REQUEST FOR INQUIRY

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Yesterday, Mr. Speaker, Shell Canada followed the bad example of the Conservative Government which, for the fourth time, has increased the tax on gasoline by one cent a litre. Shell Canada has hiked gas prices by two cents a litre with the result that, in a single day, the price of a litre of gas went up from 49.7 cents to 52.7 cents.

As you may recall, Mr. Speaker, Ultramar led the way last November 4 with a two-cent-a-litre increase in the price of gas.

We are all aware of the Shell-Ultramar shady deals which highlighted the closure of the Montreal East Gulf refinery.

I would urge the Government to make an inquiry to find out whether these two companies might be colluding. One month Shell management announce their decision to boost gas prices, followed in turn by Ultramar the month after.

Mr. Speaker, I would suggest that all Members of the House bring pressure to bear on the Minister of Energy, Mines and Resources (Mr. Masse) to make sure that the oil multinationals are not using Canada's frigid climate as an excuse to increase heating oil prices.

• (1110)

[*English*]

PROPOSED NATIONAL SPACE AGENCY

CALL FOR ESTABLISHMENT IN NATIONAL CAPITAL REGION

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, the Speech from the Throne announced the creation of a National Space Agency, an initiative I fully support because it will help bring Canada into the 21st century. I believe the agency should be established in the National Capital region. Some 80 per cent of the persons likely to be part of the agency are already located here. To move or replace them would be expensive, inefficient, and disruptive to the national space effort. Furthermore, any loss of this skilled resource could set our space program back three to ten years.

The agency will co-ordinate the space activities of government Departments, space laboratories, and test facilities, most of which are in Ottawa, and develop linkages with other international space organizations and Governments. It will also have a major contract awarding function. This is a national agency involving all parts of the Canadian infrastructure. The arguments in support of locating the agency in the National Capital region are substantive.

* * *

REVENUE CANADA

REVIEW OF FARM MACHINERY PURCHASE CONTRACTS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, Revenue Canada, with the Minister's approval, has decided that it knows farm machinery prices better than the farm machinery market and is attempting to rewrite contracts made in 1983 and 1984 in a way which will reduce the investment tax credit allowed, reduce the capital gain on the trade-in, and reduce the capital cost allowance to the farmer, by arbitrarily changing the contract and the value of the trade-in.

Why has the Minister decided to intervene by retroactively changing the values on contracts that were arrived at competitively and at market prices? We do not know and the Minister has not explained. Since the procedure being used by Revenue Canada was abandoned before, can the Minister tell us why he has decided to intervene and, in effect rewrite the contracts to suit the Department rather than reflect real life? More important, under what specific section of the Income Tax Act does he think he finds this authority to intervene retroactively? Surely taxpayers have a right to consistent, fair, and legal practices when the Minister and his Department decide to conduct a review.

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EFFECT OF PROPOSED LEGISLATIVE AMENDMENTS ON LIBRARIES

Mr. Bill Attewell (Don Valley East): Mr. Speaker, on Monday, February 23, I am meeting with Morris Zbar, Chairman of the North York Public Library Board, and other members of the executive. They have expressed concern about the probable implications for libraries of some proposed amendments to the Copyright Act which, incidentally, has not been revised in over 50 years.

They request that the right to importation clause be retained. They want clarification of the role of public photocopiers in libraries. They also want the proposed exhibition right deleted. They support the Canadian Library Association's suggestion that all libraries be considered institutions entitled to claim educational exemptions. Lastly, they consider it essential to have library associations consulted and given further information before the final decisions are made.

* * *

ENVIRONMENTAL AFFAIRS

POLLUTION OF WINDERMERE BASIN IN HAMILTON HARBOUR

Ms. Sheila Copps (Hamilton East): Mr. Speaker, once again we see the Conservative Government has completely forgotten the City of Hamilton in its Budget. Not a penny has been set aside for the environment there at a time when the Windermere Basin has been described by the International Joint Commission as one of the most polluted bodies of water in North America. Unfortunately it ranks up there with the St. Clair blob and the Niagara River, and seagulls are dying in the Windermere Basin because of PCBs which the federal Government refuses to help clean up.

• (1115)

We are asking for only $1.25 million from the federal Government. The provincial Liberal Government made its commitment last September. The City of Hamilton made its commitment last year. The regional municipality made its commitment last year. We are asking for $1.25 million to save the seagulls, the people of Hamilton, and the drinking water of nine million people around Lake Ontario. It is a critical situation. I call upon the Minister of the Environment (Mr. McMillan), the Prime Minister (Mr. Mulroney), and the Minister of Finance (Mr. Wilson) to take care of Hamilton's environment in this Budget.

[*Translation*]

THE BUDGET

EDITORIAL IN *THE GLOBE AND MAIL*

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, as I said before in the House, every morning, the Leader of the Opposition and Leader of the NDP are waiting to read the first edition of the *Globe and Mail* before they put questions to the Prime Minister (Mr. Mulroney) and his Cabinet. However, I always knew the editorial page was too serious for their kind of reading.

Today, I challenge the Leader of the Opposition and his NDP colleague, if he understands what it is all about, to comment on every single line of the editorial appearing in the *Globe and Mail* this morning on February 20, 1987. It says that our Government, notwithstanding international constraints has managed to adjust as best it could in the circumstances. It has managed to control spending, protect the neediest, and involve Canadian owners of small- and medium-sized businesses in the development of this country.

Mr. Speaker, it is really too bad that the Leaders of the two opposition Parties have nothing positive to say about this Budget. They are not fulfilling their opposition role. With the in power-hungry teams, they have become back-alley demagogues, Mr. Speaker.

* * *

[*English*]

NATIONAL PARKS

PROPOSED SOUTH MORESBY NATIONAL PARK—INCLUSION OF LYELL ISLAND

Mr. Jim Fulton (Skeena): Mr. Speaker, the Minister of the Environment (Mr. McMillan) speaks for Canada on matters relating to national parks. He has made it clear that the Conservative Party and the Government support the total inclusion of Lyell Island in the proposed South Moresby National Park.

Conservative MPs from B.C. are, unfortunately, being two-faced about this issue. With some groups they claim to be fighting to include Lyell Island in the national park, and with other groups they claim to support the complete logging of the area. This kind of hypocrisy makes a lot of Canadians feel sick because it is fundamentally dishonest and sleazy. No cabinet Minister is on record in this House supporting further logging on Lyell Island. If they are, let them say so today.

B.C. is poised to allow the clear-cut logging of Windy Bay and much of Lyell Island. Yesterday Canada made clear that Lyell must be part of the park or there will be no park. The Prime Minister (Mr. Mulroney) must now show support for his Cabinet and pay B.C. for Lyell Island, because that is all that is holding it up. Mr. Speaker, I know you agree.

Oral Questions

REGIONAL DEVELOPMENT

MEASURES TO ASSIST WESTERN ECONOMY

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, in July of 1984 our Party held a major policy conference in Prince Albert, Saskatchewan. A review of our record shows that over two-thirds of the Prince Albert declarations have already been implemented. In addition, we have undertaken many other initiatives which support the west.

The Budget presented by the Finance Minister on February 18 reinforces that support. The Government has taken action to restore fiscal responsibility by reducing the deficit and slowing the growth of the national debt, mainly by expenditure restraint and good management. After 15 years of rising deficit we have brought about the first consecutive three-year decline in deficit in three decades.

Effective February 19 the excise tax on motor fuels will be increased by 1 cent per litre but will not apply to farmers. The tax applies to gasoline, diesel fuel, aviation gas and jet fuel, but the existing fuel rebate for off-highway fuel use by farmers will be increased by 1 cent per litre effective February 29, 1987.

Comments made by the President of the Canadian Federation of Agriculture as well as the President of the Canadian Federation of Independent Business indicate that this Budget was good news for all Canadians.

* * *

CAPITAL PUNISHMENT

AMNESTY INTERNATIONAL'S CAMPAIGN AGAINST DEATH PENALTY

Mr. John Nunziata (York South—Weston): Mr. Speaker, Amnesty International recently initiated a world-wide campaign against capital punishment. To begin this campaign Amnesty produced a major report on capital punishment in the United States. The report says the death penalty in the United States has become "a horrifying lottery" in which politics, money, and race could decide whether a defendant is executed.

The Amnesty report also deplored the fact that several people executed or awaiting execution in the United States were mentally ill or were under the age of 18. Executing minors is a violation of the International Covenant on Civil and Political Rights and the American Convention on Human Rights, both signed by the United States in 1977. Since 1980, of eight confirmed juvenile executions, the United States is responsible for three, Pakistan two, and Bangladesh, Barbados, and Rwanda were responsible for one each. There have been unconfirmed reports of teenagers being executed in Iran.

• (1120)

Race also plays an important role in determining who gets executed in the United States. Nearly 90 per cent of the prisoners executed between 1977 and 1986 were blacks convicted of killing whites.

With a debate on capital punishment soon to take place in the House, I would urge every Member to take the opportunity to read the Amnesty report.

ORAL QUESTION PERIOD

[*English*]

THE BUDGET

CHILD CARE FUNDING INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, four million Canadians are living below the poverty line. Those Canadians and millions of other middle-income Canadians in the country are waiting for the Prime Minister to fulfil his commitment to child care funding. Quality child care should not be the privilege of a few but should be available to all who need it. Why was there not a single new dollar for child care funding in his Budget?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Right Hon. Leader of the Opposition refers to those who are living below the poverty line. He knows full well that 263,000 fewer families are living below the poverty line as a result of action taken by this Government and the changes in those statistics that were announced at the end of last year.

With respect to child care, the Leader of the Opposition knows that we are now proceeding with consultations with the provinces which have a very major responsibility in the provision of this particular service. He also knows that a parliamentary committee will complete its work shortly and will be making recommendations. I am sure he would not want us to prejudge the results of both areas of consultation because he has expressed his own concern many times that the Government should continue the very good work it has been doing in consulting with interested parties throughout the country.

Mr. Turner (Vancouver Quadra): Canadians feel that no further consultation is needed on this subject. This issue of child care has been consulted to death and Canadians want the Prime Minister to fulfil that commitment.

REASON FOR BUDGET PROVISIONS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the Minister knows that there is a chorus of protest about his Budget coming in a non-partisan sense from all regions of the country. His Budget has been unanimously condemned in the regions of Canada.

Some Hon. Members: Oh, oh!

Mrs. Mailly: That is not true.

Mr. Turner (Vancouver Quadra): I want the Minister to recognize that the cries coming from the regions of Canada are non-partisan in nature. They represent the voices of Canadians who feel neglected by an uncaring Government. Why did the Minister of Finance not bring in a Budget for all Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Right Hon. Leader of the Opposition has it wrong yet again. I have to remind him, because his memory or his attention span is very short, that we have introduced the Atlantic Enterprise Program, the Atlantic Opportunities Program which is generating $600 million worth of new purchasing from the Government of Canada into Atlantic Canada, and the Cape Breton Special Investment Tax Credit. The regional investment tax credit has been maintained. We have the ERDA agreements with all the provinces of Canada.

I encourage him to read *The Globe and Mail* editorial today which talks about the extensive support that the Government has given to the Western Grain Stabilization Program, to the Wheat Board through the Farm Fuel Tax Credit, and through the changes in the measures that we have made to support the energy industry. The last paragraph states:

—the present Government does not have a failing grade.

It would be nice to see some fair recognition of the facts.

In the interests of fairness, surely the Hon. Leader of the Opposition can recognize that.

Mr. Turner (Vancouver Quadra): I want to tell the Minister of Finance that he not only tested my attention span, but the whole country's during his budget speech.

• (1125)

COMMENTS MADE BY PROVINCIAL REPRESENTATIVES

Right Hon. John N. Turner (Leader of the Opposition): May I cite Premier Brian Peckford: "We don't see anything here which encourages us to look at 1987 in a positive way"? How about the Hon. Dick Johnston, the Treasurer of Alberta: "In Alberta we are extremely disappointed with the reaction of this Budget"? How about the Hon. Yvon Poitras of New Brunswick: "It does not address regional disparity"? That is the kind of opinion we are receiving.

Hon. Michael Wilson (Minister of Finance): The Hon. Leader of the Opposition is very much aware of the processes which are now under way. The Prime Minister has a report coming to him to review the various regional development programs in Atlantic Canada with a view to establishing an agency which will be located in Atlantic Canada to deal directly with those problems, and we are discussing them with the New Brunswick Government as well as with the other Governments in the Atlantic Provinces.

The Deputy Prime Minister has work under way dealing with the problem of western industrial diversification to ensure that we can make changes which address the problems which are faced by western Canada on a permanent basis.

We have decided it was not appropriate to rush these reports just to get them in in time for a budget. Those decisions will be taken within the context of the fiscal plan to deal directly with the problems to which the Hon. Member has referred.

* * *

[*Translation*]

FINANCE

IMPACT OF GASOLINE TAX INCREASES—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, last Wednesday the Minister added another cent to the tax on gas, which means a total increase of four cents since this Government came to power, the equivalent of 18 cents per gallon. Yesterday, Shell announced its decision to increase the price of a litre of gas by two cents.

My question to the Minister is as follows: Does the Minister believe that the Canadian economy and Canadian consumers can absorb a three-cent increase in the price of a litre of gas in just one week? And does he believe that our regions, that the neediest regions will be able to absorb this kind of increase without a corresponding increase in unemployment?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member would agree that when we came into office the price of gasoline in his own province was 60 cents. I am advised now it is something in the order of 50 cents or 51 cents. That is quite a drop and is one of the reasons there has been good growth in the Quebec economy.

I have some quotes here, but I don't want to embarrass the Hon. Member.

Some Hon. Members: Go ahead!

Mr. Wilson (Etobicoke Centre): There are quotes here. All sorts of doom and gloom have been rained down upon us every time we have come forward with an Economic Statement or a Budget, saying 50,000 jobs and 100,000 jobs and 150,000 jobs would be lost. The Leader of the New Democratic Party has made it up to 200,000 jobs in one of his predictions. In the face of that, 677,000 jobs have been created, and this growth is going to continue into the next year.

[*Translation*]

Mr. Garneau: Mr. Speaker, the impact of this Minister's economic policies has been such that over the last 12 months, 12,000 jobs have been lost outside Ontario, across this country. In other words, there has been a net loss outside Ontario.

Oral Questions

PLEA THAT MINISTER HELP MOTORISTS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, to get back to my question, I would like to ask the Minister once again: Does he or one of his Cabinet colleagues intend to stand up to the oil multinationals and protect the consumer, the drivers who will have to face a three-cent increase in the price of a litre of gas in just one week?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that if the Hon. Member is keeping his ears open he will know there are some oil companies which have said three cents a litre. Other have said they want to increase gasoline by one cent a litre. I think the consumer has a lot of power in his hands here by just ignoring those companies which are raising gasoline by three cents a litre, proving through the marketplace that the consumer has a very strong voice and can teach them a lesson by going to the companies which have only increased their price by one cent.

* * *

• (1130)

THE BUDGET

CORPORATE TAX STRUCTURE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Minister of Finance. Yesterday I asked the Minister why it was too soon for the Government to have corporate tax reform but not too soon to increase taxes on the ordinary family. Also yesterday, in talking to some journalists outside the House, the Minister pointed out that as a result of the last Liberal Budget there is a hangover of some special corporate tax breaks that are in the value of a number of billions of dollars. Will the Minister now tell the House how much the Treasury is losing on an annual basis, how many millions or billions of dollars are we losing as a result of this special category of corporate tax breaks?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Leader of the New Democratic Party has mixed and matched some of the things that I did say in my luncheon with journalists yesterday. What I said is that there is a loss overhang related to the capital cost allowances that were built up during the capital investment boom leading up to the 1981-82 recession. Those credits, in addition to the losses that were endured during the major recession in 1981-82, have resulted in this loss overhang.

The problem that I referred to, and that I refer to on many occasions in the House, is that people are trading these losses from a loss company to a profitable company so that the taxable income of the profitable company can be reduced. We found this offensive. We have made a number of changes, not the least of which have been changes that we made earlier this year to address this problem. I also said in the Budget that we will put in a general avoidance rule to address the problem, as well as deal with it on a more permanent basis in tax reform.

REQUEST FOR CORPORATE TAX REFORM

Hon. Edward Broadbent (Oshawa): Mr. Speaker, this Government will always deal with these issues at some point in the future. I would like to quote the words of the Minister from what he said not in the current Budget or in last year's Budget but in 1985 when he had this to say about the same category of break:

—the existence of the large banks of unused losses has been a continuing source of instability in the tax system. The possibility of large reductions in government revenues has led to frequent and complex change. These measures have a cost to taxpayers—

Since in the Minister's own words corporations continue to save millions—indeed billions—of dollars, and since other taxpayers have to make this up by paying too much, why can we not have the tax reform in the corporate sector now instead of down the road?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member said we are not acting. I do not know where he has been for the last two-and-one-half years. We have removed the scientific research tax credit which the Liberal Government brought in and which cost us about $2.5 billion. We changed the rules on limited partnerships. We changed the Little Egypt Bump about which the Hon. Member was quite interested. We changed the seeding that oil companies were using. We changed the carve-outs. We changed a number of provisions that were helping high-income Canadians finance hotels and yachts. We brought in a minimum tax.

We have been dealing with this problem on an ongoing basis. I said—and I repeat my answer of a minute ago—we are going to deal with it further in tax reform. I hope that the Hon. Member will get off his chair and give us some support for what we are trying to do.

Some Hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I have no intention of giving support to a Government that increased taxes on individuals by 52 per cent but had a net reduction of corporate taxes by 18 per cent. That is what the Government has done.

Some Hon. Members: Hear, hear!

[*Translation*]

LARGE CORPORATIONS—REQUEST THAT GOVERNMENT INTRODUCE TAX REFORM NOW

Hon. Edward Broadbent (Oshawa): My last question is as follows: Because of these loopholes in the corporate tax system, individuals have to pay more than their fair share. Why not introduce changes now to reform the corporate tax system?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have said several times in the House that we have been examining this problem since September 1984. We changed the rules on tax avoidance, and in our tax report, we intend to

make changes on a permanent basis, changes that will reduce the tax burden on individuals and increase taxes for large corporations.

[*English*]

LEVEL OF PERSONAL INCOME TAX

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of Finance. It concerns his escalator taxes. Measures built in from previous Budgets go on increasing income tax invisibly so that this year a family with two wage-earners and two children with a total family income of $30,000 will be paying an additional $1,000 in income tax. Will the Minister not admit that he is the author of the problem of high personal income taxes which he now seeks to reform?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, what I can say the Government is the author of is a very substantial number of jobs that have been created during this whole period of fiscal management over which we have presided. We have seen interest rates drop four percentage points, the lowest level in about 10 years. With respect to mortgage rates I remind the Hon. Member that in the Budget I said that the cost of a $50,000 mortgage will save the average taxpayer something in the order of $1,500 a year in after-tax income. That has changed since September of 1984. Those are major, major changes which have resulted in major, major increases in the spending power of Canadians.

REQUEST FOR REDUCTION OF INCOME TAX

Miss Aideen Nicholson (Trinity): Mr. Speaker, the Minister did not answer my question. My supplementary question is the following. When the Minister has finished taking Canadians for a ride on his escalator will he return the income tax to the point where he started, or does his talk of reform mean something different, maybe half-way back?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, what tax reform will do is it will result in a fairer tax system, a less complex tax system, a tax system which will increase job capability. That will increase incentive in the economy and lead to a healthier economy, an economy that will create more jobs and be more competitive with the rest of the world. Those are the objectives that we want to achieve in tax reform. Those are our objectives that find a great deal of support right across the country.

* * *

[*Translation*]

IMMIGRATION

SALVADORANS AND GUATEMALANS—REQUEST FOR EXPLANATION OF CANADA-UNITED STATES AGREEMENT

Mr. Dan Heap (Spadina): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. He said there is an agreement with American immigration officials to the effect that they will not deport Salvadorans or Guatemalans waiting for their immigration inquiry to take place in Canada.

[*English*]

Can the Minister assure us that there is a firm and legally reliable agreement on this matter with the United States? Will he table that agreement in the House today?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Yes, Mr. Speaker, I indicated during this morning's press conference that Canada—and this dates back to some time—has an agreement with the United States of America which provides, particularly in this case, that people who apply for refugee status in Canada and whom we are unable to process immediately will not be deported by the United States. As I said, these agreements are not recent, but we did reconfirm them. We are exchanging correspondence, but I see no point in tabling documents today. I repeat, nobody has been deported by the United States, and I have been assured that none will be.

• (1140)

[*English*]

PROCESSING OF REFUGEE STATUS APPLICATIONS

Mr. Dan Heap (Spadina): Mr. Speaker, as the Minister knows, the agreements have been entirely informal and not binding.

My supplementary question to the Minister is this. Since he has refused to respond to the fair and quick system for deciding refugee status in Canada that was tabled in Parliament 15 months ago by the Standing Committee, and is now backed by the churches, the Canadian Bar Association, the Canadian Jewish Congress, and the New Democratic Party, why did he choose instead to overload the system of immigration inquiry, which is already jammed up with six-week delays, by adding hundreds more each week to its work-load by his order today?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): As I see it, Mr. Speaker, our first priority was to set up control measures to enable us to protect or admit genuine refugees. As the Hon. Member is suggesting, we simply had to do something to restrict the influx of people who are not bona fide refugees. All applicants will now go through the normal process, and we have resorted to stricter standards because we want to reduce the number of cases still pending.

I agree with him concerning the legislation and I can assure the Hon. Member that within a few weeks we will table a legislative measure which, among other things, will enable us to eliminate once and for all the cumbersome procedure which has always been followed and which has led to a huge backlog of applicants waiting for refugee status determination.

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF BADEN-WURTTEMBURG MINISTER OF ECONOMY

Mr. Speaker: I wish to draw to the attention of Members the presence in the gallery of the Hon. Martin Herzog, Minister of Economy from Baden-Wurttemburg, of the Federal Republic of Germany.

Some Hon. Members: Hear, hear!

* * *

CHILD CARE

FUNDING INQUIRY

Ms. Sheila Copps (Hamilton East): Mr. Speaker, in the absence of the Prime Minister my question is directed to the Minister of Finance. Last year the Prime Minister thought the issue of child care was so important that at the First Ministers' Conference he made a promise that the federal Government would bring in substantial funding. Given the Prime Minister's word on this issue, why is there not a single penny in this Budget for what the Prime Minister claimed was a crisis in Canada?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I have answered this question on a number of occasions. If the Hon. Member would look carefully at the early part of the Budget, we said that there are a number of initiatives that are in train where discussions are taking place, in this case with the provinces, and with the private sector, that have not reached fruition yet because those discussions are still ongoing. We will be able to make announcements on these initiatives, and child care can be one of these, at the appropriate time. The funds are available within the fiscal plan to meet those obligations.

ACCESS TO DAY CARE SERVICES

Ms. Sheila Copps (Hamilton East): Mr. Speaker, dare I say that there are many families in Canada who are reaching fruition and do not have time to wait for the Minister to come up with his funding proposals in the future.

Some Hon. Members: Hear, hear!

Ms. Copps: The Minister did not wait to introduce an anti-family tax on family allowances.

[*Translation*]

He did not wait before launching an attack against family allowances, he did not wait for more studies. The day care issue affects all Canadian families, and they are entitled to ready access to nurseries. Why does he always want to wait? Why must Canadians be kept waiting for an answer to this very serious question?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I am pleased that the Hon. Member has changed the comments that were attributed by her colleague yesterday to the Prime Minister. Yesterday her colleague had said that the Prime Minister when he was in Vancouver had said that it would be in this Budget. Today the Hon. Member used the correct term where the Prime Minister indicated that there would be substantial commitment from the Government of Canada in order to take that through. That is why I have had the obligation to meet with provincial counterparts, and other people interested in child care, as well as the parliamentary committee, for the purpose of putting forward a national plan which we have said very clearly we can announce outside the Budget. In fact, in the past there has been criticism that social policy was incorporated in the Budget and that it should stand alone. That is exactly what the Finance Minister has followed, and we intend to follow that up exactly as we have outlined to the provinces and to the country.

* * *

FINANCE

REFUNDABLE SALES TAX CREDIT—REQUEST FOR INCREASE

Mr. Simon de Jong (Regina East): Mr. Speaker, my question is directed to the Minister of Finance. As the Minister knows, there are over four million Canadians living below the poverty line. The Budget Speech did not once mention the word "poverty". Instead, the Budget removed half of the sales tax credit from the very poor through new taxes. Why did the Government not increase the sales tax credit to compensate for this new round of taxes on snack food, granola bars, and a slew of other items? Why did the Government not increase the sales tax credit in this Budget?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member is quite aware that we have been making progress. There are 263,000 fewer families—not individuals, families—that are now not below the poverty line as compared to when we came into office. The Hon. Member has asked why we have not increased the refundable sales tax credit. I have clearly indicated that that is an integral part of tax reform, and we will be clearly demonstrating to him at the time of the release of the discussion paper on tax reform how we wish to augment this very progressive initiative that we took at the time of last year's Budget as part of tax reform.

INCOME TAX RETURNS—INFORMATION SOUGHT FROM WELFARE RECIPIENTS

Mr. Simon de Jong (Regina East): My supplementary question is directed to the same Minister. The Minister did not wait to increase taxes on the poor, yet he is asking the poor to

wait for his tax reform. Since the Government has come into power, it is now taxing people who have taxable incomes of $10. No Government has ever hit that low. The Government is now requiring poor people to report their welfare payments on their 1986 tax form. Why is the Government now requiring welfare recipients to report their welfare benefits on the tax form? When is the Government going to stop nickel and dimeing the very poor?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, on the one point that the Hon. Member makes, there have been discussions with Revenue Canada on that issue, and that is well in hand. For example, I wish to tell the Hon. Member that the Government has brought in employment initiatives, and $100 million for social assistance. This matter was first raised 13 years ago at a federal-provincial meeting, and this Government has delivered on that. There have been programs for older worker adjustments, employment equity, the refundable sales tax credit which the Minister of Finance has mentioned again—

Mr. de Jong: You took half of it away on Wednesday.

Mr. Epp (Provencher): —the increase of the child tax credit, the advancement of the child tax credit, the changes to the Canada Pension Plan. Would the Hon. Member ask the Manitoba NDP Government why it took away disability from the very poor when we passed it here in this Government?

Some Hon. Members: Hear, hear!

* * *

PRIVACY

APPLICATION OF STATUTE TO PUBLIC SERVANTS

Mr. David Daubney (Ottawa West): Mr. Speaker, in the absence of the President of the Treasury Board my question is directed to the Minister of Finance. Yesterday the Privacy Commissioner reported that the Privacy Act is currently being violated by Treasury Board requirements that public servants report on all outside activities and investments directly or indirectly related to their official responsibilities. The Commissioner also noted that public servants' privacy was endangered because supposedly confidential information required of them in compliance with conflict of interest regulations may be obtained by third parties under the Access to Information Act. What actions will the Government take to amend Treasury Board reporting requirements to ensure the confidentiality of personal information reported in good faith by public servants?

Hon. Michael Wilson (Minister of Finance): In the absence of the President of the Treasury Board I will make a preliminary response to the question that the Hon. Member has just placed. The President of the Treasury Board has received this report from the Privacy Commissioner. It has always been the intention of the Government to respect the provisions of the Privacy Act. Once the President of the Treasury Board has had an opportunity to review the report with his officials, he will then be in a position to determine what modifications should be made in the reporting provisions and other elements that affect public servants as may be deemed fit.

* * *

[*Translation*]

THE BUDGET

EXTRA ADMINISTRATIVE BURDEN PLACED ON SMALL BUSINESSES

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister of Finance. After slapping a tax on drugs for the sick, on dog food and on ice cream and candy for children, the Minister of Finance is going to reach into the pockets of small-business people with 20 employees. Does the Minister realize that by requiring small businesses to make payments every two weeks, he is adding to the paper burden and thus indirectly affecting their profits?

• (1150)

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the Hon. Member has this one wrong. It will only affect larger companies. It will not affect companies that have 20 employees.

Mr. Gagliano: For the Minister's information, Mr. Speaker, I did a calculation on 20 employees in Quebec. But if we go across Canada where the federal Government collects provincial tax, it is more.

EFFECT OF BOOKKEEPING REQUIREMENTS

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): I have a supplementary question, Mr. Speaker. The new paper burden is a paper-thin excuse to cover the Minister's missed deficit projections on the backs of small business. Will the Minister raise the ceiling to exclude small business from his sneaky bookkeeping methods?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that the Hon. Member knows that we have been very supportive of the small business community. We have structured this particular provision so that I think it is something like 1.2 million businesses out of 1.3 million will not be affected by it.

Oral Questions

FINANCE

CORPORATE TAX BREAKS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have another question for the Minister of Finance. It relates to the overhang of corporate tax breaks which, according to recent reports, may be over $30 billion. Can the Minister explain why no action has been taken in the Budget to curb the use of these tax breaks when his own figures indicate that there was a $1.2 billion short-fall of corporate tax revenues in 1985-86, a $2.3 billion short-fall this year, and he is anticipating another $2.3 billion short-fall in 1987-88? When are you going to stop this kind of short-fall of corporation tax revenues which is being paid by average Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know where the Hon. Member has been. We have been taking action regularly from the time that we came into office and, most recently, just prior to this Budget. Some people have asked me why I took this action just prior to the Budget and not in the Budget. It was for a very good reason. If we had taken the action in the Budget there would have been great anticipation. A lot of these tax avoidance schemes would have been completed just prior to the Budget in anticipation of being shut off in the Budget, so we took action before that. We anticipated the action and saved the taxpayers some money.

We have taken action in this Budget. I responded to his Leader I believe on this question yesterday and today. That answer still stands.

[*Translation*]

INQUIRY WHY GOVERNMENT TOLERATES TRANSFER OF TAX RESPONSIBILITY FROM CORPORATIONS TO INDIVIDUALS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, a Minister of Finance should be judged by what he does and not just by what he intends to do.

Could the Minister explain why the projected revenue from corporate taxes for 1987-1988 dropped from $12 billion to less than $10 billion? This means an additional $2 billion that must be paid by the average taxpayer. Why does the Minister tolerate this transfer of corporate responsibility to the individual?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, one reason for that drop in revenues is that certain industries in Canada have been suffering quite severe drops in profits over the last year. The energy sector is obviously what I am thinking of. A substantial drop in revenues has been experienced in that sector. Therefore, the tax received will drop off.

I have acknowledged quite clearly that there have been quite a number of tax avoidance schemes of which corporations are taking advantage. We have stopped these on a regular basis as they are brought to our attention.

Mr. Cassidy: You are still losing revenues.

Mr. Wilson (Etobicoke Centre): We have also indicated clearly in this Budget that we are going to bring in a general tax avoidance rule which is designed to get at this problem in a broader way. Finally, in tax reform, we are going to reduce a number of the preferences for corporations. The profitable corporations particularly, which are not paying taxes, will find that they will be paying taxes after tax reform.

* * *

REFUGEES

GOVERNMENT MEASURES

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of Immigration. My Party and all Canadians believe very strongly that false refugee claims should be clearly refused and eliminated. However, measures cannot be put in place whereby individuals feeling real torture and facing certain death would be jeopardized.

Given that the Minister removed a list of 19 non-deportable countries, meaning that a Ukrainian refugee can now be deported to the Soviet Union, is the Minister prepared to live with the fate facing such refugees in all parts of the world? Can he table an analysis from the External Affairs Department which justifies the Minister deporting individuals to parts of the world which, as of yesterday, were deemed to be dangerous, immoral, and inhuman?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member misread his documentation, as usual, because this morning I announced the abolition of list B-1, a list of 18 countries to which we do not deport people. People from those countries will continue to be assessed on a case-by-case basis. However, considering the specific example he mentioned, a number of countries, especially countries in Eastern Europe, are subject to a special policy for individuals seeking asylum, and this includes the Soviet Union. These individuals are given very special treatment. So I think that should reassure the Hon. Member. In fact, I wish he would join me in giving all Canadians, and especially those who came to Canada from Eastern Europe, the assurance that we shall continue to give these cases special treatment and that these people can expect to be as well received in Canada as they have been in the past.

[*English*]

REFUGEE DETERMINATION SYSTEM

Mr. Sergio Marchi (York West): Mr. Speaker, before we would not deport anyone to the Soviet Union. Now if people are not deemed to be refugees by their applications, this Minister will put them on the first plane back to the Gulags.

Some Hon. Members: Not true.

Mr. Marchi: I remind the Minister that on August 19 the Prime Minister said "If we err, we will always err on the side of justice and on the side of compassion". The Minister has just changed the tune of the Prime Minister's song.

Given that the only solution to our refugee policy is a refugee determination system which is new and separate from our immigration structures, when will the Government, instead of governing by temporary trial balloons, issue refugee legislation which the Minister's three predecessors have been promising for the last three years? The evidence is in. Stop procrastinating.

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I will make an exercise for my friend. What does he call a country that receives over 120,000 immigrants every year and is ready to increase that level? What does the Member call a country that receives over 15,000 refugees from refugee camps across the world? What does he call a country that is ready to receive all genuine refugees who need the protection of Canada? Does the Member call Canada an unfair and a non-equitable country?

Some Hon. Members: Hear, hear!

* * *

EMPLOYMENT

CANADIAN JOBS STRATEGY—EXPENDITURE LEVELS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Minister of Finance. I have here some figures from the Canadian Jobs Strategy to be in the Main Estimates that the Government will be tabling in a few days or a few weeks' time. According to these figures, and in light of high regional unemployment, I want the Minister to explain to this House why spending under the major components of the Canadian Jobs Strategy will be about the same in Quebec next year as this year, about the same in Atlantic Canada next year as this year, and why will there be a cut-back in this program of some $2.8 million in western Canada where we have high regional unemployment? Can he explain why this insensitivity on the part of the federal Government toward regional unemployment will be in the Estimates in a few days' time?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has got to broaden his sphere of thinking. There are many ways that the problems of regional disparities can be addressed. One is in direct job creation, for instance, that part of the Canadian Jobs Strategy where we are trying to help Canadians get trained so that they can obtain permanent jobs. It is not the old make-work short-term dead-end job policies which the previous Government brought about.

• (1200)

In addition to that, the Deputy Prime Minister is heading up a task force within the Government to look at areas of western diversification. The Prime Minister has a study under way to look at ways of improving job possibilities through the various programs we have introduced in Atlantic Canada. I already enumerated these programs to the House during Question Period yesterday. If the Hon. Member wishes me to remind him of them, I would be happy to do so again.

REGIONAL DEVELOPMENT—GOVERNMENT FUNDING

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the Minister still has not said why there will be cut-backs in these major components of the Canadian Jobs Strategy in the Estimates the Government is about to table. Perhaps he could answer that question as well as tell us why the federal Government continued the $3 billion per year cut-back in regional development spending in the Budget. Three billion dollars per year, now in the third year, amounts to $9 billion across Canada. Why are those major cut-backs occurring? Why is the Minister so insensitive to regional unemployment in Canada?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am glad the Hon. Member raised that particular question because I am happy to have the opportunity to talk about it. The reasons for the drop in actual spending in the economic and regional development envelope are the following: the $3.6 billion in energy was the result of the dismantling of the National Energy Program, the PIP grants, the COSP, the CHIP and all the various programs that were part of that. A number of capital spending projects have been completed since 1984-85 and that is another reason. A third reason is that $450 million of new equity has gone into Crown corporations since 1984-85. The sale of Canadair to de Havilland is an example of that. We have privatized those companies because we feel they are more effective in the private sector—

Mr. Speaker: Order. The Hon. Minister obviously has a very long and detailed answer. Perhaps he could send his notes over to the Hon. Member.

* * *

AGRICULTURE

FEDERAL ASSISTANCE

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of Finance. The Minister knows that the grain summit held in San Diego this week was a complete failure and that the price wars over grain in international trade will continue and will drive down prices by at least 25 per cent this year. We know that last year the Government only provided assistance to farmers because of the election in Saskatchewan. Why is there nothing in the Budget to assist farmers in the new crop year, farmers who are facing low grain prices? Is it because there is no election planned in Saskatchewan?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I know you wanted me to cut short my answer last time. There was more about which I wanted to talk that related specifically to the question the Hon. Member has just raised. Estimated spending on agriculture related programs in 1987-88 will be about $4 billion, and that will be more than double the spending in 1984-85 which was $1.9 billion. That is the answer to the Hon. Member's question.

FARM CREDIT CORPORATION

Mr. Maurice Foster (Algoma): Mr. Speaker, the Minister should know that the farm debt crisis is much worse this year than it was last. Actually, FCC mortgages in arrears are up by 30 per cent. Fully 25 per cent of all mortgage accounts of the Farm Credit Corporation are in arrears, many of them for up to two years. Thousands of farmers face the loss of their farms. Why is it that there was no additional money in the Budget for the Farm Credit Corporation to keep young farmers on their farms?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, there is a review under way of the financing capacity of the Farm Credit corporation. In addition, I am sure the Hon. Member would want me to remind the House that the Minister of State for the Wheat Board has initiated a number of discussions with his colleagues in the major grain exporting countries. The first meeting of these Ministers was held here in Canada. There was one such meeting held in San Diego quite recently, and there will be another one. The Prime Minister, the Secretary of State for External Affairs and I have personally raised this matter on a number of occasions with the international community. Finally, I would draw to the Hon. Member's attention the fact that the balance of the $1 billion Special Grains Program will be spent in this current fiscal year—next year.

* * *

CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, my question is for the Minister responsible for Canada Post. There is a mixed signal coming from Canada Post regarding the future of rural post offices. Will the Minister indicate to the House, to my constituents and to all Canadians the direction of the corporate plan and if there will be meaningful consultations with Members of Parliament and communities before any action is taken with a view to continuing to provide service to rural Canada?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would like to assure the Hon. Member and the House that that is certainly my intention. There is a moratorium on the plans now. I am working with the Post Office to come up with a clear indication so that it is clear to the Hon. Member's constituents what the plans are and how reasonable they are. Equally important, we are doing this so that it is clear to members of the Opposition so that they will no longer have an incentive to run around the country scaring people unnecessarily with wildly exaggerated claims about what will happen.

REFERENCE TO POSSIBLE USE OF MILITARY IN CASE OF POSTAL STRIKE

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the same Minister. Talking about raising fear across the country, would the Minister take this opportunity to explain government policy with regard to using the military in the event of a postal strike? Most Canadians want to ensure that there is no postal strike. Will the Minister rise in the House to make a statement which will take effect away from the remarks of the Hon. Member for Winnipeg—Assiniboine which only poisoned the climate of negotiations?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, like the Hon. Member, I certainly do not want to see a strike. As the Minister responsible for the Post Office, I want to do everything I can to ensure that the parties stay at the bargaining table and reach an agreement. I do not want to give them any cause to think there is an easy way out. As Acting Minister of National Defence, let me say that the military are fully occupied fulfilling our obligations to NATO, NORAD and UN peace-keeping forces.

* * *

REVENUE CANADA

REVIEW OF FARM MACHINERY PURCHASE CONTRACTS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is directed to the Minister of National Revenue. The Minister has initiated a series of investigations of farmers who purchased machinery in 1983-84. I wonder if he could tell the House in what section of the Income Tax Act he thinks he finds the power to, in effect, rewrite machinery trade-in values arrived at in the competitive market of those years, and to do so retroactively?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I welcome the opportunity to assure my hon. friend opposite that this audit is not targeted at western farmers and is not pursuant to any particular special section in that regard. It is designed to investigate only those cases where there may be blatant abuses of the investment tax credit or capital cost allowance. It is extended right across the country in a phased way. As a matter of fact, when it comes to the farm community, out of approximately 250,000 farmers there are only approximately 1,000 farmers across Canada at whom we are looking seriously and then only in cases where we suspect that there are blatant abuses of the system.

[*Translation*]

CONSORTIA

PRICE OF GASOLINE—REQUEST THAT GOVERNMENT MAKE INQUIRY INTO INCREASES IMPLEMENTED BY SHELL AND ULTRAMAR

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs, but in his absence, I will direct it to the Deputy Prime Minister or the Minister of Finance.

Yesterday, Shell followed the bad example set by the Conservative Government and decided to put a two-cent increase on the price of a litre of gas, after the Government had announced a one-cent increase, so that the price at the pump will now be 52.7 cents per litre. On November 4, Ultramar announced an increase of two cents per litre, and we may recall the complicity of these two companies in the shutting down of the Gulf refinery in Montreal East.

Could the Minister or the Deputy Prime Minister ask the Minister of Consumer and Corporate Affairs to enquire whether there was any complicity between the two companies, since after one company announced a price increase, the other company announced an increase a month later?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think the question would be more effectively dealt with by the Minister of Consumer and Corporate Affairs but I—

Mr. Boudria: He was right there.

Mr. Wilson (Etobicoke Centre): I appreciate that he was there but he is not there now. I will bring that question to his attention and he will get an answer back to the Hon. Member.

[*Translation*]

HEATING OIL PRICE INCREASE—REQUEST FOR GOVERNMENT INQUIRY

Mr. Jean-Claude Malépart (Montréal—Sainte-Marie): Mr. Speaker, I have a supplementary. I spoke to the directors of Shell, and in addition to the increase in the price of gas, there will also be an increase in the price of heating oil, which the company has decided to increase by 1.5 cents. We know others will follow suit. Since January, this is the second increase in the price of heating oil we have had in Canada. Could the Minister also find out whether the oil multinationals are not taking advantage of the cold weather we are experiencing now to increase the price of heating oil, which will have a severe impact on thousands of Canadian families who are living in poverty?

• (1210)

[*English*]

Mr. Speaker: I am sure the Hon. Minister will take notice of the question. This will be the last question. The Hon. Member for Don Valley East.

Committee Reports

FINANCIAL INSTITUTIONS

REACTION TO *NEW DIRECTIONS FOR THE FINANCIAL SECTOR* DOCUMENT

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is directed to the Minister of State for Finance. On December 18, 1986, the Minister tabled a document in the House of Commons entitled *New Directions for the Financial Sector*. The document was widely applauded especially by members of the life insurance and trust and loan industries which have been waiting decades for modern reforms. Since two months have now passed could the Minister summarize the type of feedback he has received, and when will he be bringing legislation to this House?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member's question is most welcome. I am very happy to tell the House that the reaction to the framework we announced on December 18 has been very positive, not only from the industries he has mentioned but across the spectrum. Because of the constructive, thoughtful, and supportive advice I have been getting we are now in a position to move forward with legislation. We hope that when we return to Parliament after the break the supervisory section of the Bill will be tabled. That will be followed three or four weeks later by Bills C-8 and C-9. Then, before too long and into the spring, hopefully we can have the final part of the legislation brought before the House.

ROUTINE PROCEEDINGS

[*Translation*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petitions Nos. 332-462, 332-478, 332-683, 332-684, 332-702, 332-705, 332-707, 332-708, 332-710, 332-711, 332-713 to 332-716 inclusive, 332-718, 332-719, 332-722, 332-736 to 332-744 inclusive, 332-749 to 332-761 inclusive, 332-769 and 332-772 to 332-789 inclusive.

* * *

[*English*]

RESEARCH, SCIENCE AND TECHNOLOGY

PRESENTATION OF SECOND REPORT OF STANDING COMMITTEE

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, as Chairman of the Standing Committee on Research, Science and Technology, I have the honour to present in both official

languages its second report to the House, to which, pursuant to Standing Order 99(2), the committee requests a comprehensive response.

In accordance with its mandate under Standing Order 96(2), the Standing Committee on Research, Science and Technology conducted an examination of the Study Team Report to the Task Force on Program Review entitled *Major Surveys*. The committee invited witnesses, each with demonstrated expertise in one or more of the natural resources—environment surveys, to comment on the *Major Surveys* report. The committee framed its analysis of the report around the three principle issues identified by the study team: (a) The creation of a single federal ministry for surveys; (b) The separation of research from data collection; and (c) The possible savings to be achieved by the federal Government if all of the study team's recommendations are adopted.

Following the hearings and after consideration of the testimony the committee reached a number of conclusions and from them formulated recommendations to address each of the three principal issues. With regard to the question of the creation of a single federal ministry for surveys, the committee concluded that while the appointment of a senior Minister to head a department of surveys has symbolic value, a drastic restructuring of the major surveys system does not seem warranted. The committee therefore recommends that the federal Government not accept the study team's proposal to create a surveys ministry but instead create a national survey council with a five year mandate to examine Canada's national surveys in depth.

The committee has further concluded it would not be advisable to separate research from surveys since in many instances it is the research scientist who actually performs the survey or is an integral part of the activity. Concerning the possible savings engendered by the implementation of the study team's recommendations, the committee feels the study team had insufficient time to elicit the necessary details to substantiate the savings figures presented. The proposed national survey council should be charged with collecting the detailed information which is currently lacking, and this should be done before any changes to the present system are considered.

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PETITION

CANADA POST—POSTAL SERVICES

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, it is my honour and duty to present petitions today signed by another 478 residents of Glengarry—Prescott—Russell. These are in addition to the 2,445 who have signed similar petitions in the past, for a grand total of 2,923. All of these constituents of mine want Canada Post to restore full postal service and not proceed with cut-backs and closure of 1700 post offices, and the privatization of 3,521 other post offices. They also want abandonment of the supermailbox plan. I am sure they do not want gun-toting mailmen either. These people are residents of Hawkesbury, Saint-Eugène, Ste. Anne de Prescott, Bainsville, Plantagenet, Alexandria, Dalkeith, Chute À Blondeau, Alfred, Sarsfield, Embrum, and St. Albert in the great constituency of Glengarry—Prescott—Russell.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Maurice Foster (Algoma): Mr. Speaker, I have the honour to present two petitions concerning changes to the Patent Act. These changes will increase the price of drugs, increase the burden on provincial health care schemes, and be a real hardship for low income families across the country. The petitioners are from Massey, Ontario, areas along the north shore of Lake Huron, as well as a number of other communities throughout Manitoulin Island, including Mindemoy, Tehkummah and Kagawong.

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JUDGES ACT, FEDERAL COURT ACT, TAX COURT OF CANADA ACT

MEASURE TO AMEND

Hon. Harvie Andre (for the Minister of Justice and Attorney General of Canada) moved for leave to introduce Bill C-41, an Act entitled an Act to Amend the Judges Act, the Federal Court Act and the Tax Court of Canada Act.

Mr. Speaker: Is it the pleasure of the House that the Hon. Minister shall have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

PRIVATE MEMBERS' BUSINESS

SUBSTITUTION OF NON-VOTABLE MOTIONS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there are two motions which have been discussed among the Parties and I think you will find there is a disposition to put them to the House and have them passed. The first one is as follows:

• (1220)

That, notwithstanding the special order relating to Private Members' Business adopted on December 18, 1986, and pursuant to the third report of the Standing Committee on Elections, Privileges and Procedure presented to the House on February 12, 1987;

When a Member has given at least 24 hours written notice that he or she is unable to be present to move his or her motion under Private Members' Business on the date required by the order of precedence, and if that item of business is not one which has been designated "votable" by the Standing Committee on Private Members' Business, the Speaker, with the permission of the Members involved, may arrange for an exchange of positions in the order of precedence with a Member whose motion or Bill in the order of precedence has not been designated "votable";

That, in the event that the Speaker has been unable to arrange an exchange, the House shall continue with the business prior to Private Members' Hour pursuant to Standing Order 39(2), provided that there shall be no extension of the sitting pursuant to Standing Order 9(4), and any division on a debatable motion shall be deferred until 6 o'clock p.m. on the next sitting day.

For the purposes of this section, Standing Order 13(5) relating to deferred divisions on a Thursday shall apply; and

That this order shall expire Wednesday, April 15, 1987, at the ordinary hour of adjournment.

Mr. Speaker: Does the Hon. Parliamentary Secretary have the unanimous consent of the House to move the motion?

Some Hon. Members: Agreed.

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

Some Hon. Members: Agreed.

Motion agreed to.

* * *

CONSUMER AND CORPORATE AFFAIRS

AUTHORITY FOR STANDING COMMITTEE TO TRAVEL

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the second motion is as follows:

That, the Standing Committee on Consumer and Corporate Affairs be authorized to travel to Vancouver, British Columbia, from March 5 to 7, 1987, inclusive, in relation to its mandate under Standing Order 96(2) to hear witnesses on the subject of food irradiation and that the necessary staff do accompany the committee.

Mr. Speaker: Does the Hon. Parliamentary Secretary have the unanimous consent of the House to move the motion?

Some Hon. Members: Agreed.

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

Some Hon. Members: Agreed.

Mr. Riis: Mr. Speaker, we certainly do agree. I would like to take this opportunity to indicate my appreciation of my colleagues' assistance in the House of Commons yesterday in my absence. I appreciate the co-operation which Members showed yesterday.

Motion agreed to.

POINT OF ORDER

ALLEGED UNPARLIAMENTARY LANGUAGE

Ms. Sheila Copps (Hamilton East): Mr. Speaker, in keeping with the Standing Orders I am taking this earliest opportunity to raise an issue arising from Question Period. It deals with the unparliamentary language of the Minister of Finance (Mr. Wilson). I would like to serve notice that I would like to raise this as a point of order. Since the Minister is not here, I would prefer to wait until he is in the House and has a chance to withdraw his remarks.

Mr. Speaker: The Chair has heard the intervention of the Hon. Member for Hamilton East (Ms. Copps). The Chair will take that as notice and it can be dealt with at an appropriate time.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 54, 60 and 68.

[*Text*]

OFFICIAL RECEPTIONS

Question No. 54—**Mr. Malépart:**

1. Since September 4, 1984, did the Prime Minister and/or Mrs. Mulroney hold any official or private receptions paid for from public funds at (*a*) 24 Sussex Drive (*b*) Harrington Lake (*c*) any other location (i) in Canada (ii) outside Canada and, if so, in each case, what was the total number of receptions?

2. For each reception, what was the (*a*) date (*b*) number of guests and their names (*c*) total cost (*d*) proposed menu (*e*) total cost for food (*f*) cost of flowers (*g*) type of flowers (*h*) supplier of the flowers?

Mr. Len Gustafson (Parliamentary Secretary to Prime Minister): 1. & 2. As Head of Government, it is a long-standing practice for a Prime Minister and/or his wife to give hospitality or to hold receptions in honour of diplomatic guests and distinguished Canadian citizens.

The specific details requested in this question and the costs associated with this practice are not readily available and in many cases not identified or recorded separately.

ATTENDANCE OF PRIME MINISTER AT AGRICULTURAL MEETING

Question No. 60—**Mr. Boudria:**

1. Did the Prime Minister travel to Alberta in September, 1986, at public expense, for the purpose of participating in the by-election in the constituency of Pembina and, if so (*a*) was there any other purpose to the trip (*b*) what was the total cost?

2. Was the entire trip paid from public funds and, if not, what portion was paid by the (*a*) Government (*b*) Conservative Party of Canada?

3. Was the Prime Minister accompained by any member of his staff and, if so, in each case, what was (*a*) his/her name (*b*) the mode of travel (*c*) the cost (*d*) the airline carrier involved (*e*) the hotel cost?

4. Were any automobiles or limousines hired and, if so (*a*) how many (*b*) in each case, what was the (i) cost (ii) name of the supplier?

Mr. Len Gustafson (Parliamentary Secretary to Prime Minister): 1. The Prime Minister travelled to Edmonton on September 25-26, 1986 for the purpose of participating in an agricultural meeting and, at the same time made an appearance in the constituency of Pembina at no additional cost to the Government.

2., 3. & 4. In light of the above, there should be no need to answer these parts.

ANIMAL RESEARCH CENTRE, NEPEAN—CARLETON, ONT.

Question No. 68—**Mr. Althouse:**

Is the Government committed to the construction of the Animal Research Centre in Nepean—Carleton, Ontario and, if so (*a*) when will construction commence (*b*) what is the current target date for completion of this project?

Hon. John Wise (Minister of Agriculture): (a) The construction of the Animal Research Centre in Nepean—Carleton has been deferred pending a review of the animal productivity research program.

(b) This, together with resource restraints, make it unlikely that the project will go forward until 1990.

[*Translation*]

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

The Acting Speaker (Mr. Paproski): The questions enumerated by the Parliamentary Secretary have been answered. Shall the remaining questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Thursday, February 19, consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approves in general the budgetary policy of the Government, and the amendment of Mr. Garneau (p. 3594), and the amendment to the amendment of Mr. Cassidy (p. 3604).

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, with respect to the debate today there is a disposition in the House that the Chair recognize the Right Hon. Leader of the Opposition (Mr. Turner) followed by the Hon. Leader of the New Democratic Party (Mr. Broadbent). In the event that their remarks are not completed by one o'clock p.m., the House will be content that the Chair do not see the clock until they are finished.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, there have been consultations on this topic. Of course, our Party is quite agreeable to that.

Mr. Speaker: I take it that there is agreement. It is my pleasure to give the floor to the Right Hon. Leader of the Opposition (Mr. Turner).

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I rise on this very important occasion to debate the budgetary propositions of the Government. Parliament was created out of our British tradition to test the power of Governments in a free country to tax and to spend. At one time these occasions were high theatre. Due to the focus of an electronic age, we find the House as we do this morning. I can remember, too, when Prime Ministers were in the House to listen to the Leader of the Opposition and the Leader of the other recognized political party. I hope the Prime Minister (Mr. Mulroney) can hear us from West Palm Beach this morning.

I can also recall when Prime Ministers participated in budgetary debates. When I had the honour of holding the high office which the current Minister of Finance (Mr. Wilson) now holds, my Prime Minister was present and did speak. Nothing is more important to a free people than to have the right to challenge a Government on how it taxes and how it spends. Therefore, it is the role of every Member of Parliament, led by the head of Government, to attend and participate.

I wish all Members of the House had been here yesterday to listen to my colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau). He gave the budget speech which the Minister of Finance should have given on Wednesday afternoon. The Minister is to be judged, not by what he did, but by what he did not do. With 1.25 million unemployed in Canada the Minister did not attempt to create a single job.

[*Translation*]

Instead of acknowledging the monumental mistakes it made in its first two Budgets and showing consideration for the urgent needs of millions of Canadians, the Government is trying to make them believe they will benefit by the measures announced Wednesday by the Minister of Finance (Mr. Wilson).

[*English*]

This is another cynical attempt to manipulate public opinion, as if we did not already have enough cynicism in the country arising from recent events.

This third Budget represents phase three of an all-out attack on low and middle income Canadians. It widens the gap between the rich and poor and also between the have and have-not regions of the country. These three Budgets, with their economic approach to government, gave us the largest tax

increases in modern Canadian history. They have gouged $22.8 billion more out of individual taxpayers. That is an average of $2,000 per taxpayer during the tenure of the present Government. Compared to that, over the same period of time corporations are taxed $2 billion less than they were when the Government took office.

Is that fair? Is that the type of justice the Minister of Finance was talking about? Is that the fairness which he has in mind? Is that the equitable style of taxation which he wishes to deliver to the country? Because of deindexation most of the increases have been not only massive, but automatic, cumulative, hidden and sneaky. As my colleague, the Hon. Member for Trinity (Miss Nicholson) said so eloquently this morning, it put the Canadian taxpayer on an escalator. These taxes move forward without abatement.

• (1230)

The Minister was not frank with the House. He tried to give us and the country the impression that there were no new taxes of substance, certainly no new personal income taxes. However, those taxes are already built in, in the first two Budgets, and they carry forward with ever-increasing effect during this year and the next.

[*Translation*]

Mr. Speaker, we are not going to thank the Minister, because for Canadians on low incomes, the tax increases and the surtax included in the first two Budgets continue to be in effect, since they are automatically extended in the present Budget, and they are just as unfair and just as sneaky as they were at the time they were introduced.

[*English*]

I believe the country deserves a little illustration so that my meaning can become clear. The cumulative effect of these three Budgets, including the one we are debating now, is that during the four-year term of the Government a family with two children earning $15,000 a year will have a cumulative tax increase of 53.1 per cent. A family earning $30,000 a year will have a cumulative tax increase over four years of 18.3 per cent, and those earning $100,000 a year will have a cumulative increase over four years of 6.9 per cent. That is $15,000 a year with a 53.1 per cent increase compared to $100,000 a year with a 6.9 per cent increase. We ask whether that is fair, just or credible to the people of Canada.

The Minister of Finance asks us to support him in controlling the public finances of this country. He will not be able to do that unless Canadians believe the burden is being imposed fairly and justly so that everyone is paying their fair share.

People who are filing their tax returns know that they are paying more. When we study the current guide published by Revenue Canada, we see how much more tax one owes. The guide used to have three columns, but now has four, the fourth of which we will call the "Wilson surtax column". Even if one's taxable income is as little as $550 per year, one is liable for a surtax.

People are receiving their T4 forms now and looking at their income. They are suddenly recognizing that they are paying much more to the Government in taxes. They are seeing an extra $100 or $200 tacked on by way of surtax, in addition to the higher sales taxes and higher tax rates. They are asking why. Where is the money going? Is it going to help pay off the deficit? Is it going to help the less advantaged areas of Canada? Will it help to feed the starving in the Third World, to whom we owe some help as human beings? The answer to all those questions is no. People might understand having to pay more in taxes if their money was going to those causes. But for what is the money being used? It is partially to offset a lifetime $500,000 capital gains tax exemption for the wealthy. It will help bring down tax rates on large corporations.

[*Translation*]

If we analyse the percentage paid by individuals in Canada and the taxes paid by companies and corporations, Canadian taxpayers are paying $22.8 billion more in income tax since the Conservative Government came to power. However, corporations have seen their taxes drop by $2 billion over the same period. In other words, the individual taxpayer is paying on average $2,000 more in income tax, while corporations are paying $2 billion less. Is that what the Minister calls fiscal fairness?

[*English*]

I do not believe that a single mother in Toronto who is trying desperately to raise her family, clothe and feed them while holding down a job, will thank the Minister for making her life harder. If she is in the $15,000 income range, the impact of the Minister's three Budgets is that she will be paying $321 more during this Government's tenure of office.

I do not believe the elderly widow in Vancouver Quadra, trying to live on $15,000 a year, will thank the Minister either for increasing her taxes by $423 with these three Budgets.

[*Translation*]

I don't think young couples in Montreal who are trying to save for their first home will thank the Minister for depriving them of money they could have saved for that purpose. If their annual income is about $30,000, they will pay $966 more in income tax.

[*English*]

What is really disgraceful is that those in the lowest income brackets who are earning poverty level wages are, for the first time, being hit by substantial tax hikes. As Ken Battle of the National Council of Welfare points out:

> The federal Government is dipping further and further below the poverty line to get taxes.

This is not acceptable.

What about high income earners? The special 5 per cent and 10 per cent surtax on their income ended on December 31, 1986. It was removed, and once again the wealthy and the rich get the tax breaks while all that the poor get are broken promises.

Commentators may say that the Minister was treading water with his Budget, but with the extra burden he has already placed on the Canadian taxpayer during his last two Budgets, thousands of Canadians are literally drowning in taxes. The Government simply does not care. The taxes brought in in the last two Budgets are automatically imposed every year. The country is on an escalator. Taxes will go up year after year without any public announcement, any public debate, or any parliamentary discussion.

[*Translation*]

For example, the indexation which protects all Canadians by guaranteeing that tax deductions and tax brackets are geared to the inflation rate has been limited just in case the annual inflation rate might exceed 3 per cent. Such underhand and clandestine de-indexation represents the most massive and heavy tax increase in Canada's history. It will cost Canadians billions of dollars.

[*English*]

Sneaky, hidden, silent and automatic. Rather than an up-front progressive approach, the Government chose to increase the sales tax also. On Wednesday the Minister said in the House, as reported at page 3578 of *Hansard*:

> The federal sales tax is unfair and inefficient. It is a silent killer of jobs.

Why did he increase that tax not once, twice, but three times since he came to office? When the Tory Government came to power the sales tax in this country was 9 per cent. It is now 12 per cent. Furthermore, the Government broadened the base of the tax, putting the burden on even more products. It is a regressive tax which hits hardest on those who can afford it the least; low and middle-income Canadians.

[*Translation*]

The sales tax is practically invisible. In his previous Budget statement the Minister had said that this Budget would be hard but fair. To him, it means being hard on low and middle income Canadians, and fair with well-to-do people.

In this Budget the Minister goes as far as raising the price of snack foods given to children.

The Government also increased the tax on gasoline, Mr. Speaker, and this after promising that it would never do such a thing. The gas tax went up 2 per cent a litre in 1985, one cent more in January this year, and yet another cent in this Budget. In other words, working people will have to spend more just to get to work.

• (1240)

[*English*]

These gas tax increases, since the Minister took office, work out, coincidentally, to 18 cents a gallon. The only person in this place who could be happy about that 18 cents a gallon is the Minister's predecessor in the Government of the Right Hon. Member for Yellowhead (Mr. Clark), the now Minister of Transport (Mr. Crosbie), "Mr. T." as he is known throughout the Atlantic Provinces. It took a long time to get back to that 18 cents but the Minister of Finance has done it for him. Boy, he must be feeling proud.

Again, those who can afford it least, get hit the hardest, making it more expensive for those fortunate enough to have a job to get to that job.

[*Translation*]

The Minister is talking about imposing a business transfer tax, which means he would extend this regressive tax to services, and making sure the Government would collect billions of dollars in additional revenues at the expense of people who can least afford to pay.

Ever since this Government took office, indirect taxes have risen by 25.2 per cent in 1985-86, by 25.6 per cent in 1986-87, and they will be up by another 8.6 per cent in 1987-88—all told 70.8 per cent in less than three years.

[*English*]

These are invisible taxes which consumers do not see, just pay. In 1986 Canada had the worst inflation record of all the G-7 countries except Italy. The reason for at least half that 4.2 per cent inflation rate was due to the sales tax and excise tax increases by this Government. Even more serious, the Government has gone out of its way to widen the gap between the rich and the poor. It is a gap which has been growing under this Government and which has resulted in the unparalleled growth of soup kitchens and food-banks. Men and women are forced to publicly stand in line in our major cities to get a package of food for themselves and their children. They face that humiliation and there was not a line, not a dollar, in this Budget either to promote joint funding with the provinces or to eliminate the need for food-banks in Canada. If it were not for our churches and volunteer agencies, thousands of Canadians would be starving in the large cities of Canada. This is a disgrace for the country, and the Government is responding inadequately and in a way which makes me ashamed to sit as an Hon. Member of this House.

I have illustrated the figures which show that the gap between the rich and the poor is being enlarged by the taxation policy of the Government, but there is also a widening gap between the have and have-not regions of Canada. Let us look at the impact the Government has had on the disadvantaged regions. That was another of the Prime Minister's "Holy Grails". Dare I say the words "sacred trust"? It was to be enshrined in stone that there would be equality of opportunity no matter where one lived in Canada. There would be equal treatment and equal opportunities. But what did the economically depressed regions of this country get in this Budget? How does the word "zero" sound to you, Mr. Speaker?

The recovery from the 1981-82 recession was slower in the regions than it was in central Canada. While the Minister boasts of recovery, the statistics are hollow because the recovery has been unevenly shared. Unemployment rates in Atlantic Canada, in rural Quebec, in northern Ontario, in Alberta, British Columbia and in the Territories, are unacceptably high. In fact, as my colleague, the Hon. Member for

Laval-des-Rapides, pointed out yesterday, unemployment in the disadvantaged regions of Canada has risen since the worst year of the recession.

Here are the figures. In Newfoundland in 1982 the rate of unemployment was 16.8 per cent; in January of 1987, 19.2 per cent. In Prince Edward Island in 1982 it was 12.9 per cent; in January 1987, 14.6 per cent. In Nova Scotia in 1982 it was 13.2 per cent; in January 1987, 14.3 per cent. In Alberta in 1982 it was 7.7 per cent; January 1987, 10.8 per cent. In British Columbia in 1982 it was 12.1 per cent; January 1987, 13.6 per cent.

[*Translation*]

How does the Government react to this worsening crisis in the regions? Instead of helping them get through the crisis the Government makes the problem even worse. Funds earmarked for regional economic development went down from $14.9 billion in 1984-85 to $12 billion in 1987-88, a decrease of 20 per cent.

[*English*]

The rural areas of Canada are suffering. There was nothing for the farmer in this Budget. The Minister refers to other programs. I remember when a Budget was the time when the Government stood before Parliament and set out the programs for the farmers, fishermen, consumers and the disadvantaged. We have a crisis on the family farm which the Hon. Member for Algoma (Mr. Foster) has just outlined. Farmers are facing bankruptcy. We have the lowest prices for the next crop year since the depression, since the 1930s, of which you are well aware, Mr. Speaker. The International Grain Conference, where there was a hope we would receive some rationalization in the anarchy on international grain markets provoked primarily by the European- American confrontation in San Diego, was a shambles. It was a disaster. Yet the family farm gets nothing from this Minister.

The Tory message to Canadians living in the Atlantic Provinces, in western Canada and in northern Canada is, "If you don't like it. Tough. Move". I tell you, Mr. Speaker, that is not the Liberal view. We are not going to lead a country where we have to tell, or would dare tell, Canadians who cannot find a job in the Atlantic Provinces, in western Canada or in the northern parts of our country, "Move to Toronto; move to Montreal". No, sir, we believe in a country where there is equality of opportunity from one end of the nation to the other.

I suggested yesterday to the Minister that perhaps he did not understand how this country is put together, from the Atlantic to the Pacific to the Arctic, and that failure to understand, that attitude, displays a sad and dismal perception of the nature of Canada. It also portrays that this Government has no agenda, no plan and no projects to bring about some equality, some equilibrium in the economic advantages of the country. I have heard the Prime Minister, but regional equality is just rhetoric to this Government, and Canadians cannot serve their families rhetoric for dinner.

The Minister has a beautiful hedge here, tax reform; something that is not on the table before Parliament. "Wait until spring". That used to be a reverse advertisement in Canada. We could see the Minister's ears perk up last year when the Congress of the United States finally passed its tax reform. Sweet sounds came out of Washington, and a reduction of rates. The Minister of Finance could not resist the bandwagon. It was too good to be true. Who could argue? Lower taxes sound wonderful; but I am afraid the Minister jumped on the bandwagon without understanding the music. He said he had a plan. He said he had an agenda. He led us all to believe that he would be following the United States with major changes and major improvements in the tax structure.

• (1250)

Mr. Garneau: He said that?

[*Translation*]

It is true, he said so in July.

Mr. Turner (Vancouver Quadra): Apparently he said that, Mr. Speaker. Am I right?

Mr. Garneau: Quite so.

Mr. Kaplan: That is indeed what he said.

Mr. Turner (Vancouver Quadra): Indeed, the Minister of Finance (Mr. Wilson) said last year that he would have specific tax reform propositions to make in his next Budget, that is in this Budget. Where are these propositions, Mr. Speaker? The Minister is asking us to wait until spring.

[*English*]

Although we will distance ourselves from it this morning I suspect we as Members of Parliament may be party to a massive fraud on the Canadian people, encouraged and perpetrated by the Minister of Finance of the Tory Government. Let me explain why. Fairness has not been the watchword or the overriding principle in this Government's approach to taxes in its previous Budgets. Why should Canadians trust the Minister now? Why should Canadians believe the Government now? Why should Canadians feel that the Government will be fair in tax reform? The record does not give us any encouragement.

What the Government is not talking about is the other side of the coin. What exemptions and deductions will be eliminated in order to allow those basic tax rates to come down? I think the Minister assumes that to be credible tax reform, it has to be fiscally neutral. Will the basic personal exemption be cut? Will the exemptions for senior citizens, for dependent children or RRSPs be cut? Only the Minister knows the answers to these questions, and he is not talking. He gives us a hint here and there. The press shared a sandwich with him yesterday and he threw out another little teaser. Maybe we will know more in the spring. Maybe that paper will not hit us until the summer.

Mr. Garneau: I wouldn't bet on that.

Mr. Turner (Vancouver Quadra): Maybe that paper will not hit us until the fall. Quite frankly, I do not believe that the Government has any commitment to making real hard and tough choices, to make any changes which will make an impact on those who are wealthy enough and well-organized enough to resist the changes that will really result in tax reform in the country.

[*Translation*]

Yesterday, the Hon. Member for Laval-des-Rapides (Mr. Garneau) clearly explained our position on tax reform. The Government is always expecting us to come up with options and alternatives. Well, the option was crystal-clear in my hon. friend's speech, and we feel that his proposals should be included along with tax reform and the strengthening of our social programs. Any changes in the tax system must be firmly grounded in the principles of justice, equity and effectiveness. There are a number of tax breaks and tax expenditures that no longer do the work they were intended to do. In my view, if the system is fair, many of these tax breaks will no longer be necessary.

[*English*]

It is the same cynical ploy. On issue after issue the Minister hints strongly at tax reduction but at the same time he is considering a business transfer tax to hammer the Canadian consumer. The Minister should at least have the courage to tell us what is the plan. He should have the courage to tell us what his intentions are rather than hiding behind delays and studies. There is continued confusion, confusion and instability over the direction in which the Government wants to take the Canadian economy. We do not know where tax reform is, and of course there is added confusion, and the Minister did not deal with it at all, except in one line in his Budget, as to the status of the free trade negotiations with the United States.

Mr. Wilson (Etobicoke Centre): One line?

Mr. Turner (Vancouver Quadra): Perhaps in one paragraph.

Mr. Wilson (Etobicoke Centre): A pretty strong paragraph. Read it again.

Mr. Turner (Vancouver Quadra): The Minister re-endorsed the free trade negotiations.

Mr. Wilson (Etobicoke Centre): With punch!

Mr. Turner (Vancouver Quadra): I think it was the flabbiest punch that has been thrown since the latter days of Joe Walcott when he could hardly get into the ring.

Some Hon. Members: Hear, hear!

Mr. Wilson (Etobicoke Centre): Where do you stand on this? Do you agree with the statement or not?

Mr. Turner (Vancouver Quadra): I will tell the Minister. I am glad I have him as a captive audience. I appreciate his courtesy in hearing us out.

The Prime Minister announced the free trade negotiations with the United States at the great Shamrock Summit. So far the only winner on March 17 has been St. Patrick—Canadians certainly have not gotten much out of these negotiations. The decision of the Prime Minister could dramatically alter almost every aspect of our economy in the next few decades. It could have a profound effect on the way we live, on the way we do business, on our standard of living, on our independence and certainly on our national sovereignty. Yet it received only a passing reference in the Minister's Budget—an endorsement.

The issue of free trade would not be discussed in the House of Commons at all if it were not for the opposition Parties. We once got 15 minutes from the Prime Minister. In fact, we have only had three speeches from the Prime Minister since this Parliament began in November of 1984. We had one on each Speech from the Throne and 15 minutes on free trade.

My colleague, the Hon. Member for Oshawa (Mr. Broadbent), and I believe that the important debates of the country need the leadership of the Parties we have the honour to represent. We are here in the House of Commons despite an electronic age. This is the forum of the nation. This is where the Prime Minister ought to be.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): We in the Liberal Party have always favoured, and we still favour, liberalization of world trade and Canadian trade. We favour lowering trade barriers. We favour dissipating and lowering protection. We prefer to do it on a world-wide basis. Canadians have always done better in negotiations with the United States within the GATT negotiations and within multilateral trading partner negotiations. We have always done better with the United States that way than we have on a head-on approach with our American friends.

The United States is our largest and most important customer. That is agreed. The United States is not our only customer or trading partner. I will have to take the Minister through this very carefully and quietly so that he will understand.

Mr. Dingwall: You'd better repeat it a couple of times.

Mr. Turner (Vancouver Quadra): I say that because he did not deal with the subject of the international scene in the depth he ought to have done in a major budget speech. As a matter of fact, that speech was so thin I have had gruel at one of these food banks that is thicker, and that is thin enough.

Mr. Wilson (Etobicoke Centre): You weren't in the House to listen to it.

Mr. Turner (Vancouver Quadra): I was here.

Mr. Mazankowski: You were out doing your interview.

Mr. Turner (Vancouver Quadra): We in this quarter of the House do not accept the initiative of the Prime Minister. We believe it has been ill-conceived. We believe it has been ill-managed and poorly negotiated. We believe it was ill-timed. The homework has not been done. The preparation was not done. There was no public debate. There was no mandate from the Canadian people. There has been no debate in Parliament. Not once have we had a debate in Parliament on this issue. The provinces have been inadequately consulted. Yesterday we heard the Premier of Quebec reasserting what he believes is his right to have a veto on these negotiations, or on the result. The Premier of Ontario has taken the same position. I must say that I do not know where the new Premier of British Columbia stands on this particular point.

For sure, the United States is our principal partner. We desperately need access to its markets in terms of competitive ability, market share and so on. But there is a rising protectionist sentiment in the United States. The newly-elected Democratic Congress, a Democratic Senate and a Democratic House of Representatives has accentuated that sentiment of protectionism. The Government was naive in thinking that the very fact of beginning negotiations with the United States would, by itself, dissipate that sentiment of protectionism in Canada's favour and would eliminate or exempt Canada from it. Of course that was naive, and of course it has not happened.

I believe we have to examine that naive assumption. I believe Members of the House must put a question to themselves. Is the United States really after free trade, or fair trade, or managed trade? Is the United States using the cover of these negotiations to extract a series of managed trade deals from Canada?

• (1300)

I do not know whether the Minister has had the opportunity to personally examine or be briefed on the new United States Trade Bill which was introduced in the United States Senate and supported by 52 or 53 Democrat and Republican Senators. That is not a free trade operation. That is a managed trade operation. That is not a fair trade operation. The Minister states that it is worse than that, and it is.

I am proud to sit in the House, but in terms of a legislative chamber the U.S. Senate is a pretty good deal. There are no administrative responsibilities, only debate and analysis. Those Senators love it, and it is a great club. They call it a level playing field. Fair trade is a level playing field. I love the expression "level playing field" because every time I have seen an American negotiate on that basis what he really means is "it is our field, it is our referee, we draw the lines, it is our goal posts, and it is our ball". Now we have the United States Trade Bill.

I believe that we should now reassess the negotiations with the United States. We should ask our American friends what are the real objectives. Is it free trade, or is it a managed trade arrangement? Are these negotiations being used by the United States to extract from us deal after deal. There was 15 per cent on the export of softwood lumber. What is next? Pulp and paper, steel, potash, oil or gas, hydro?

[*Translation*]

Recently, I had the honour of speaking with Premier Bourassa, and I said: Watch out, Mr. Premier, if it's 15 per cent today on softwood lumber exports, watch out for your pet James Bay project. Thanks to the pitiful negotiating by this federal Government, the Americans will be tempted to make us put a 15 per cent tax on our hydro exports as well. They see those guys in Ottawa as rank amateurs. The way we were set up by the United States on the softwood lumber issue will be repeated, and next time, it could be on just about anything.

[*English*]

When the Deputy Prime Minister (Mr. Mazankowski) telephones the Prime Minister this afternoon, ask him how the weather is, would you? Tell him that when he is down there to pick up the phone to his friend, the President of the United States. I know that the President is a little distracted and wondering what is in the computer bank. But in any event, call him and say, "Look, Mr. President, the boys, the Members, the girls—

Mr. Mazankowski: Which group, you or Axworthy?

Mr. Wilson (Etobicoke Centre): Sheila will not like that, John.

Mr. Turner (Vancouver Quadra): No, no, I was trying to find the right word. The persons, the Members, the people. Equality is so rampant in the Liberal Party that we no longer have distinctions.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Ask the President what are the real intentions of the Congress. We ought to know. We would like to have a statement from the Prime Minister, not the Minister for International Trade (Miss Carney). We have seen her final offer after final offer after final offer. We wish a statement from the Prime Minister stating at what stage are these negotiations, where are we going, what is on the table, and what is not on the table. We must start to dissipate the uncertainty, and the business uncertainty in Canada in order to know where the country is going.

The Chief United States Negotiator, Peter Murphy, stated that everything is on the table. The former Speaker of the House of Representatives, Tip O'Neill, was up in Canada at $25,000 an hour and told us that he liked Canadians, but in these negotiations you have to give a little. I have not met Tip O'Neill for a long time. I did like him. When I next see him, I will say, "Tip, give a little? We have given already on FIRA, it is gone; the National Energy Program is gone."

Mr. Mazankowski: You were against it, too.

Mr. Turner (Vancouver Quadra): "You have half of our book publishing industry. There is a drug Bill in Parliament, you do have our lumber. What is next? Tip, you ought to know what is going on, and perhaps you could tell us. What does the United States really have in mind, and what does the Congress and the Senate have in store for us?"

Mr. Wilson (Etobicoke Centre): What do you really have in mind?

Mr. Turner (Vancouver Quadra): Well, I have told you. Let me be very specific for you.

Mr. Wilson (Etobicoke Centre): I hope you will be.

Mr. Turner (Vancouver Quadra): The Minister of Finance is a surprisingly good listener today.

Mr. Wilson (Etobicoke Centre): Absolutely. I always listen.

Mr. Turner (Vancouver Quadra): On a trade agreement with the United States, we have a Party view that has been expressed on several occasions, and it meets the consensus of every person in our caucus.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): My personal view is that I do not believe there will be a comprehensive free trade agreement with the United States. I will tell you why. I do not believe that any Canadian Government, and the Government has not been clear about it, can afford to dismantle our agricultural programs, can afford to put the Auto Pact on the table, can afford to sell off our cultural industries, and can afford to abandon our regional economic programs. I know that, my Party knows that. The Government has not come clean and told us what is on the table and what is not on the table.

I also say to Hon. Members sitting across the way, led by the estimable Deputy Prime Minister, that any Canadian Government that attempted to yield on the fronts that I have described and others would be politically dead. We are not talking about a comprehensive free trade agreement, we are talking about some type of agreement.

Deep in the psyche and consciousness of every Canadian there is a concern and a worry that the Government is a lousy negotiator.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): The Government is selling us out. The Government has not got the fibre to work out a good deal. There is a very deep underlying feeling in the country that whatever happens in these negotiations, we want to emerge from them as a country with independence, sovereignty, pride, uniqueness, and a distinctness. I wish to tell the Deputy Prime Minister that we admire our American friends, but we like it here. We are proud to be Canadians, and we are not going to be party to any agreement that in effect makes us the fifty-first state of the United States.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): The United States Congress has given us a warning that they will not yield on countervail. They did not yield on countervail in the free trade agreement with Israel. I have said in the House and elsewhere that any agreement with the United States that did not have some meaningful restriction on countervail would not be worth the paper it is written on. What will we get? I wish to make a prediction. We will receive some type of dispute mechanism from these negotiations. We will receive a joint arbitration board. We will not receive any yielding on countervail. We will not receive any substantive measures. Whatever we get will be far short of the bravado and the blarney of the Shamrock Summit, and it will be far less than a comprehensive free trade agreement. It will be a limited agreement, probably with a dispute mechanism, and the Government will stagger away from the table and cry victory. That is my prediction. I am glad both Ministers are present to hear it.

What will we do in the future? I believe that we need a more focused approach to these negotiations with the United States. We need it within an international cover, and with a central focus. I do not think we are going to get—

• (1310)

Mr. Hockin: Look at the forest and not the trees.

Mr. Turner (Vancouver Quadra): That is exactly what the Hon. Member said, although he said it in more elegant French than I can muster.

There has been tremendous uncertainty caused by these trade negotiations with the United States. Business capital expenditure projections are way down. The Minister will admit that. I think a good deal of the hesitation of business to commit to capital projects, plant or equipment arise from the fact that business does not know where these negotiations are going or what the result might be. Business does not know where to put the plant or when.

Talking about an international outlook, Mr. Speaker, I would have hoped the Minister might have given us his views on some of the risks that affect Canada. We do not have his view on the United States dollar and what it might mean for this country. I wonder, and I think many Canadians wonder, how low that dollar will go. U.S. Secretary of the Treasury, James Baker, has been talking it down. He has been trying to talk it down to make the United States more competitive with Europe, and Japan particularly, to try to work out the trade deficit. He is not succeeding either, because those other countries are lowering their prices or because the so-called J-curve and the delay in working those dollar prices through has not yet taken effect. In any event, we are now at a stage where we wonder how low that dollar will go and I believe we have a vulnerable situation.

The United States has been financing its trade deficit, now in the range of $130 billion to $150 billion, and its fiscal deficit in the range of $180 billion to $200 billion, by foreign money, primarily Japanese. As a matter of fact, you could say that Japan is virtually the banker of the United States at the moment. In three or four years from becoming the largest creditor nation in the world, the United States by the end of this President's term will be the largest debtor nation in the world at about $500 billion U.S. dollars. The United States is now vulnerable like the rest of us in currency movements. If the U.S. economy falters, or if world confidence is shaken in the American economy and that money is pulled out to finance both of those deficits, interest rates from the federal reserve will have to go up and we will have the beginning of a very serious world crisis. We have no views from the Minister of that. We have no views—

[*Translation*]

—concerning our international system of payments and banking operations, because I believe this situation as well is very precarious. Indeed the international debt amounts to $1 trillion, which is more than the total assets of western banks. Developing countries in Latin America and Eastern Europe do not have enough trade to meet the interest payments on their debts. The problem is made even worse by the current geopolitical situation in the Middle East and in other strife-torn countries. We would have liked the Minister to tell us where he stands with respect to these questions. What is Canada doing to help stabilize the exchange rates? What is Canada doing to encourage the reconciliation or reorganization of the international bank debt? We are not isolated, we are not immunized. These situations are contageous. But the Minister does not confide in us, he does not share his thoughts with us.

The Minister proudly states that our deficit is now proportionally identical to that of the United States.

[*English*]

That is a real big deal and a great target. In the words of the Minister, reducing the deficit is the priority; to quote him, it is "right on the top of the heap". But how come he is back to square one? The deficit is roughly at the same level it was when he took over in September 1984, and my colleague, the Hon. Member for Laval-des-Rapides, has explained that very carefully. How did the Minister keep the deficit where it was? Not by expenditure cuts, but by raising taxes on the middle class of this country, slashing regional development spending, dramatically cutting EPF transfers to the provinces, slashing funding for research and development—

Some Hon. Members: No.

Mr. Turner (Vancouver Quadra): —firing our scientists, letting our best brains go to the United States and elsewhere.

While I have the Minister trapped here in the House of Commons, can I say one thing to him through you, Mr. Speaker? Try to get the accounting straight in this country. Investment in research is less a current expense than an investment. It is a capital expense in the future of our country. It is the best investment we can make. Treat it that way in the public accounts.

What has been the impact on the public debt of this Minister? I do not want to stop him burnishing his reputation with his friends, many of whom I know, by the way. But the total public debt has gone up since this Government took over. It will have gone up by an astounding 67 per cent to $294.8 billion by the end of the fiscal year 1987-88. The Minister inherited a public debt on September 17, 1984 of about $175 billion. He has run it up to $300 billion. Forty per cent of the total public debt of Canada has been incurred by a Conservative Government.

Mr. Mazankowski: Big deal.

Mr. Turner (Vancouver Quadra): The Deputy Prime Minister says "big deal". Presiding over a Government like this, he knows what a big deal is.

Some Hon. Members: Oh, oh!

Mr. Mazankowski: We know the big legacy you guys left us.

Mr. Turner (Vancouver Quadra): The Deputy Prime Minister has been courteous to me and has been listening. Let me now give him a plain and simple fact. It comes from the Minister of Finance's own budget calculations. I want to give tribute to the Minister that this record of public debt is unequalled by any other Minister of Finance in the history of our country. I believe a fitting epitaph to be printed on the tombstone of this Government should be carved this way, "Here lies the Tory Government sunk by the weight of its own hypocrisy".

Despite all the rhetoric there has been very little substantial movement on the deficit and no progress at all getting at the expenditure side of the Government. In his last Budget we saw, "In every case we are spending smarter and making better use of scarce resources". I believe those were the Minister's words. That statement falls a little flat in the face of the facts. The $500,000 capital gains tax exemption will cost $800 million this year. The Canadian Commercial Bank and the Northland Bank fiascos cost another $1.6 billion. I am sorry that "billion-dollar Barbara" is not here to listen. The Gulf-Reichmann deal cost $1 billion. The Hong Kong takeover of the Bank of B.C. cost $200 million. Those are just some of what the Minister of Finance used to call the big ticket items.

Mr. Mazankowski: Are you against that?

Mr. Turner (Vancouver Quadra): We want to explore why that $200 million was necessary, but we are not against the sale. We would like that $200 million examined by the committee. I do not have time to explore the prison in Port Cartier, nor do I have time to explore the public relations campaign to sell free trade. I am not invited along on the

Prime Minister's travels with the butler and the maid. What about the home movies and the shadow jets?

You have been patient and our friendship goes back a long time, Mr. Speaker. This Budget is part of the cynical self-serving approach of the Government. I will tell you why it is cynical and I will tell you why I believe it is a fraud. Here is the time-table. I will lay it out for the benefit of Canadians. When the Deputy Prime Minister is on the telephone to West Palm Beach this afternoon, this is what he ought to say.

• (1320)

Step one of the timetable was for huge tax hikes to be brought in with the first two Budgets in 1985-86. Over $16 billion more was taxed against individuals and 90 per cent of the taxes in the first two Budgets was on individuals while only 10 per cent of the taxes was on corporations. In the current Budget, the ratio is about 95 to five.

Here we are at step two in 1987. The Minister says, "Make a few minor adjustments but do not tell the people that those earlier massive tax increases are automatic, hidden, escalated, deindexed and working through the system". By the end of this year, $22 billion will be taxed against individual taxpayers, $22 billion that they otherwise would not have had to pay. We are now living through step two.

Step three is to wait until spring when there will be a White Paper on tax reform. It may be in the spring, it may be in the summer or it may be in the fall. Step four, 1988, will occur just before an election. The Government will bring in the good news Budget containing personal reductions on the side of tax reform and close a few loopholes. The Government will give what is due to our regions in some better measure than it has before. Step five is to call an election. Step six is to return after the election to oppose the biggest, most massive consumer business transfer tax designed to balance the books this country has ever seen.

I do not want to head the Minister off from the disaster course he has obviously set for himself, but there are two flaws to that schedule. The Minister should listen closely. The first flaw is that Canadians see through it, and the second is that the Minister will not be back after the election.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): Canadians have seen the solemn commitments of the Tory Government broken so many times that it has gotten down to a question of trust. Canadians do not trust this Government. Canadians do not trust this Government in honouring its promises. Canadians do not trust this Government in negotiating the trade arrangement with the United States. Canadians do not trust this Government in the fish treaty with France. Canadians do not trust this Government in the style of public morality that it displays. Canadians do not trust this Government in the way it handles the provinces. Canadians do not trust this Government in protecting our sovereignty. And, Mr. Speaker, Canadians do not trust this smug, manipulative Budget.

Some Hon. Members: Hear, hear!

Mr. Mazankowski: Mr. Speaker, I rise on a point of order. We listened to a lot of inaccuracies in the speech—

Mr. Foster: Name one.

Mr. Mazankowski: As a matter of fact, I will. I am sure the Right Hon. Leader of the Opposition (Mr. Turner), who is a fair man, inadvertently misled the House when he suggested in his opening comments that when he was Minister of Finance his Leader not only spoke in the Budget debate but was present when the Leader of the Opposition participated. I have just had a chance to look at the record of the Budget of June 23, 1975. The Right Hon. Member's Leader did not speak and there is no evidence to suggest that he was present when the Leader of the Opposition spoke. As a matter of fact, when the Leader of the Opposition spoke on June 26, 1975 he led off by saying that he was sorry that the Minister of Finance was not in the House—

The Acting Speaker (Mr. Paproski): That is not a point of order, it is a point of debate.

Before I recognize the Hon. Member for Oshawa (Mr. Broadbent), may I have unanimous consent to let the Hon. Member for Oshawa have the same amount of time to speak as did the Leader of the Opposition (Mr. Turner)?

Some Hon. Members: Agreed.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I would begin by expressing my appreciation to my Conservative and Liberal colleagues for their unanimous support to extend time to allow me to speak. It will probably be the last time we are all in agreement today.

I would like to get right to the Budget that the Deputy Prime Minister (Mr. Mazankowski) is exercising himself about, and I can well understand that because most Canadians are very exercised by this Budget indeed.

At a time when Canadian families have had a greater increase in taxes than in any other period in the post-war years, the Government has once again increased the tax burden on families. I would remind the Minister of Finance (Mr. Wilson), who is present, that at a time when unemployment in seven of the 10 provinces is as bad or worse than it was in the depth of the recent recession of 1981-82, there is no improvement in regional development programs. At a time when, in the Minister's own words, Canadian corporations have not been paying their fair share of the tax burden, there is no change at all toward more equity in corporate taxes. Finally, at a time when, as the Minister of Finance has pointed out, sales taxes are very unfair and the most regressive kind of taxation, the Government has put additional taxes, not simply on gasoline but on peanuts, popcorn, popsicles and almost

anything else one could mention. In short, whether we are thinking of families, of regions, of the corporate share of taxes or of children, at a time when Canadians were looking for more fairness from the Government at last, we got once again just the opposite. I say that enough is enough and it is time to get fair.

In my comments today I do not want to deal with a whole range of matters. The finance critic for the New Democratic Party did that very ably yesterday. In my comments I want to restrict myself to two concerns that, it would seem to me, a Budget in a modern society, whether in Canada or in any other democratic society, ought to have as its central focus. One is the question of the fairness of the tax burden between various elements in society and principally, in a modern industrialized world, the distribution of the tax burden between corporations and individuals. Then I wish to say something about regional development and regional inequities and how they are addressed, or, more correctly, how they are not addressed in this Budget.

I would first like to deal with the question of tax reform and tax fairness as it relates to individuals on the one hand and corporations on the other. What is the reality of the Government's record? I will not provide for the House a great many statistics. I have a pretty strong hunch that most Canadians know what they are by now. The next two or three statistics I will mention are perhaps the most revealing about the inequitable burden of taxation in Canada.

I would remind the people of Canada that one of the reasons this Government was elected in 1984 was that by 1984 Canadians had become sick and tired of the unfairness with which they had been treated, particularly in the last years of the Liberal Government, and they wanted a change. I see that the Minister of Finance has just stepped out for a moment. I know that he will be back.

When this Government first came to power I was one of those, although I happen to lead another Party, who felt that it was good to have a change in Government and that it was good for the democratic process for one Party not to remain in power for 20 odd years but to have a new team of men and women bringing a new set of concerns to the political agenda. I did say as well that I expected some improvement. I regret that when I, along with the rest of the people of this nation, look at what has happened in the last two and a half years, not only have we had no improvement, if anything, things have gotten worse.

• (1330)

I want to spell that out. With the three Budgets from that Minister of Finance taxes on individuals have gone up over 50 per cent. Quite apart from the increasing burden on the average family, the other thing that ought to concern us is that the burden is being increasingly shared by those who are well below the poverty line. Right now you can be only half way up the mark with respect to statistical calculation, with an income half way to the point of poverty, the break even point, where you are no longer deemed to be at the poverty level, and still you are going to be paying taxes. If there is one thing which ought to be at the top of our agenda, as it has been in Scandinavia and in many other places, it is that people at the poverty level ought not to be paying taxes.

Since 1984 some $14 billion in additional taxes have been placed on the families of this nation. That is what the Conservatives have done. On the one hand we have this increased burden by way of personal income taxes or a whole series of what the Right Hon. Leader of the Opposition (Mr. Turner) has correctly called sneaky indirect taxes. At the same time the share paid by that other major source of revenue, corporations, has gone down by about 18 per cent since the Conservatives were elected.

Then we see in the press today that the Minister of Finance sat down with some journalists over coffee. I do not know who was paying. He talked about, as he is wont to do every third or fourth day, corporate tax reform. He puts a new wrinkle on it each time he talks about it. In his chat yesterday he talked about Marc Lalonde's last Budget in 1983 when a special set of corporate tax exemptions were extended. He pointed out again, I am sure with great earnestness and seriousness, how this is really disturbing the fiscal flow of the federal Government and we really have to do something about it. We have to come to grips with it. I am sure he said to himself, "I have not done anything about corporate taxes in the Budget, in fact I have increased taxes on individuals, but if I talk to journalists now maybe all the newspapers tomorrow will say I am really concerned about corporate taxes and how we have to reform them". Sure enough, he got his stories across Canada that he, the great friend of the corporations, is once again expressing his deep concern that they are not paying their share.

It is one thing to be somewhat facetious and kid about this kind of thing, but apart from standing back and looking at it analytically, as the Minister of Finance is wont to do, the real meaning of this maldistribution of the tax burden ought to be understood. If it is the case that corporations are not paying their share, and I say to the Minister that corporations, like the rest of us, benefit from national highways, nationally financed research and development programs and a whole range of expenditures by the federal Government, that share is being paid by pensioners, farmers, people on unemployment insurance, indeed, by every other Canadian. I say to the Minister it is time to stop talking about corporate tax reform and start acting.

Why is he not doing this? As I understand the Minister, and I want to take his word for it now and give my own interpretation in a few seconds, he is working up to reform. It is a complicated situation. I must say to my friend, the Right Hon. Leader of the Opposition, given the vast range of loopholes introduced by the Liberals I know it can take some time to get rid of them all. I know it presents some kind of challenge. Yet the Minister of Finance, if I remember correctly, first started talking about corporate tax reform late in the fall of 1984. In the Budget of 1985 he had some carefully documented reasons

why we ought to be concerned about tax reform and the loss of revenue it means. In 1986 he wound up the corporate tax reform rhetoric once again just before Christmas. Then we see nothing in this Budget about tax reform, but there he is on *The Journal* after the Budget, and did he talk about the Budget? No, not at all. He talked about corporate tax reform.

Then he was asked a question by the journalists, and I hope he will clarify this. The poor journalists have a worse time with him than we do in trying to get the agenda. They were sort of saying to the Minister, "will you clarify this for us? Does this mean you are going to bring in a White Paper in the spring or maybe the fall, and does it definitively mean that by at least 1989 we will have corporate tax reform"? The Minister of Finance's definitive answer is,"well, no, I cannot guarantee it". He started in 1984, went through 1985, picked it up in 1986, gets on television on budget night in 1987 still talking about corporate tax reform. I say to the Minister that we are all getting sick and tired of it. Quit talking about it, do it, Mr. Minister of Finance.

[*Translation*]

The other matter which concerns Canadians throughout the country is fairness in regional development programs. Mr. Speaker, equal opportunities for all Canadian men and women is one of the basic principles of Confederation. Instead of preserving this principle, the Conservative Government is jeopardizing it by cutbacks to programs aimed at correcting regional disparities. This year, the Government will spend $3 billion less than in 1984 for regional economic development. This decrease has been aggravated by major cutbacks to programs in the areas of transport, fisheries and agriculture. Equalization is also essential to achieve equity among the regions. The Conservatives have continued the process of cutting back federal transfers to the provinces initiated by the Liberals in 1982.

The changes made by the Conservatives to the equalization formula have resulted in lower payments for six out of ten provinces this year. For instance, Mr. Speaker, in the case of Quebec, these changes will have cost $97 million last year and will have amounted to a cumulative loss of $2 billion when the financial arrangements expire in 1992.

The Minister of Finance (Mr. Wilson) is turning a deaf ear to the claims of Quebec in spite of threats to bring the matter of the federal cutbacks to equalization payments before the courts.

Is court action finally the only way to get some action out of Ottawa? That is not an acceptable solution and the New Democratic Party finds such results unacceptable.

Mr. Speaker, it is time for the Conservative Government to deal with the problems of families in regions where unemployment is still unacceptably high. It is time for the Government to listen to the grievances of the unemployed worker in eastern Montreal, of the jobless Kootenay miner, of the laid-off Fort McMurray clerk, of the virtually bankrupt Prairie farmer and of the Newfoundland fisherman.

Mr. Speaker, it is time to put an end to the cutbacks and to see to it once and for all that regional equity stops being a dream and becomes a reality. Instead of emphasizing regional disparities, instead of abdicating its responsibilities to the regions, the federal Government must show some leadership and demonstrate that it is possible to work together as a nation to correct regional disparities.

• (1340)

[*English*]

I would like to make a couple of concrete points in this vein. As the Minister of Finance very well knows, we now have a series of federal-provincial regional development programs negotiated between the federal Government and each of the provinces. Since the last Throne Speech we have established the Atlantic Canada Opportunities Agency for our eastern-most provinces. Third, although nothing has yet been done about it, there was a commitment originally made at the First Ministers' meeting, subsequently discussed at Finance Ministers' meetings, and referred to in the House, to establish a program which would bring greater economic diversification to western Canada. Therefore, we have an Atlantic agency, a commitment to diversification for the west, and very specific regional development agreements negotiated between the federal Government and the provinces.

As I said, the Government has done nothing about this at a time when unemployment in most of the regions of the country remains as bad as it was at the depths of the recent recession. We need some action. Unemployment is high in most areas of the country and the federal Government should be showing leadership to turn that around.

I would like to make a couple of concrete suggestions about what could be done if we had a Government which believed that there is an activist role for a Government to play. In all candor, one of our fundamental problems is that the Minister of Finance, albeit intellectually honest, is a man of the 1930s instead of the 1980s in his thinking. Through his own personal commitment to market mechanism he can stand back and watch almost all of the economic growth, as well as the resulting jobs, take place within 100 miles of the centre of Toronto, because that is where the continental market forces have led. The Minister well knows that that is where virtually all the growth has been. It has been mostly in the automotive sector, and most of that, although not exclusively, has been due to stimulation from the U.S. market. If you leave this country to the North American market mechanism, that is the type of thing which will happen.

If, in a different time, there is a great demand for our resources due to circumstances outside of our nation, we could have stimulation for the export of our resources, but zero impact in our manufacturing core, resulting in a downturn in the area around Toronto when we could have expansion elsewhere. If you believe, as this Minister does, that the task of government is just to sit back and watch things happen, that is what will happen.

In the reality of 1987 it is unacceptable to the New Democratic Party for the Government to use such phrases as the Minister of Finance used in his budget speech the other day. He said that we have to put our house in order. For us, the Canadian house has many rooms. Among those rooms are Atlantic Canada, western Canada, northern Ontario and parts of Quebec, not only the industrial core. A Government which is concerned about the whole house cannot just stand back and watch things happen. In the thinking of some people there may have been justification for that until the 1930s, but I thought we had learned something since then. We would like a commitment to an activist government.

I would like to make a couple of particular suggestions. With regard to corporate loopholes, it is obvious that a number of financial incentives for corporations are appropriate if they have the appropriate effects on research and development, job creation, and so on. We are talking about the useless kind to which the Minister himself has referred. We are talking about the kind to which the Auditor General has referred which simply cost the taxpayer money without having any spin-off effect for the nation. If the Minister had, in this Budget brought in the corporate tax reform which is necessary now, he could have taken tax revenues from corporations which are now making a profit and channeled that money into regional development funds to create jobs elsewhere in Canada. That is one approach which would be followed by a Government which believed in an activist role of government in the economy and had a solid commitment to ensure fair development in all the regions of Canada.

Regardless of which part of the country we are from, we all have deep concerns about the extraordinarily rapid decline in economic opportunities in the Province of Alberta and part of Saskatchewan associated with the petroleum industry. There has been a catastrophically quick decline related to circumstances over which the people of Alberta and Saskatchewan had no control and, ultimately, over which the Canadian Government had no control, namely, international prices of petroleum which are primarily established in the Middle East. There is a crisis in that part of Canada which requires action rather than a Government which says that it will deregulate the economy and hope for the best, as this Government has done. We have not seen the best, we have seen the worst. Our energy critic made a very sensible suggestion in his reply yesterday, which I will repeat. The Government has seen fit to increase taxes on gasoline by 1 cent a litre. That would increase our incoming cash flow by about $450 million. What better way to use that money than to recognize the need in the oil sector, to recognize that the benefit from the change in the PGRT has gone to big oil companies and that the people who are really suffering and could be providing jobs are the small Canadian producers? Why do we not use the $450 million which will be generated by all Canadians paying for an increase in the price of gasoline for job creation in Alberta where it will be effective now?

These are but two illustrations of the general point I want to make of my concern, as Leader of the New Democratic Party, about the unfairness in regional opportunities at this time. We built into the Constitution of Canada just a few years ago a commitment to the principle of equalization. As a social democrat, it was a commitment that I was very pleased to see supported in principle by all Parties at that time. It recognizes the principle that a young boy growing up in Cape Breton ought to have the same expectation of opportunities to do what he wants in life as a boy at Dundas and Yonge Streets, or a young girl in Saskatoon who wants to go to university. If she wants to receive an education she should have the same expectations for that as a young girl in Vancouver. There ought to be no difference in medical expenses from coast to coast. In short, equalization ought to be a fundamental concern of any national party. At a time when we see the great disparities in terms of employment opportunities in our regions, the federal Government ought to be putting more money rather than less into regional economic development.

• (1350)

I do not want to take more time of the House today. I have mentioned two aspects of budgetary policy in my speech. One is the notion of fairness in terms of tax burden between individuals and corporations. I have suggested that the Government has failed in this respect. It has failed in its basic commitment to fairness. I have talked about the importance of coming to grips with the growing inequalities between our regions. The Budget completely fails to deal with that issue.

In conclusion, Canadians voted for a change in 1984. They expected to get a little more frankness from the Government, and a little more fairness. I regret to say that they received neither. The Government now is at a low standing in the political polls. I will not be glib about that because all of us here have had enough experience in political life to know that there is considerable ebb and flow in party standings. The Hon. Member opposite knows that as well as anyone. However, I want to say that if the Government wants to regain some credibility and move back up to gain the respect of at least a substantial share of the population of Canada, it will have to come to grips with its own failure to deliver on fairness. If it begins to deliver on fairness it will deserve to get increased support. If it does not, it deserves to be booted right out of office.

Mr. Lewis: Mr. Speaker, I rise on a point of order. There have been some informal discussions among the Parties. If you were to inquire, I believe you will find there is agreement in the House not to see the clock and continue debate through until 5 p.m.

Mr. Speaker: There being agreement to the suggestion, as indicated by all Parties, I recognize the Hon. Member for Calgary West (Mr. Hawkes).

Mr. Jim Hawkes (Calgary West): Mr. Speaker, it is a great pleasure to enter this debate following the gloom and doom

twins, tweedledum and tweedledee. We remember how the doom and gloom boys stood in the House after the first Budget of the Minister of Finance (Mr. Wilson) and said that the Budget will cost the country 100,000 jobs, with 100,000 more people in poverty. However, they admit today that his Budgets have resulted in 675,000 more people working in Canada and fewer families living in poverty.

Now what do they do? They talk about equality and the fact that we should be concerned about growing inequality in the regions. The easiest thing in life to share equally, without argument, is nothing. Ten people or 100 people can have an equal share of nothing.

We all admit that there is some sense of growing inequality in the regions. I come from the west where people feel some sense of increasing inequality. However, I point out that every region is growing. That is the difference between what we inherited in 1984, when every region of the country was in decline. Two and one-half years later, jobs are growing and the economy is growing in every region.

Federal Budgets are designed to be tools to produce growth, create jobs, reduce poverty and provide a better standard of living for Canadians. I believe we would have difficulty in not recognizing that the Minister of Finance is an absolute genius with budgets. In 1979, I sat in this Chamber to hear the Hon. Member for St. John's West (Mr. Crosbie) present his Budget. The country was in difficulty at that time; people were living in poverty and unemployment was growing. We presented a Budget to straighten out that situation and jobs began to be created in anticipation of that Budget. The Canadian Council of Welfare said that the Budget was the fairest in the decade of the 1970s. The Budget was designed to deliver money to the poor people who needed it, it would reduce their costs, increase shelter and create jobs at better than 30,000 a month.

The Liberal Party and the New Democratic Party, tweedledum and tweedledee, threw the Budget out during that crisis in our country. They stood in this Chamber to say they could not approve this Budget. They threw the Budget out because they were playing politics with the lives of Canadians. As a result, for four long years Canada was in great trouble. Canadians should not forget the 22 per cent and 23 per cent interest charges on their mortgages. Canadians should not forget that farmers were going bankrupt by the boatload and small businesses were going belly-up.

In my Province of Alberta in 1979 there were employment opportunities for young people from across the country. They came from Newfoundland, British Columbia and Yukon to get good solid jobs and a start in life in our province. However, through the budgetary policies of those Parties who are now in opposition, who get together to destroy the nation whenever there was a crisis, took that 4 per cent unemployment rate and increased it to 12 per cent. That unemployment increase was not a result of falling international prices but deliberate public policy. Those of us who were in the House during that period should never forget that. When one lives in a community where crime increased, family violence increased and suicides increased as a result of deliberate public policy, one should never forget it.

• (1400)

One should never trust the architects of that kind of public policy to be in charge of the financial affairs of this country ever again. I do not claim that the New Democratic Party was deliberate in supporting that kind of policy. I think the Liberal policies were deliberate. However, one cannot go on being a child bride all one's life. Sooner or later the NDP has to grow up and make its policy choices public. It cannot be on every side of the fence. It must recognize the consequences of what it supports.

Mr. Keeper: Is that the voice of experience?

Mr. Hawkes: That is the voice of years of experience in this Chamber. I have seen Budgets which do what Budgets are supposed to do, keep stability and confidence in the country, keep inflation and interest rates down and keep employment up. I have seen two Budgets which worked and two days ago I think I saw the third. In each and every case these Budgets came from the current Minister of Finance. The current Minister of Finance is the only one in my eight years as an Hon. Member who has had a chance to demonstrate what a good Budget can do. But we will not hear the Opposition stand up and say, maybe we will support this one, at least in part, because it is the first time in 30 years that a deficit has gone down for three years in a row and interest rates are the lowest they have been in a decade.

I heard the Leader of the New Democratic Party stand in this Chamber and bleed for the Province of Alberta. What a laugh. But I did not hear his voice in this Chamber bleeding for the Province of Alberta and the people who live there as our unemployment went from 4 per cent to 12 per cent. I did not hear one scintilla of evidence in what he said in this Chamber that he comprehends the province, the people in it or the current situation. There are 23,000 more people working full time in the Province of Alberta today than there were in September of 1984. We are hurting. We have a lot of unemployed people, we would like a lot more jobs, and we are working hard to provide them. However, by every economic criterion, in the face of low world oil prices and low world agricultural prices, the economic situation in Alberta today is better than it was when this Government was elected in September 1984. The failure of the Leader of the NDP to mention that, to even allude to it, and I suggest to the House, to be knowledgeable about it, tells us perhaps more clearly than anything else that he is playing politics. He does not care. He does not know. He is simply playing politics. Someone gives him a press clipping, someone deep in the bowels of his research organization gives him a line to read, so he reads it, but does he understand Alberta? Does he care? Is he the captive of the labour leaders of the big powerful unions? Or are they the captive of the Leader of the New Democratic Party?

We have a simple legislative committee looking at the issue of protection of intellectual property, some protection for the inventors of this country so they do not have to sneak across the United States Border in the dark of the night to patent their inventions, so they can actually patent them in Canada, so they can produce them in Canada, creating jobs and sharing in the wealth of Canada. That was fought by the New Democratic Party and the Liberals together, the child bride and the mature adult.

You should listen to the members of the New Democratic Party in committee, Mr. Speaker. You should listen to the phrasing of the questions they ask, the repetition of the questions, and then listen to the union witnesses they bring into committee. They use the same words, the same set of ideas, the same phraseology and the same emphasis. Which is which? Which is the political Party and which is the labour organization? It is getting increasingly confusing.

Powerful unions donate a lot of money to the NDP, but they should not really be surprised to occasionally see a conflict in an Hon. Member's mind and actions. Doing what is best for the big, powerful, rich union may not be the same action one should take if one is really trying to do one's best for Canada and Canadians. Why does the NDP always choose the big unions? What about the little unions which exist in my community and the communities of all the other Hon. Members? Why just the big unions with the special arrangements for severance pay and special arrangements for paid vacations? Does the really rich union movement run the NDP or does the NDP run the unions? All we can really tell is that the money comes from those rich unions to the NDP and the speeches of members of the NDP are the same as the union leaders, the same words, the same ideas, the same evidence time after time.

To vote NDP is a dream. Some people better start to look before they make a mistake. They had better start to look at who they are voting for and what they are voting for. Sometimes one can wake up in the morning and say last night I made a mistake, and that could be the voters if they were to sort of stay asleep and simply, because they do not know anything about the NDP, perhaps vote for that Party just to get a change. I will tell you, it would be a change, Mr. Speaker. Half the people with jobs today would not have them tomorrow. That would be a change. They would not like that change, I suggest. Who would be naming the people? What set of principles would we have for the selection of people who were to get the jobs? Would an NDP Government take over all the means of production and therefore control all the jobs? Would it be its friends with the best jobs?

I find it a bit alarming at the committee studying intellectual property protection. A Deputy Minister for Consumer and Corporate Affairs for the Province of Manitoba appeared before the committee the other night. He was going to tell us what was wrong with the legislation of the Parliament of Canada in the protection of intellectual property. One of the members of the committee asked, "I listened to your words. Are you sort of active in politics? Are you a politician or are you a civil servant drawing a pay cheque from the taxpayers of your province"? I am informed that with a great deal of pride, this so-called civil servant, in public testimony before a parliamentary committee said, "I am a socialist and proud of it". That is the crew which does not have a problem with conflict of interest. There is no conflict because those who are elected own all the money and can give it to whomever they please. If that is the view of the world, how can there be a conflict? The definition of a Conservative conflict would be a competition. That is a conflict. There would be three, four, five or six groups bidding and the best bid would get it. The other five would have been in a conflict that they lost—one was in a conflict and won. If one draws a political ideology, a way of thinking, which gives unit control over people's lives and the means of productions and on and on and on, then there cannot be a conflict because there can never be a contest. In that case there is never a winner, just a whole lot of losers.

• (1410)

As I said earlier, the country was in trouble when those of us who are still here came back after 1979. The NDP and the Liberals kicked out a Budget that would have gotten us out of trouble, and got us into four more years of trouble. We have had two-and-one-half years of less trouble since coming to power. We will have another couple of years of increasingly less trouble and more good news.

Mr. Keeper: And then good-bye!

Mr. Hawkes: We will then go to the people of the country and say, take a good look at the speeches that have been made in the House over the last four years. In those speeches you have been told not to worry about the deficit. Every time a member of the Opposition makes a speech in the House he or she tells you that we must spend more and cut taxes. You are told that taxes should not be increased on anything. Is there a Canadian, a single Canadian six years of age or older anywhere in the country who does not understand that when one borrows money one pays it back with interest? If one borrows enough money then every penny one has goes to pay the interest. If it goes to pay the interest then one cannot buy a chocolate bar, a popsicle or a package of potato chips because one has nothing left with which to pay.

When I arrived in the House in 1979, some 83 cents out of every tax dollar went to programs, programs which would help people. We had 17 cents with which to pay interest. By the time we took office in September of 1984 we had but 64 cents of every dollar to spend on new programs and 36 cents with which to pay interest. We had 83 cents in 1979. We went down to 64 cents, and the figure is dropping like a rock. Before too long it would have been 50, then 40, then 30, and then 20. And then what? There would be no more money for pensions. There would be no more money for policing or for national defence. There would be no money for science and research. There would be no money for health care or education. There would be no money for anything.

That was the path that we were on, led by Tweedledee and Tweedledum, the doom and gloom twins of the Liberal and NDP partnership. That is what that was all about. We see it every day during Question Period. We hear it every day in their speeches.

Those members of my Party who are a little concerned about the polls need but one simple strategy. It is this. We should arrange a 40-minute speech by the Leader of the New Democratic Party and the Leader of the Liberal Party of Canada every day in the House of Commons so that Canadians can really get to see them. In this way Canadians will really get to know them and understand what is on their minds. Our Budget will soon look better and better. We may even have to invent a new law to provide some type of Opposition after the next election because we may have every seat in the country.

Some Hon. Members: Hear, hear!

Mr. Boudria: Mr. Speaker, I listened with great attention to what I was going to call the speech of the Hon. Member, but perhaps I should not call it that. Needless to say some of his statements were not totally, 100 per cent, accurate. I could describe them otherwise, but Your Honour would probably not allow me to do so.

I wish to ask the Hon. Member a question, he who has just spoken of so many things, particularly of the need to increase revenues for the Government. He said that in his view this would give the Government more to give out in terms of programs and so on. Does he feel that the ability of the Government to deliver on these programs is increased by giving out a $500,000 lifetime capital gains tax exemption to be used on such things as selling off one's horse in Kentucky or one's condominium in the Cayman Islands or other such investments? Perhaps I should wait until the young Minister, or is it the Minister of State for Youth (Mr. Charest), finishes briefing him on his answer and then ask him the rest of my question. As much as I hate to interrupt the Hon. Member's *tête-à-tête*, which he is having with the Youth Minister, could he reply to my question?

Mr. Hawkes: Mr. Speaker, I wish my university professors had treated me so easily with their questions. It would have made school a lot more fun and a lot less anguish.

I think there is a basic human characteristic, that most of us like rewards. We like praise. We like achievement. We are born that way. It can be seen in an infant as it can be seen in an adult. It is the willingness to make an investment, to put one's money on the line, to risk winning and losing, to risk gaining that reward or to risk not gaining it that lies at the heart of job creation. In November of 1984 we said yes to the capital gains tax exemption. We believe that it will create more jobs. We believe that reward mechanisms are powerful. It did create jobs. The Liberals and the New Democrats said that it would not create jobs. They took it away and the jobs went with it. We put it back in place and the jobs came back. We will keep it in place since it creates jobs.

Mr. Langdon: Mr. Speaker, it is amazing to listen to the normally careful and measured tones of the chairperson of a committee that has done quite interesting and useful work with respect to refugees suddenly come out with this bizarre diatribe which bears no relationship to the facts at all. Of course there are some good things in the Budget. There is the elimination of the stupid mistakes of the past, such as the tariff on books and Christmas trees which even Conservatives had to fight against.

I wish to ask the Hon. Member three questions. If this country is in such great shape, and if Alberta is in such great shape, then why is it that according to the latest statistics from Statistics Canada there are unemployment rates in different regions of Alberta well over 12 per cent? At the moment the seasonally adjusted unemployment rate in Alberta is 12.8 per cent. We are not talking about this being the result of the impact of Alberta's winter or anything like that. It is 12.8 per cent in different parts of Alberta. Why is that the case if Alberta is in such great shape?

• (1420)

Second, why should it be that the country's growth rates in every single year since the Conservatives took power have declined? Why should that be the case if the country is in such great shape? In 1984 the rates were 5.5 per cent. Each year since the Government has been in power they have gone down and they are projected for next year to be only 2.8 per cent. Why should that be the case?

Finally, I ask if the country is in such superb shape, and if the Government knows how to get along with the business community, and if it knows how to put our house in shape, why is it that the investment rates in the country—not for houses, not for co-operatives—but the investment rates for private business have been decreasing? They are not lower than they have been, but they are actually physically decreasing. According to the *Budget Papers* they decreased this fiscal year by 1.2 per cent. So much for the great success of Conservative economics. It is no wonder that the Member had a tough time in his university courses. In view of that, I wish he would be a little more careful and in the future stick to the subject of refugees and immigration.

Mr. Hawkes: Mr. Speaker, I could not help thinking that Alberta receives 8 per cent of the job creation funds today. Under the previous Liberal-NDP alliance they received less than 1 per cent. That was in the middle of the recession. By the time that came about in September, 1984, when the Government was finally chucked out, the unemployment rate in Alberta was 12.1 per cent. Lately it has gone back. Last month it was at 10.8 per cent. It started at 12.1 and went back to 10.8. Is this an economic catastrophe for my province that our unemployment rate is 1.3 per cent lower?

Mr. Langdon: It hurts a lot of people.

Mr. Hawkes: Is it an economic catastrophe for the nation that unemployment today—

Ms. Mitchell: Why don't you ask your constituents that?

Mr. Hawkes: —unemployment today has been reduced 20 per cent?

Mr. Langdon: It is three points higher than the United States.

Ms. Mitchell: Not across the country it has not. It is 27 per cent in Vancouver.

Mr. Hawkes: It has decreased 20 per cent in two and a half years. Is that an economic catastrophe? Growth can be measured by aggregating dollars. If it is full of inflationary dollars at 15 per cent, and if there is 15 per cent growth, then we stand still and do not go anywhere. It is real growth that we are after. We wish real reduction of expenditure, and we have that. Taxpayers do not donate money to the federal Government. The Government has the legal power to rob them, and to steal the money out of their pockets. That is what a democracy is all about. That should not be entered into lightly, and that money should not be wasted. It should be targeted and well used. That is the responsibility that we accept when we come here.

It is difficult to sit in this Chamber and listen to the two opposition Parties, member after member say, spend, spend, spend. Create debt, create debt, create debt. Pay interest, pay interest, pay interest. Canadians do not have jobs, they do not work hard and create money for themselves to give it to Government to pay interest. There is $23,000 of federal debt owed for every household in this country. That is the legacy that we will correct. Give us two or three more Budgets and it will be going back the other way.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. On debate, the Hon. Member for Trinity (Miss Nicholson).

Miss Aideen Nicholson (Trinity): Mr. Speaker, what the Government brought down this week was not a Budget. Canadians deserve better than what they got. It was a thin, insubstantial package of vacuous rhetoric, fancy bookkeeping, and mean-minded tax increases. There was no commitment, no initiative, no creativity, and no vision. Instead of calling it a Budget, the Minister might have issued a press release and tabled a Ways and Means motion.

We have a right to expect that in a budget we will see what goals the Government has set, what measures it proposes to reach those goals, and a forecast of how effective the proposed measures will be. This Budget has no projections at all. In this hollow, disappointing exercise that we were put through on February 18, which the Government is calling a budget, we had documents which are long in rhetoric and short in substance. There are no economic forecasts, nothing to indicate the future impact of the few proposals made in this Budget, which should more properly be called an Economic Statement. I question the need for going through this charade at this time. It is a Budget that offers so little to so few, while we are told to wait a little longer, the magic of tax reform is coming.

In November, 1986 the Minister of Finance (Mr. Wilson) promised that tax reform would be the centre-piece of his next Budget. I believe it was his second promise that tax reform was coming soon. A few weeks ago he backed away from that. He postponed the introduction of his proposals for tax reform until some nebulous date in the spring. He offers the rather lame excuse of wanting to give careful consideration to the submissions that he has received on the subject. I think we can translate this as meaning his Cabinet cannot come to any agreement.

Canadians were offered this self-serving mockery of a Budget. Indeed, there is so much self-congratulation in it that one wonders why many of the papers were not published by the Conservative Party instead of by the Government of Canada.

Apart from the petty nickel and dime tax increases in this Budget, taxpayers may have breathed a sigh of relief not to have been the targets of yet another onslaught of new taxes and tax increases such as those imposed in the Government's first two Budgets. In fact, those tax increases, many of them hidden tax increases, are still very much intact and are only beginning to have the insidious cumulative effect for which they were designed.

As they prepare to file their tax returns, taxpayers are realizing how much of their income is being eroded by the individual surtax, the deindexation of tax brackets, family allowances, and personal tax exemptions. These changes have created built-in tax increases and will result in higher taxes year after year, quietly and automatically long after the initial changes were made. That is why I call these escalator taxes. It raises the question, as the Minister keeps promising tax reform, and promises lower personal income taxes after reform, lower than what? How far up will he take us on his escalator before he introduces reform? Will reform bring us back to where he started, or to some midway point?

• (1430)

Middle and low-income Canadians paid more tax in 1986 than in 1985 and will pay yet more in 1987. A married couple with one wage earner and two children paid $630 more in taxes in 1986. In 1987 the same family will pay $930 more than before these measures were introduced. Elderly couples with a joint income of only $15,000 a year paid $45 more in 1986 and will pay $130 more in 1987.

On the other hand, the family with two children and one wage earner earning $100,000 a year will have its tax burden lightened by nearly $500 in 1987. We must remember that a family at this income level is also in a position to take advantage of measures which low-income families cannot, such as RRSPs for tax deferral, and might also be able to avoid some

tax by using the half a million dollar life-time capital gains exemption. This is a Government that talks about fairness yet its tax measures are increasing the gap between the haves and the have-nots.

Sales and excise taxes were raised dramatically in the first two years of the Government's mandate. These taxes are paid by everyone, regardless of ability to pay. Sales taxes were raised by 3 percentage points and the sales tax base was considerably broadened. Excise taxes on gasoline have now been increased by 4 cents a litre since the Government came to power. Our transportation companies complain that they are being put at a competitive disadvantage with American companies. Our tourist industry complains, but apparently the Government is unconcerned about the loss of Canadian jobs as a result of the tax measures.

Billions of dollars in tax revenue each year have been added to the Government treasury. Personal taxes are up $14 billion since the Conservatives came to power, $5.5 billion in this year alone. Sales and excise taxes are up $8.7 billion since the present Government took over, $2.2 billion of that in this year alone. Those figures are from the *Budget Papers*, the Government's own figures. These increases are targeted to individuals and families. More than 90 per cent of this additional tax burden is being carried by individuals as against a very small amount by corporations. Of the individuals bearing the brunt of this tax load, most are people of modest means. One could also add that the surtaxes of 5 per cent and 10 per cent on high income earners were temporary surtaxes which ended at the end of December last. But the 3 per cent surtax affecting everyone is still in effect with no end in sight. With all these new taxes and tax increases in place, eating away at the disposable income of the Canadian taxpayer, bringing in billions of dollars to the federal Treasury each year, one must ask why the deficit is still over $30 billion and why the Finance Minister had to resort to gimmickry and fancy bookkeeping to make the numbers look better than they really are.

We all remember that at the time of the 1986 Budget there was a lot of hype about a magic number, a lot of pressure on the Government from its business friends to come up with a deficit projection under the $30 billion mark, which the Finance Minister did. He projected a figure of $29.5 billion, only to reverse himself six months later and set a target of $32 billion. Now we are told that, in spite of all the belt-tightening imposed on those who can least afford it, by March, 1988 the Finance Minister expects to have come full circle to meet the goal he set last year. It is no wonder that 60 per cent of Canadians polled recently felt that the Government is doing a poor job of handling the economic situation. The 80 per cent who felt that tax increases would have little or no effect on reducing the deficit are quite correct in their assessment, as it turns out, because the Minister's projection of a $29.3 billion deficit which he has set for March, 1988, depends upon a couple of slick manoeuvres, which are unworthy of this particular Minister of Finance.

The Minister proposes to garner an extra $1.2 billion in fiscal year 1987-88 by requiring major employers to remit Government deductions, such as Canada Pension Plan and Unemployment Insurance, fortnightly rather than monthly as is now the case. The additional payment is a bookkeeping entry of $1.2 billion. Without that he would not have made his projection of $29.3 billion for the deficit, and he would be over his magic figure of $30 billion.

A second measure to help the appearance of next year's deficit figure is the Minister's proposed deferral of $200 million in defence spending. These funds will not be spent next year as scheduled, but in the following year. It is a gimmick. It is the shuffling of figures and paper and it shows, apart from all the other broken promises, that the Conservative Government is failing in the one goal it set for itself, and that is to bring down the deficit.

The deficit has barely been reduced and the public debt is continuing to rise. In the last full year of the previous Liberal Government, the deficit stood at $32.4 billion. Under the Conservatives four years later, in fiscal 1986-87—and let me stress those were four years of economic recovery—the deficit according to the Finance Minister is $32 billion. Despite raising taxes by $6 billion, despite cutting Government programs and services, despite the introduction of user fees, service charges and the like, the deficit has barely been reduced. The public debt is rising dramatically.

Just before the 1984 election the Conservatives expressed great shock and horror at the $180 billion Government debt which they calculated as a $16,500 debt owed by each taxpayer. Today, the figures put forward by the Minister of Finance himself in the *Budget Papers* show that by the end of the next fiscal year that debt will have grown to $26,700 per taxpayer. That is an increase of 67 per cent in two and a half years. So much for management of the economy.

We have seen how the Tories spend money. Millions of dollars on an inquiry concerning a Minister's alleged conflict of interest.

Mr. Charest: Who asked for that?

Miss Nicholson (Trinity): The Member opposite asks who asked for that inquiry. The Minister himself asked for it. We on this side asked for the matter to be referred to the Committee on Elections, Privileges and Procedure. We did not ask for millions of dollars to be spent on legal fees for the Minister, his secretary and heaven only knows who else.

Mr. Charest: As was done for previous Liberal Ministers in inquiries.

The Acting Speaker (Mr. Paproski): There will be an opportunity for questions and comments after the Hon. Member has finished her speech. The Hon. Member for Trinity (Miss Nicholson).

• (1440)

Miss Nicholson (Trinity): Planes follow planes when the Prime Minister (Mr. Mulroney) travels. He must have a separate plane to carry video equipment. Almost $2 billion has been wasted on failed banks as a result of poor judgment and a Government acting hastily without troubling to get the facts. The litany goes on and on. With this kind of management, with the kind of policy and tax punishment Canadians have received at the hands of the Government, we are certainly in need of tax reform, if only to restore the balance and equity that disappeared as a result of the three Budgets produced by the Government.

My colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau), spoke very eloquently yesterday on the Federal-Provincial Fiscal Arrangements which are not even mentioned in this Budget. The current arrangements are due for renegotiation at the end of March this year, and the Budget was as silent on that as it was silent on a host of other vitally important issues.

Where does the Government stand on nationhood? My colleague also pointed out that although the national figures for unemployment have improved somewhat, they have become worse in several areas of Canada. The Government is also cutting back on transfers to post-secondary education and health care, so in effect it is transferring the deficit from the federal level to the provinces.

Mr. Lewis: That's a good idea.

Miss Nicholson (Trinity): The Hon. Member opposite said that is a good idea. Perhaps that is a statement of the intentions of the Government in the upcoming federal-provincial negotiations. If so, the Government should tell us. The Government is being very silent on its intentions for the provinces.

The list of government critics grows. I have quotes but I will not bother to put them on the record. It is sufficient to say that three provincial premiers, all Conservative, are all unhappy with the present arrangement.

What is the Government doing to make a better future for Canadians? This Budget offers no answers and proposes no solutions. It is a non-Budget. It helps no one. It merely increases taxes a little. At the height of the brutal world recession in 1982 Canada's unemployment rate was 11 per cent. In January 1987, after four years of economic recovery, it is 9.7 per cent. This is totally unacceptable in our circumstances. It is a far cry from pre-recession unemployment levels of 7.5 per cent with which none of us were completely satisfied. Yet this Budget offers no help, no hope. The Government is content to pass the buck to market forces.

The number of Canadians falling below the poverty line is increasing year by year. Almost four million Canadians are now living below the poverty line. The Government offers no help for them, but instead turns the screws a little by imposing a few more nickel and dime measures to wring a few more tax dollars from our poorest citizens.

If one were to look at this year's income tax form, one would see that those applying for tax credits are now instructed to report their estimated incomes from sources such as welfare and workers' compensation. This is not a new requirement, just a little fine tuning aimed directly at the poor to ensure that the Government can keep a tighter hold on and better control of its tax credits. The Government is making sure the poor do not receive anything to which they are not entitled, but we are not seeing similar vigilance directed at wealthy Canadians.

The Government also continues to make its major announcements outside of the Budget. We learned through an announcement made by the Minister responsible for youth that there will be much less money for summer jobs this year. Money for post-secondary education is being cut and the money to help young people get jobs is being cut. The screws are being turned on student loans. Government policies are making it difficult for young people to get an education or to get a job. What has happened to the Canadian concern with equality of opportunity? How can one have equality of opportunity without having access to higher education? Is higher education to be the preserve of those with wealthy parents? Is that the kind of country we are to anticipate?

Speaking of the young, we see nothing in this Budget for child care. In fact, the most disturbing omission in this so-called Budget is its lack of leadership. The Government seems to have abdicated completely and to have put the future of Canada into the hands of the so-called market forces rather than leading, governing and making decisions as it was elected to do. Canadians deserve better.

Mr. Charest: Mr. Speaker, first I would like to make one small, unpretentious, uneditorialized comment. I would like to go through the unemployment figures of September 1984 and compare them with those of today. That has been a matter of concern, brought up not only by the Hon. Member for Trinity (Miss Nicholson) but also by her colleague, the Hon. Member for Laval-des-Rapides (Mr. Garneau).

When we came into power in September 1984 the unemployment rate in Newfoundland was 23.8 per cent. It is now 19.2 per cent. In New Brunswick it was 16.2 per cent in September 1984 under the Liberal administration. Under our administration, it is down to 13.9 per cent. In Quebec, under a Liberal administration, it was 12.9 per cent in September 1984. Under our administration it is down to 10.8 per cent. Under a Liberal administration the level of unemployment in Ontario was 9.4 per cent, and under a Progressive Conservative administration it is down to 6.6 per cent. Under a Liberal administration the unemployment rate in Manitoba was 9 per cent. Under our administration it is down at this time to 7.9 per cent. Under a Liberal administration the unemployment rate in Saskatchewan was 8.7 per cent. Under a Progressive Conservative administration it has gone down to 7.3 per cent. In Alberta under a Liberal Government the unemployment

rate in September 1984 was 12.1 per cent, but under a Progressive Conservative Government it went down to 10.8 per cent. In British Columbia, in September 1984, under a Liberal administration the unemployment rate was 15.1 per cent, and under this Government it has gone down to 13.6 per cent at this time. In Canada generally, under a Liberal administration in September 1984, the unemployment rate was 11.7 per cent. It has gone down under this Government to 9.7 per cent.

Does that mean that this Government is satisfied, contrary to the attitude developed under the previous administration? Of course not—never. Even with those numbers we are not satisfied. We think they are too high and that is why the projection for next year, according to the Minister of Finance (Mr. Wilson), is for a lower unemployment rate. Is it any surprise to the people of Canada? I suppose not. It may be a surprise for the Hon. Member for Trinity, for the Liberals and for the NDP because they are disappointed.

I would like to say to the Hon. Member for Trinity that I am very, very disappointed in the speech she made today. I personally felt a little hurt. I have heard the Hon. Member for Trinity speak on numerous occasions. She is obviously a very credible Member of the House, but today she was reading someone else's speech. I do not understand. I am sure the Hon. Member will want to take this opportunity to rise in her place and try to redeem herself a little, just a bit. In that way, before we leave this House today, we will have a little hope in our hearts that she is not completely lost among the group who jump on tables, yell things, and who are just very depressing over all.

• (1450)

The Hon. Member commented about inquiries and the fact that this Government paid some legal fees. I hope she will admit, in the spirit of justice and equity, and notwithstanding the stories, that her Government also did that when it ordered inquiries. Her Government paid fees for Liberal Ministers. I think she will admit that.

The other thing she could do to redeem herself a little and try and preserve some credibility, as well as helping us maintain the hope that she will remain a very respectable Member in our hearts, is to acknowledge that unemployment has gone down and that Canada generally is better off today under this Government than it was under a Liberal Government.

Miss Nicholson (Trinity): Mr. Speaker, the difference between the Minister's figures and mine is that the Minister makes a comparison between figures from September 1984 and today. I am making the comparison between 1982, at the depth of the recession, and today when we are four years into recovery. Unfortunately the Government has frittered away much of the advantage it had because it came in at a point when recovery was under way. I believe the figures I gave are correct. In Prince Edward Island in 1982, at the depth of a particularly cruel world-wide recession, unemployment was 12.9 per cent. It is now 14.6 per cent. In Nova Scotia the 1982 figure was 13.2 per cent and today, four years into the recovery, it is 14.3 per cent. In Alberta it was 7.7 per cent in 1982 and it is 10.8 per cent today. In British Columbia it was 12.1 per cent in 1982 and 13.6 per cent today. The figures stand. After four years of recovery the result is poor.

The Minister talked about other Governments paying legal fees for Ministers. That may very well be so, but I know of no case in the 12 years I have been in this House where a Minister accused of a conflict of interest asked for and got a judicial inquiry paid by the Crown, rather than taking his chances with the Standing Committee on Elections, Privileges and Procedure. There may have been such a case but I do not remember it.

The Acting Speaker (Mr. Paproski): I have a number of questioners. I will recognize the Parliamentary Secretary to the President of the Privy Council (Mr. Lewis), the Hon. Member for Gander—Twillingate (Mr. Baker) and then the Hon. Member for Essex—Windsor (Mr. Langdon). I believe that will be just about it.

Mr. Lewis: Mr. Speaker, my question will be very brief. It is my understanding that the Province of Ontario under a Liberal Government paid the legal fees of the Hon. Elinor Caplan, Treasurer of Ontario, when there was a conflict of interest inquiry concerning her. Would she care to compare the two situations?

Miss Nicholson (Trinity): I do not know what the arrangements were but, naturally, if the Parliamentary Secretary tells me that is the case I accept his word.

Mr. Baker: Mr. Speaker, I have to congratulate the Hon. Member for the very fine speech she delivered. I do not know if she is going to be able to answer my questions, but perhaps she could inform the House and the Canadian people whether she is investigating the matter.

Under this Budget the Government of Canada is now going to tax potato chips. I think everyone is wondering whether there are any exemptions. Are barbeque, salt and vinegar or sour cream chips exempt? The Government is also going to tax corn and cheese based puffs. Does the Hon. Member know if that will include Cheezies? There is quite a difference between the puffs and the Cheezies, you see. The Government is also going to tax brittle pretzels under this Budget. What about the soggy ones? It is going to tax salted nuts for the first time. What about unsalted nuts? It is going to tax popcorn. Well, what about corn that is not popped? It says granola bars and frozen snacks packaged in single servings are going to be taxed. To my knowledge granola bars come in a large container in grocery stores, not by the single serving. The same thing applies to frozen snacks in grocery stores. The Budget says that popsicles and ice-cream bars are going to be taxed as well. Does that include polar bars and fudgesicles?

Mr. Holtmann: That is a difficult question.

Miss Nicholson (Trinity): Yes, it is a difficult question. However, I would just say to the Hon. Member that the *Budget Papers* show the Government is expecting to reap $60 million from this kiddy tax.

Mr. Langdon: Mr. Speaker, I want to move from the subject of popcorn and ask a serious question, if I could. The Hon. Member has suggested in her critique, and I agree with her, that the Conservative Government has dealt with the question of the deficit in this Budget in a manipulative way. Would she have preferred an increase in the deficit resulting from this Budget in order to achieve some of the economic and social goals which she and other members of her Party have talked about? Or, would she have, as seems to be the implication, accelerated the decrease in the deficit given the great deal of concern with which she addressed it in her speech.

Miss Nicholson (Trinity): Mr. Speaker, although I am quite prepared to do so, my comments did not deal with whether the deficit could or should be further reduced. My comments were directed to the fact that the issue was not clear. The only promise the Government made concerning management of the economy was to get the deficit below $30 billion. That will happen in March, 1988, through the devices I spoke of, those being the $1.2 billion which is derived from changing the timeframe in which companies can remit the compulsory payroll deductions, and by deferring certain other expenditures. My criticisms were directed at the fact that we had been told the deficit would be reduced. This was the only promise they made. In fact, the deficit has not been reduced in a straightforward way.

• (1500)

As for the rest, the policy of the Liberal Party for many years now has been to reduce the deficit incrementally as we came out of the recession, insofar as that could be done without cutting programs, choking off recovery or hurting people.

The Acting Speaker (Mr. Paproski): There will be two more questioners, the Hon. Parliamentary Secretary and the Hon. Member for Ottawa West (Mr. Daubney). I hope they will be very succinct.

[*Translation*]

Mr. Della Noce: Mr. Speaker, I shall be brief, because my colleague the Hon. Member for Sherbrooke (Mr. Charest) has presented a very good summary. There are, however, a couple of points which I should like to make. My hon. colleague from Trinity (Miss Nicholson) was visibly delighted to be able to report that the price of gasoline had increased by 4 cents a gallon. She was right, but she overlooked the fact that it was over a three year period. Under the Liberals, with Mr. Lalonde's energy policy, there were increases every four months.

She forgot also to mention that there was a tax decrease when we got rid of the Canadian ownership charge of nearly one. That is when she really got me, for I had investigated the situation in 1986. When the price of gas went down 12 to 13 cents because of the world price following the removal of the National Energy Program, at a time when Mr. Lalonde expected a price of $85 for a barrel of oil which is now at $24 a barrel. It is a dream come true where I cannot follow her . . . I hope she didn't try to deliberately mislead the House, for what she said is very serious. She said that some transportation companies are hurting and will have to lay-off people. Where are those transportation companies which are increasing the price of their services because the higher cost of gasoline has increased? Now that it is 12 cents lower, none of them are charging less for their services. The buses which people—

[*English*]

Every time there was a little increase in gasoline, the tickets were printed during the night and the next day people had to pay the increase. This year alone there has been a 12-cent a litre decrease, which is equal to 65 cents a gallon. I have not noticed any decreases in bus fares. My child asked for $25 for his bus pass this month for which I usually pay $20. How can you say that these companies are in trouble? Where do we see the results of the 12-cent decrease they received? What the Hon. Member said is false.

Miss Nicholson: The figure which I gave for the increase in the excise tax on gasoline is accurate. My statement that transportation companies complained last year that the first increase would put them at a competitive disadvantage with American companies is also true. The letters and briefs which I received from transportation companies were sent to many Members of Parliament. I believe the member opposite must have seen them as well.

Mr. Daubney: Mr. Speaker, I have a great deal of respect for the Hon. Member and, therefore, like the Minister of State for Youth (Mr. Charest), was somewhat disappointed in her remarks. She spoke of poor Canadians and suggested that we were essentially putting the screws to them. That is not the case at all. She will know that in the tax reform which has taken place thus far—and there is more to come—hundreds of thousands of low income Canadians have effectively been removed from the tax rolls.

I would like to ask the Member about the improvements to the Canada Pension Plan which the Government brought in effective January 1 of this year, particularly those with regard to disabled Canadians. We increased the benefits payable under that plan by $150 a month to benefit over 150,000 disabled Canadians. Yet, the Liberal provincial Government in Ontario, the Liberal provincial Government in Prince Edward Island, the Liberal provincial Government in Quebec and the NDP Government in Manitoba deducted that $150 from the income of those disabled Canadians in receipt of social assistance programs. I would like the Hon. Member to comment on that from her point of view of fairness and concern for low-income Canadians.

Miss Nicholson: Mr. Speaker, the Hon. Member spoke about previous tax reforms which have relieved low income people of the need to pay taxes. I have not seen that. My understanding is that the Government is in fact reaching down lower and taking taxes from people who have not been required to pay them before. If my understanding is wrong, of course I am subject to correction.

The second matter which the Hon. Member raised is a long-standing problem. When the Government of Canada makes an improvement in one of its programs it requires careful negotiations to ensure that the provinces will respect or match it. If the Government failed to do its homework with the provinces, if it failed to give them advance notice to ensure that people would not lose at the provincial end what they were gaining at the federal end, that is too bad. I hope that will be corrected.

The Acting Speaker (Mr. Paproski): The time for questions and comments has expired.

[*Translation*]

Hon. Jean J. Charest (Minister of State (Youth)): Mr. Speaker, first of all, I would like to take a few moments to say a few words to the Hon. Member for Trinity (Miss Nicholson) who spoke before. In a question I put to her, I asked her to be a little more specific, because that would leave us with some glimmer of hope as to the attitude of the Opposition in the months to come. In answering my question the way she did, however partisan that may have been, she managed to leave us with some hope that from now on the Opposition Parties will be a little more reasonable.

[*English*]

Before I begin to debate specifically the Budget put forth by the Minister of Finance (Mr. Wilson), I would like to invite Members of this House and Canadians generally to reflect on the situation which existed when we came into power in September of 1984. We tend to forget that when we came to power in September of 1984, the finances of the country were completely out of control. The spending was out of control. The deficit was out of control. That is why, on September 4, 1984, Canadians from one end of the country to the other decided that they had had enough of that irresponsible administration of the country. Things had gone far enough and it was time to clean house and bring in people who would administer their taxes in a sane manner.

The Budget put forth by the Minister of Finance is the result of two and a half years of very serious administration by the Government. I will give only one example which is worth pointing out. The previous Government actually lost money running a lottery. I will repeat that. I know it is hard to believe and I will repeat it for the record because I am sure those looking at the "blues" will say there was an error. It is true. The previous Government lost money running a lottery. It could not run a bingo, but it was running the country. That is the type of mess we were called upon to repair. What is the situation two-and-a-half years later?

• (1510)

Let us begin from the time when we took over. In November, 1984, the Minister of Finance came into the House and told Canadians exactly how it would be done.

[*Translation*]

At the time, on November 8, 1984, I believe it was my colleague, the Parliamentary Secretary to the Minister responsible for Multiculturalism, the Hon. Member for Duvernay (Mr. Della Noce), who was there, the Minister of Finance (Mr. Wilson) informed Canadians that we were going to operate on the basis of four fundamental principles. Perhaps we could review those principles, Mr. Speaker.

Our first principle was to bring the increase in the national debt below the rate of our economic growth by 1990. It sounds simple. Well, Mr. Speaker, in 1987-88, the rate of increase of our national debt will be down to 11 per cent. This is less than it was, because I am sure that at this very moment you are thinking: Good heavens, 11 per cent is a lot! Well, just to give you an inkling of how disastrous the situation was in November 1984, it is less than half the rate posted when we took office, Mr. Speaker. I think it was around 24 per cent. Hard to believe, but a national debt growth rate of 24 per cent. Obviously the rate is still too high.

But to be frank, by any standards, anybody, any reasonable citizen who is listening to us now from whatever part of the country will tell you that this is significant progress. Canadians will admit that. We do not expect Members opposite to admit it, but Canadians will.

The second principle was to put a stop to the ever rising federal deficit and set it firmly on an ascending trajectory. You see, Mr. Speaker, in fact we have very little pretension. We did not want to make Canadians believe that we would do miracles or come up with easy answers. Very simple yet quite essential things.

When we took over the deficit had gone over the $38 billion mark and was still rising, but during our first year in office we managed to bring it down to $34.4 billion.

Last September the Minister of Finance said that the expected deficit for this year would be $32 billion and sure enough—as you know this is an uncommon occurrence at the federal level—we have reached our objective and, between now and the end of next year, 1987-88, the Government will have lowered the deficit to less than $30 billion, down to about $29.3 billion.

In other words, Mr. Speaker, and this is a major difference between the previous Government and this one, after fifteen years of an increasing deficit, our Government has been able, not only to arrest that trend, but also to reduce the deficit for three years in a row, and this for the first time—listen to this—and I should perhaps turn myself this way because this is hard to believe, for the first time in 30 years. However, according to what we have heard from the other side, we are

close to the end of the world. That is not quite what the facts indicate.

The point is, Mr. Speaker, that we know where we are going. Our third objective was to reduce substantially each year the financial requirements and borrowings of the state. In September 1984, public requirements, excluding exchange requirements, amounted to $29.8 billion. We are now estimating financial requirements for the coming fiscal year at $21.3 billion, or 28.5 per cent less, and all this within three years.

Mr. Speaker, this means that the state will pay less interest on the money it needs to finance its activities, and the state includes everyone, in other words, all ordinary Canadians who go to work every morning and who see part of their pay cheque taken away from them every Thursday. It means that these people will have less to pay.

Mr. Speaker, our fourth and last objective was to accomplish the major part of our financial improvements through expenditure restrictions and a disciplined management of taxpayers' money. You will say that this is obvious and that it was needless to include such an objective in the management principles of our Government. However, Mr. Speaker, we had reached a point when this had to be said because Canadians were no longer used to hearing such things or at least to seeing this principle applied by their Government.

When we came to power, public expenditures were increasing by nearly 14 per cent a year since the early eighties. What exactly is different under our Government? Public expenditures have increased by an average of 2.8 per cent a year, which is lower than the rate of inflation. In other words, Mr. Speaker, program expenditures have decreased in real terms. The reduction of the deficit in relation to the economy represents over 60 per cent of the reduction in our own expenditures.

That is not all, Mr. Speaker. All this had to be accomplished in a difficult context. Our country is made up of regions and there was pressure from everywhere to satisfy the various groups and Canadians at all levels of society who are facing a number of problems. If we look at the general situation, what is the conclusion after two and a half years? What do we find? That is the most important consideration for us today.

[*English*]

I will not even try to enter into a partisan debate with members of the New Democratic Party or Liberal Party. I will simply try to give the facts and let them speak for themselves, because if there is one thing Canadians understand, it is the cold hard facts in this case. Since September, 1984, when we took control of matters, the real growth of Canada's economy has averaged some 3.5 per cent a year. We were only second to Japan in the industrialized world. Consumer confidence has risen to a very high level in Canada.

The improving Canadian economy has created 675,000 jobs. In comparison to the rest of the world, employment growth in Canada has been stronger than in any other major industrialized country. That has been our performance.

One may think that we cannot do much better than that and we might as well go home. If you were a judge, Mr. Speaker, and this was a court, you would say "case closed", because this is irrefutable evidence of our case.

However, the facts do not stop there. Short-term interest rates are at their lowest levels in nearly a decade. It does not even stop there. Five-year mortgage rates have fallen by more than three per centage points which, in real terms, is equivalent to a reduction in interest costs of $1,360 a year on a $50,000 mortgage. Housing starts are at their highest in eight years. That has been the performance of the Government. What must we do in the future? In that sense we realize that the prospects for the future are probably as good as the ones I have given you today.

[*Translation*]

In fact, Mr. Speaker, we have clearly made remarkable progress, but if we turn to the future, we realize there is much hope for Canadians. Canada should enjoy 2.8 per cent production growth in real terms, making this the second longest post-war economic recovery. Canada should again post the best employment growth of all industrialized nations. The unemployment rate, with some luck and co-operation, should keep on declining to 9 per cent towards year's end. Interest rates should remain stable, consumer confidence should keep on fueling growth, inflation should settle below 4 per cent on average, and international conditions should improve for Canadian exports thanks to the recent decline in interest rates, the foreign exchange market realignment and the firming up of commodity prices.

Mr. Speaker, such on the whole are Canada's future prospects—there is a big difference between a healthy, a genuine administration and a Government that found it difficult to balance the fund when it managed lotteries.

• (1520)

[*English*]

There has been a lot of talk from Hon. Members opposite on different subjects. The Minister of Finance gave a very unpretentious speech on Wednesday. He pointed to the fact that tax reform is on the way and there is going to be a major change for Canadians. He said that the tax reform would have as its objective to make the system fairer for the ordinary man and woman who pays taxes. My colleague, the Hon. Member for Duvernay (Mr. Della Noce), who is sitting next to my colleague, the Hon. Member for Nanaimo—Alberni (Mr. Schellenberg), who comes from a great part of British Columbia, says it is about fairness. Of course it is, because that is what governing is all about. That is why we are here, to be fair. Of course, those who sit in the Opposition cry: "Why do you not bring in tax reform right away? Do it now".

Mr. Riis: It was promised three years ago.

Mr. Charest: Perhaps that is the way it used to work under the other administration. If that administration wanted

something, it did it right away. However, this Government does things right. When the Minister of Finance projects his deficit for the next year, he is bang on the number.

Mr. Riis: How about last year's projection?

Mr. Charest: I hear mumblings from the New Democratic Party saying that last year's figures were not right. To be fair, I think the Hon. House Leader for the New Democratic Party would acknowledge that I also said that in September the Minister of Finance revised his projections to $32 billion.

Mr. Riis: He will do it again this year, probably.

Mr. Charest: That was because of the situation of the oil industry and the situation in agriculture. I think all ordinary Canadians understand that. If the House Leader cannot, I suppose that is his problem. Let us take another figure.

Mr. Riis: Take unemployment.

Mr. Charest: Let us take the figure for expenditures. That is a good figure to play with because that is what we have in our pocket. That is the figure over which we have direct control.

Mr. Della Noce: Money.

Mr. Charest: The money we are going to spend. How much did we say we would spend? Was it $89.4 billion? How much did we spend? It was bang on that figure.

Mr. Riis: Tell the foreign banks how much you spent on them.

Mr. Charest: I know the member of the New Democratic Party has problems with that because it is very unusual. It is foreign to his own experience in this House that the Minister of Finance was right. That has never happened before, but it is starting to happen now. When the Minister of Finance rises in his place and says that tax reform is about fairness, it will happen. When members of the Opposition point to regional disparities, I hope they are not insinuating we should have higher interest rates, and that would help the regions.

Mr. Riis: You are absolutely right. I support you 100 per cent. We would not be saying that.

Mr. Charest: I hope the Opposition is not implying that, because I am sure it knows that this is not the case. When Hon. Members opposite say there is no interest in the disadvantaged, I presume it is because they have forgotten about the employment initiatives for social assistance recipients. They must have forgotten about the program for older worker adjustment. Did they forget about the refundable sales tax credit? Four million low income families and individuals are now receiving refundable sales tax credits of up to $50 per adult and $25 per child. Have they forgotten the prepayment of child tax credit? That must be the one they forgot. One million low income individuals in November of 1986 received $454 per child. I have it, they must have forgotten the increase in child tax credit. Over three years the child tax credit has increased by 36.5 per cent, or $140 per child, from $384 in 1985 to $524 in 1987. Perhaps that is not the one they forgot. It must have been the extension of spouses' allowance for 169,000 widows aged 60 to 64 years who are in need. They are eligible to receive the spouses' allowance in 1987-88. Maybe those Hon. Members forgot the extension of tax deduction for disability for 185,000 people. Perhaps the House Leader for the NDP can tell us whether it is the increase in value of tax deduction for disability that he forgot. Or was it the tax rebate discounting Act amendments? Perhaps it was the Hon. Member for Essex—Windsor (Mr. Langdon) who forgot the veterans' benefits increase. That is, I suppose, because they are on the other side of the House. Members of the Opposition tell us we are not fair with respect to corporations and in the taxing of individuals. We keep telling them that that is what the tax reform is all about, that is where it is going to happen.

Mr. Riis: It is one-sided, though, is it not? It is a one-sided tax reform.

Mr. Charest: The Opposition says we have not done anything. Why wait until later? I guess it is because it forgot the action we took on the limited partnership at risk rules to prevent taxpayers from claiming tax benefits disproportionate to the amount put at risk. It must be that. Or it may be the phase-out of the 7 per cent and 10 per cent investment tax credits which primarily affects corporations. Perhaps we did not tell Hon. Members opposite about that often enough. Perhaps it is the elimination of the 3 per cent inventory allowance that the Opposition forgot. Perhaps it is the reduction of the dividend tax credit rate it forgot. Perhaps it is the deductibility of accrued but unpaid bonuses being restricted. That is what they forgot.

The Acting Speaker (Mr. Paproski): Is there unanimous consent for the Hon. Minister to carry on?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): I am sorry, the Hon. Minister's time has expired. Questions or comments?

Mr. Baker: Mr. Speaker, I would like to ask a question of the Minister who represents youth. I asked the previous speaker somewhat the same question, but I would like to hear an answer from a member of the Cabinet. Perhaps he has not examined the Budget as well as he should have. I would really like to know why there was a tax put on potato chips and whether the tax on corn and cheese based puffs means that a tax is also put on Cheezies. Does the brittle pretzels tax apply to pretzels which are not brittle, the large packages of pretzels which are not brittle? There is the salted nuts tax. What about the unsalted nuts? There is the popped corn tax. What about the popcorn? Does it apply to popcorn? There is the tax on granola bars and frozen snacks packaged in single servings. What about those that are not packaged in single servings?

Could one not get away with this great tax evasion if one bought four or five in a box?

• (1530)

Finally, can the Minister explain whether or not, when popsicles and ice-cream bars are referred to, fudgesicles are also covered? Young people want to know the answers to these questions. These are new taxes imposed by the Government. There are a great many young people around who want to know the answers. Perhaps to some people these are the most important items in the Budget. Will the Minister tell us why the Government is picking on those items which we see young people going into stores to buy? Perhaps they are spending the only bit of money they have, their recess money, which will now go to pay federal tax for the first time on some of these items. Why is the Government of Canada picking on these items?

Mr. Riis: Make the kids pay.

Mr. Baker: The kids will pay for the great national debt that the Conservatives are talking about.

Mr. Riis: Let them eat unsalted nuts.

Mr. Charest: Mr. Speaker, I can see why my colleague from the Liberal Party objects to the Government taxing nuts. In the financial situation in which the Liberals find themselves it means that a lot fewer people will give them money. People who usually fund their Party will have less money in their pockets. That gives one an idea of where the Party stands, which was the last point I covered in my speech. Where does the opposition Party stand? That is the biggest unanswered question of the last two-and-a-half years.

I remember watching the Liberal Leader of the day on television. He was reconfirmed at at least five different conventions. When the Liberals get together they have to reconfirm him each time. At the time he was saying: "We will reduce the deficit in half in seven years". Since then we wonder where they stand. Every time they have a convention they come up with another policy on trade.

I am glad the Hon. Member brought up the recess aspect. The recess is over for the Liberal Party of Canada. It is time the Liberals started to stand up for something. The youth policy of the Liberal Party, as stated once by the Hon. Member for Shefford (Mr. Lapierre) who sits in front of the Hon. Member for Gander—Twillingate (Mr. Baker), was to reduce the entry age of the Senate because it was discriminatory toward young people. He got up in the House and said that. That was the Liberals' youth policy. It is on record. It is in the debates. Now the Hon. Member for Gander—Twillingate hits on the subject of food. There may be a connection between the Senate and food and youth. Some people will see a connection. We can take it from now that the youth policy of the Liberal Party of Canada is not to tax candy for young people since that does not help them. Maybe my colleague who sits behind me is right. He said spontaneously, to paraphrase Marie Antoinette: "Let them eat fruit".

Ms. Mitchell: Mr. Speaker, I am sorry that I was not here to hear the entire speech of the Hon. Minister. I have a serious question which I would like to ask of him if he could concentrate on it for a moment, please.

In Vancouver East the unemployment rate for young people is 15 per cent. For young men it is 17.5 per cent. That is the official unemployment rate. It is not the unofficial rate, which means there are many others whose names are not in the computers who are also unemployed and who would like to be working and have some sort of future. I do not see anything in the Budget at all that will help these young men and women. As the Minister of State for Youth and as an advocate for these young people I want to ask him what he will do about this situation. What does he think should have been done about it in this Budget?

Mr. Charest: Mr. Speaker, that is a good question. It is a question which gives me the opportunity to point to the real, fundamental bottom line—

Ms. Mitchell: I am going to mail out your reply, so be careful.

Mr. Charest: I have had the opportunity of travelling around the country and talking to people in all walks of life who are concerned about the problem of youth unemployment and youth generally. I have told them that it is a little tough to put out any type of policy, whether it be for youth, older people or middle-class people, when interest rates are running at 18 per cent.

Mr. Riis: They're not 18 per cent now.

Ms. Mitchell: So you'll just write them off, will you?

Mr. Charest: There is a basic premise that if one wants to get things working one has to start at the beginning.

Ms. Mitchell: They will be senior citizens by the time you get finished.

Mr. Charest: That is exactly what the Government has done.

Ms. Mitchell: What? It's done nothing.

Mr. Charest: In Vancouver and in other places in Canada we are very sensitive to the fact that youth unemployment is too high.

Ms. Mitchell: What are you doing about it? What will you do about it?

Mr. Charest: It has gone down in the last two years—not enough, and we concede that. It has dropped by about four per centage points across Canada.

The other thing I wish to add is that members of the Opposition should get out of their folkloric way of thinking. These problems have not appeared overnight and they will not leave overnight. Their thinking is that this problem can be dealt with single-handedly by the Government. It will require a joint effort on behalf of the federal, provincial and municipal Governments, and it will require fundamental changes—

Ms. Mitchell: So you're writing young people off.

Mr. Charest: —which we are in the process of engaging in.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. On debate with the Hon. Member for Kamloops—Shuswap (Mr. Riis).

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I must say at the outset that I was somewhat disappointed when the Minister of State for Youth (Mr. Charest) had virtually nothing to say when the question was put to him with respect to the extremely high levels of youth unemployment in Vancouver, British Columbia, and right across the country. The fact is that when one looks at the Budget one notices that there is not a single mention of what the Government plans to do, or is even thinking of doing, to assist young people who are out of work. I assumed that when the Minister of State for Youth rose in his place to participate in this debate he would have outlined many of the programs he was planning to introduce. Having taken that opportunity one can only assume that he has no plans. We can assume that the Government is prepared to let young people hang out to dry, ignoring the plight which they face. I find that completely unacceptable. Quite frankly, I do not find many things in the Budget which are acceptable. I do not say that there is nothing good in it at all. I will come to the good parts in the last two or three seconds of my presentation.

I wish to comment on what I feel are the very serious shortcomings of the 1987 Budget. There is an old adage that says that if one cannot stand the heat then one must get out of the kitchen. I guess that is what the Prime Minister (Mr. Mulroney) felt when, the day after the Budget, he jumped into a plane and headed for West Palm Beach. He is getting out of the country. Just like the time when the heat came on with all the scandals and he slipped away out of the country.

He is not here during what has to be a critical debate. When he promised to stand in the House and make a statement on South Africa he has not made one. He has not made a statement on South Africa yet. I believe that he will not make a statement on South Africa. I ask Hon. Members to wait and see. Again, we have had promises and promises but when the heat comes on, out he goes out of the country.

I ask Hon. Members to cast their minds back to when the Minister for International Trade (Miss Carney) was negotiating what is probably the most important agreement that Canada will negotiate in this decade regarding the forest industry. She was holidaying on the beaches of Maui. She could not even be here for the final critical and crucial negotiations. That is the kind of Government we have. When Members of it cannot stand the heat then they get out of the kitchen. Not only do they get out of the kitchen, they get out of the house—they get out of the country. I suspect for a great many Canadians the polls indicate that they would just as soon that the Prime Minister stayed out of the country. I believe 22 per cent is the last official barometer reading with respect to the number of people in Canada who, when the question was put with respect to whether or not they would support the Government, said yes. The other 78 per cent said no. That is a pretty damaging comment when one considers that it comes just two-and-a-half years after the public gave the Government the largest mandate ever given a Government in Canadian history.

• (1540)

The Prime Minister explained why the people of Canada are feeling as they are. A few days ago on February 11, 1987, the Prime Minister said:

> These are difficult moments, obviously. We will be judged by the manner in which we responded.

That is exactly what is going on. The people of Canada are judging this Government on the way it is responding to some very critical economic problems that are facing Canada.

When I listened to the Minister of Finance (Mr. Wilson) delivering his Budget Speech, I was left deadened by the impact. There was nothing in it. As some people said, it was a "do nothing" Budget. We were expecting some leadership, direction and initiative by the Government during difficult economic times, and there is none of this in the Budget. The Minister of Finance could have issued a short press release, put it in the mail, and announced the two or three tax increases that will affect every Canadian, and that would be it.

However, in looking at the Budget, an appropriate term to call it would be a "fudge-it" Budget. There is a great deal of fudging going on today. For example, the Government states that unemployment is coming down. The Minister of Finance has said dozens of times in the last few hours that unemployment decreased last year. Technically that is true, because a year ago today the unemployment rate was 9.8 per cent. Now it is now 9.7 per cent. So over 12 months the unemployment rate has decreased one-tenth of 1 per cent. Surely to goodness that is nothing to brag about. As a matter of fact, I would expect the Minister of Finance to be embarrassed for suggesting that they have been successful as a Government and have brought down unemployment. I am certain there is no person in the House who would say that decreasing unemployment one-tenth of 1 per cent over 12 months is appropriate, and is at all acceptable. We are led to believe that unemployment is coming down. Well, it is, but by an infinitesimal amount.

When we listened to the Minister of Finance talk about economic growth, we heard him state that it is on course and on target. What course is it? What target is it that the Government is looking at? When I look at the figures put out

by Statistics Canada, I find that the growth rate in 1984 was 5.5 per cent when the Government took over the administration. In 1985, it dropped to 4 per cent. In 1986, it dropped to 3.3 per cent. The Minister of Finance projects that in 1987 it will be 2.8 per cent. In other words, while the Conservative Government has been in power, the growth rate has been dropping year after year, and the Minister of Finance predicts it will drop again this year. He states that they are on target, that the growth rates are what they have been working towards. One assumes that they must be improving, but the facts are that the growth rates are declining year after year.

I could go on in terms of this "fudge-it" Budget. In the last Budget the Minister of Finance predicted that the deficit for last year would be $29.5 billion. In the Budget the other day the Minister of Finance said that it was not $29.5 billion, it was $32 billion. In other words, the Minister of Finance did not come close to what he projected 12 months ago. The assumption in the country is that the deficit is going down year after year. The Minister of Finance's projections were out by $2.5 billion.

If the Government is on course, its programs are on course and its strategy is on course, then it begs the question, on course for whom? Who is benefiting from this course that the Government is on? In looking at who is paying for what, it will be noticed that since the Conservative Government has taken power, corporations have actually paid $2 billion less. In other words, corporation taxes collectively have gone down. The corporate sector has done and is doing extremely well when it comes to taxes. But when you look at people and personal taxes, the situation is dramatically reversed. While corporations have had a $2 billion drop in taxes over the life of this administration, people have paid an extra $22.8 billion in increased personal taxes. That is a serious increase, which averages out to $2,000 for every man, woman and child in Canada. That is incredible. I do not expect that there is a time in Canadian history that over a two-and-a-half-year period the federal Government has managed to drop corporate taxes and increase personal taxes so much. It has been accomplished by the Government.

We heard earlier in today's debate that the slogan now will be, "Make the kids pay". Make the kids pay additional taxes. Widen the tax base to include the snack foods that young people tend to buy, and raise an extra $60 million year after year. On top of that, we have seen the sales tax increase once, twice, three times. When the Conservative Government took over power, the sales tax across Canada was 9 per cent. Today it is 12 per cent. That is an increase of 3 per cent in less than three years. It is not only an increase one, two, three times, but it is also a broadening of the tax base to include all types of things that hitherto had not been federally taxed. As a result of this most recent Budget we now include snack foods that young children tend to use.

In terms of the "fudge-it" Budget the assumption is that there is some equality in the Government's programs. But when you look at the facts as they are applied to our tax system and the taxes that have been levied by the Government, you find that they are extremely discriminatory against people and in favour of corporations. They favour upper income earners and are against low and middle income earners.

When the Prime Minister was speaking in Quebec before the Budget, he mentioned that money for regional economic development will be very thin. I am afraid that he was wrong. Money for regional economic development is non-existent and has been reduced. The question that must be asked is, have the Minister of Finance and the economic Ministers in the Government travelled around Canada? Have they been outside of Metropolitan Toronto?

Mr. Hockin: Yes.

Mr. Riis: Have they been out to northern Alberta?

Mr. Hockin: Yes.

Mr. Riis: Have they been out to British Columbia?

Mr. Hockin: Yes.

Mr. Riis: Have they been to Atlantic Canada, and visited parts of Newfoundland where the unemployment rates are 35 per cent? Have they visited central British Columbia where the unemployment rates are close to 25 per cent? If they have, why did they not do something about it? Why do they accept the human tragedy that is unfolding as a result of the extremely dramatic high levels of unemployment in the regions of Canada?

What I think has to be the most alarming, shocking, astounding figure that I have read in the last number of weeks is regarding the number of real jobs that were created in Canada in 1986. The net number of jobs created in Canada in 1986 was 137,000. To some people 137,000 new jobs is a reasonably impressive record. The critical point is that out of those 137,000 new jobs created in 1986, 132,000 were created in Ontario. In other words, 96 per cent of the new jobs created in this great country were created in one single province. They were not even equally spread out in that province. The lion's share of those jobs occurred in Metropolitan Toronto and the surrounding area. They were by and large tied to the automotive industry which the Government is now failing to support. That is an incredible statistic.

When the Government talks about the jobs that are being created, when it talks about its success at job creation, does it mention to the representatives from the Northwest Territories, western Canada, Atlantic Canada, northern Ontario, and Quebec where those jobs were created? Do they explain to Canadians that virtually all the jobs created last year were created in a very small portion of Canada, mainly in the greater Toronto area? Yet people talk about the initiatives that this Government is taking in regional economic development.

• (1550)

I think it is appropriate to read into the record some very important statistics that point out just how effective government policies have been. We all remember only too vividly the depths of the recession, and in many parts of Canada the depression-like conditions that existed in 1981-82. Then the unemployment rate in Newfoundland was 16.8 per cent. Today it is 19.2 per cent. Things have worsened in Newfoundland. In Prince Edward Island during the depths of the recession the unemployment level was 12.9 per cent. Today in P.E.I. it is 14.6 per cent. In Alberta, part of the world that you know well, Mr. Speaker, the unemployment levels in the depths of the depression and recession were 7.7 per cent, and today they are 10.8 per cent. In British Columbia, during the depths of the recession the unemployment rates were 12.1, and today they are 13.6 per cent. I have mentioned only four provinces. I could mention them all because the situation is virtually duplicated across Canada. In seven provinces today the unemployment levels are higher than they were during the deep recession of 1981-82.

For most Canadians the situation has actually worsened. There are 1,342,000 people who are officially recognized as being unemployed, men, women and young people in search of work. You and I know that this figure could be inflated significantly because these are the official statistics. The number is down by 5,000 from last year. We are very happy that some jobs were created across Canada meaning there were 5,000 fewer unemployed than in January, 1986. But that is only 5,000 out of 1.3 million. At this rate, if we were going to accept it as the approach to fighting unemployment, we would have to wait 270 years before we actually obtained full employment.

The unemployed and under-employed across Canada were certainly not impressed with this Budget. I cannot find a single thing in the Budget that will result in a single job being created anywhere in Canada. I can find a number of areas that will likely result in job loss. When you add more taxes on gasoline, diesel and aviation fuel, on airline travel, on food that people purchase on a weekly basis, on alcohol and tobacco, we have calculated that all this would amount to about $70 a family each year in additional taxes. And that results in job loss. It means that $60 million in the snack food list alone will not be there for circulation in the economy.

We are very concerned that the Minister of Finance did not see it appropriate to even mention the word poverty in his Budget Speech. There are four million people in poverty, which is a tragic figure—

Ms. Mitchell: One in every five children.

Mr. Riis: The Hon. Member for Vancouver indicates that one in every five children lives below the poverty line, not at the poverty line but below it. By our own statistics as a Parliament we find that four million people live below that line. While the Government spends days and days and weeks and weeks talking about banking centres, the food banks continue in the major cities and smaller communities across Canada. Thousands and thousands of men and women in 1987 have to line up to obtain a package of food to take home for their families.

With that situation occurring in Canada, how can the Government stand passively by and raise taxes and take no specific initiative? This is why some of us felt that we were betrayed as Canadians by the lack of action in this Budget. I have not mentioned the gas tax and the impact that this will have on the ability of our tourist sector. I did not mention the fact that the gas tax is discriminatory against the regions of Canada. After all, which regions use aviation, diesel fuel and gasoline more than others? The western, the eastern and the northern regions of Canada do so. The gas tax is a discriminatory tax.

In spite of repeated promises by the Prime Minister to improve child care across Canada and to provide adequate funding for the development of child care, no mention was made of it. I have not had a chance to say much about what I call the abandonment of the family farm and ranch. There were no provisions to ensure that long-term low-interest money was made available to the family farm and ranch across Canada. Again, I did not hear anything about any special western or eastern development fund. I remember hearing from the Liberals about the famous Western Development Corporation that never saw the light of day.

In summary, all the Minister of Finance has promised us, after promising it to us in 1984, 1985, 1986 and now in 1987, is that he will eventually get to tax reform in whatever form that might take. I do not hold my breath when that comes from the Minister of Finance who failed to close off the $500,000 capital gains exemption to all loophole, with the exception of farmers, homeowners and small businesses. We are the only country in the world that has exemption on that *carte blanche* basis.

In closing let me say that it is time we had a Government that put full employment at the top of its agenda as its goal and introduced strategies in the regions right across Canada to ensure that every man and woman would have an opportunity to be fully and meaningfully employed at a job that would contribute to the benefits of Canada, see Canada grow and ensure that our sons, daughters, grandsons and granddaughters will have the same opportunity.

Mr. Thacker: Mr. Speaker, I have a personal question for my friend opposite. It relates to the people standing in soup lines, something we all believe to be atrocious. Would the member support a Bill that would take away from himself and myself—making $75,000 a year while people are standing in soup lines—the family allowance? Is he prepared to give up the tremendous benefit of the personal deduction for himself, his spouse and his children in order that people in soup lines can get more?

Mr. Riis: Mr. Speaker, the Hon. Member will know that if we had a proper tax system in the country that reflected an

honest, fair and just tax collection system we could have a universal program and those who did not need to have family allowance would have it taxed back.

Let me say to my hon. friend for Lethbridge—Foothills (Mr. Thacker) that year after year corporations such as Shell Oil, Hudson's Bay Company, the Bank of Montreal, the Royal Bank of Canada, Nova Corporation—I could go on and list 79,000 profitable corporations—have not paid a single penny in tax. If they were to be properly charged under the tax system, if they were not to pay excessively but just their fair share or, in some cases, if they were to pay anything, we would have more money than we would need to take care of those people in soup lines and at food banks. It is immoral for a country that is obviously the richest in the world to have food banks and soup kitchens in 1987.

• (1600)

To return to the Hon. Member's original question, if we had a decent tax system, his question would be irrelevant. He would know that once one reached a certain level of income, one would be properly taxed and we could maintain universal programs without having to hire legions of bureaucrats to monitor how people would shift incomes during the year or from one year to another to ensure that they would not be collecting family allowance if they did not actually deserve it.

Mr. Baker: Mr. Speaker, I have a brief comment to make about soup kitchens. There must be something wrong with our social security safety net if those are necessary. Of course, each province has a different social security safety net. How much money one can actually get on which to stay alive depends upon which province one lives in. This is incredible. Certainly there is something wrong with having completely different systems right across the country. Yet the Government of Canada would move to pay off unsecured depositors of a bank, individuals who had more than $60,000 in the bank. These individuals got paid their $60,000 or more and the Government of Canada, through the taxpayers of Canada, decided to pay off the rest. Yet this Government is now taxing popcorn.

I would like to ask the Hon. Member a question which I have only asked twice in this Chamber. Hon. Members rose after I did and said they wanted to ask serious questions. This question on the Budget is perhaps the most serious one. It is a real question.

Can the Hon. Member understand why the Government of Canada decided to collect $50 million or $60 million on the backs of children who want to buy popcorn? Does the Hon. Member understand whether or not Cheezies are being taxed as well as cheese based puffs, and whether or not fudgesicles are being taxed as well as ice-cream bars? What does the Hon. Member think of children having to pay probably an extra 15 cents for recess?

Mr. Riis: Mr. Speaker, actually it is a serious question and I appreciate the seriousness of it. Rather than providing an answer directly, I will provide one indirectly. Last night, both of my two sons had a view on this matter. As a matter of fact, I think one of my sons shares a classroom with one of your daughters, Mr. Speaker. When I got home last night, they said to me: "Dad, how low can the Government go?"

Mr. Charest: Come on, now, don't bring your kids into this.

Mr. Riis: I suspect people do not believe that that is what happened. I will guarantee that that is what did happen. As a matter of fact, I have heard from a number of my colleagues from both sides of the House who have young children and some not so young who said: "Isn't this the living end?"

As my friend, the Hon. Member for Gander—Twillingate (Mr. Baker), has indicated, when international banks, including Wells Fargo, the Bank of Japan, the Bank of Hongkong, the Bank of Dubai and the Bank of Kuwait, had millions of dollars on deposit that were uninsured, the Government could come up with a thousand million dollars over a weekend to bail these uninsured depositors out. This is something which has never happened before in the history of banking, but we did it. To make up this difference, the Government has to dig up some more money, so it has gone to the children. It has imposed a tax on children. "Make the kids pay" is the new slogan of the Minister of Finance.

As a quick response to my friend I will say that, although I do not think it was appropriate, but perhaps what is most telling of all is that both of my sons, Jon and Nils, asked me how low the Government could go in terms of taxing the people of Canada.

Mr. Charest: Mr. Speaker, I had the opportunity of rising after the Hon. Member for Trinity (Miss Nicholson) made her speech on the Budget. At that time, I said that I was disappointed in her and I said that I did not think that she had read her own speech. She rose after that to give us a little hope. There was frankness in her answers and we appreciated and acknowledged that.

In the case of the Hon. House Leader of the New Democratic Party, we are not disappointed. His speech was everything we expected it to be. In fact, I think he re-read what he said during the Budget Speech of 1985 or of 1986, because it was just about the same thing. I am sure that if he re-read his 1985 speech, he could use it again today.

I am sure that in 1985, the Hon. Member said, as he did today, that thousands of jobs would be lost. Did he not do that? I think I heard him say that. In 1986, I think I heard him ask the Minister of Finance (Mr. Wilson) how many thousands of jobs would be lost. Did he not do that? I think he did.

Mr. Daubney: Yes, I remember that.

Mr. Charest: Some other Hon. Members also think he did. Was he wrong? Yes, he was wrong. Will he admit that today? We do not expect him to do so. We do not expect him to admit he was wrong because we have heard from him before and we

know that he would not reach that point. That is why he can give us the examples he gave.

The Hon. Member read statistics about the unemployment rates in Canada. I will do the same thing only I will draw a distinction between the unemployment rates when this Government took office and the unemployment rates now, and we will see what has happened.

Let us start with Newfoundland. In September, 1984, the unemployment rate was 23.8 per cent. That was under a Liberal Government. Under a Progressive Conservative Government, the unemployment rate is down to 19.2 per cent. In New Brunswick, under a Liberal Government in September, 1984, the unemployment rate was 16.2 per cent. It is now—

Mr. Benjamin: Mr. Speaker, I rise on a point of order. I am happy to listen to my friend, the Hon. Minister of State for Youth (Mr. Charest), but that is exactly the same document from which he read in his speech and when he was questioning a speaker from the Liberal Party. Do you think it is proper that he should repeat the same thing again for the third time this afternoon, Mr. Speaker?

The Acting Speaker (Mr. Paproski): I do not know if it is the same document or not. I would like to hear the Minister. I am sure the Hon. Minister will enlighten us.

Mr. Charest: Mr. Speaker, I would like to thank the Hon. Member for his compliment. For him to make an intervention in an attempt to stop me obviously says a lot about what is going on here. Now, to get back to business, where were we? I think we were in New Brunswick, were we not?

Mr. Benjamin: Where you were an hour ago.

Mr. Charest: Under a Liberal administration in September, 1984, the unemployment rate in New Brunswick was 16.2 per cent. Under a Progressive Conservative Government, it has gone down to 13.9 per cent. In the great Province of Quebec—

[*Translation*]

—Mr. Speaker, under a Liberal administration, the unemployment rate was 12.9 per cent on September 4, 1984. Under a Progressive Conservative Government, it has declined to the current 10.8 per cent rate as of January 1987.

[*English*]

In Ontario, the unemployment rate was 9.4 per cent in September, 1984. It has now gone down to 6.6 per cent under a Progressive Conservative Government. In Manitoba, under a Liberal administration, the unemployment rate was 9 per cent. Under a Progressive Conservative Government, it has gone down to 7.9 per cent. In September, 1984, under a Liberal administration, the unemployment rate in Saskatchewan was 8.7 per cent, but under a Progressive Conservative Government, the unemployment rate went down to 7.3 per cent. Would you guess, Mr. Speaker, that in your own Province of Alberta, under a Liberal administration in September, 1984, the unemployment rate was 12.1 per cent? Yet under a Progressive Conservative Government it is down to 10.8 per cent. In British Columbia, the home province of the NDP House Leader, it was 15.1 per cent under the Liberals in September of 1984. Under our Government it is down to 13.6 per cent. In Canada as a whole, the unemployment rate was 11.7 per cent in September, 1984—I think the Hon. Member for Gander—Twillingate (Mr. Baker) fell asleep.

• (1610)

Mr. Baker: No.

Mr. Charest: Perhaps I could speak a little louder. It was 11.7 per cent under the Liberal Government in September, 1984. Under this Government it is down to 9.7 per cent.

I am going to add a caveat and tell the Hon. NDP Member that this does not mean we are satisfied. He knows that. We have to work harder. However, in no way can he get up in this House and say that there has not been progress under this Government.

Mr. Riis: Mr. Speaker, I have to admit that the Hon. Member has a point.

Some Hon. Members: Hear, hear!

Mr. Riis: A very small point. The unemployment rate in 1984 was excessively high. The people of Canada saw it that way and decided there was a need for a change in government. They swept out the Liberals and replaced them with a new group. This new group says they are making gains, and the Minister of Finance says he plans to stay the course. He is not going to change anything. I have to admit there was a downward movement in unemployment statistically. However, people in British Columbia, more specifically in Kamloops—Shuswap, take cold comfort when he tells us things are improving. There is literally no recognition of that. There is no question that in some parts of Canada there has been improvement, mainly in downtown Toronto. To be fair, last year the unemployment rate in Canada was 9.8 per cent. This year, 12 months later, it is 9.7 per cent. When you add up all the jobs, there were actually 5,000 fewer people on the unemployment insurance rolls after one year of that Government in office. At that rate, as I reminded the Hon. Member, it will take 270 years to eliminate unemployment. The Hon. Member might feel he can stay the course with a reduction like that, but we do not accept it. The people of Canada did not accept it when the Liberals were in government, and the polls indicate they do not accept it now that the Conservatives are in government. The solution is obvious, people have to vote for the NDP at the first opportunity.

The Acting Speaker (Mr. Paproski): One very short question and a short rebuttal, please.

Mr. Della Noce: Mr. Speaker, I want to stick to one particular point. The Hon. Member asked how low the Government can go. I ask him, how low can the NDP go?

They are saying that a one cent increase in the price of gasoline will hurt many people. Since February, 1986, we have had a drop of 12 cents a litre or 65 cents a gallon. Where are these guys who are crying that one cent will put them out of business? Where are these people who are increasing their prices and, for one reason, the price of gasoline. It was not always true but that is what they said to us. "The price of gasoline went up so the cost of our service is going up".

Did the Hon. Member check the price of oil today? It is $24 a barrel. Under Mr. Lalonde it would have been $85 a barrel. Thank God we were there to save this country. If Mr. Lalonde's National Energy Program were still in place, gasoline would be sold today for at least $1.20 a litre or about $5.40 a gallon. I must tell my hon. friend that today it is 44 cents a litre, and that is better than a $1.20. When I hear the Hon. Member say that one cent is the end of the world, I am wondering what the consumer would do at $5.40 a gallon. We would all be walking. There would be no cars left. I tell the Hon. Member that there has never been as much use of gasoline as there has been since we came into power. The price of gasoline went down, and I do not think he should say that one cent a litre is a disgrace.

The Acting Speaker (Mr. Paproski): Short rebuttal.

Mr. Riis: Mr. Speaker, not a rebuttal but a very short explanation of the situation for the Hon. Member. I do not recall anyone ever saying that a one cent a litre increase is going to wreak havoc on the Canadian economy. It is a very simple calculation to add up four cents a litre or 18 cents a gallon in three Budgets to find what it really means. It adds up to $1.8 billion in additional costs for the transportation sector. We live in the second largest country of the world where transportation of all kinds plays a critical role in our ability to compete economically. When you add that much to the cost of doing business, I say it has a very severe impact on the economy of Canada.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate.

Hon. Alvin Hamilton (Qu'Appelle—Moose Mountain): Mr. Speaker, I think it is well understood that I am the last speaker in the debate before our recess next week. I want to speak to the many people across the country who are asking parliamentarians what is going on. I do not intend to get into this high school debate over numbers. It does not explain anything to them at all. I want to put down, in terms most of us can understand, what is going on, not only in our country but in many others as well.

There is no question that many countries of the world in the early 1970s proceeded on a course which we can only describe now as a mess. In Canada the mess started by 1972 and corresponded to the high increase in metal prices that year and oil prices in 1972 to 1973. Not only our country but all countries seemed to go mad trying to spend more money. Every time there was a problem, money was thrown at it. As a result, we have the situation we are in now. I do not see any way where people of intellectual honesty and integrity can see an end to it for at least 10 years. Even then there will still be remnants. If you think we are in serious trouble, take a look at the country to the south of us and the horrible mess they are in in Europe.

It is passing strange, is it not, given that all these industrialized countries were so strong a few years ago, that little Canada happens to be leading the slow race back towards recovery? That is because this Government, knowing it could not solve all problems, quickly stated its intentions in a statement in this House in November, 1984, of moving slowly to get at these problems, with consultation and all the rest of it. No one wants to pretend that we are racing ahead to a great future. All we are doing is clawing and scratching to stop the mess from continuing. From now on I hope it will turn slowly and will begin to go down.

• (1620)

This debate has been going on among the intellectuals of the world for the last 40 years, but it has not moved into the legislatures of the world. In the western world in the last 50 years we have believed in a religion known as the Keynesian consensus. That is the consensus that in order to get a country going you simply pour more money out. It is associated with a lot of other theories, including monetarism. I ask my colleagues in the House to put their minds, for the time that we are in our positions as Members of Parliament, to trying to improve on what we have been doing for the last 30 or 40 years through the lessons of the past.

I am going to take two or three facts and develop them a little bit. In 1961, a young President of the United States was facing a deficit in the Budget of the United States and was persuaded not to raise taxes, which was the orthodox way of balancing the Budget, but to reduce them on the things people needed. He took that advice in 1961, but we did not know the result until about 1963. His Budget reduced taxes by about $10 billion in the United States. That was a lot of money in those days. As a result, there was a surplus of $10 billion at the end of the two-year period. Kennedy did not live much longer than 1963, but the new President saw the evidence that by reducing taxes they got more money and were able to do all the things people wanted and to fight the war in Vietnam as well.

In the Reagan Budget of 1981, 20 years later, he too reduced taxes and got more money back in. As you know, the Americans went on spending. The Budget of 1979 in Canada, which we refer to as the Crosbie Budget, won world acclaim among thinkers, but was laughed and voted out of this House by the Liberal-NDP alliance. I know there were Members in both the Liberal and the New Democratic Parties who tried to stop that madness. They wanted to defeat the Government on this issue which they had laughed at, and the Liberal Party destroyed itself. When they went to the country they won the election and had to face their own mess. The Liberal-NDP

alliance of that period, with its policy of spend, spend, spend, created the mess which we have in Canada today.

There are people who are trying to see their way through the mist. One different philosophy comes from a Canadian by the name of Mundell. I have mentioned this in the House before and will refer to it again. Long after the Crosbie Budget was defeated a magazine called *The Public Interest* described that Budget as the dissolution of the Keynesian consensus. The article was written by James W. Dean, another Canadian from British Columbia. He said:

> On December 13, 1979, the government of Canada fell. For just six months the Conservatives had governed with a parliamentary minority, and they were defeated on a vote of no confidence. The issue was their first budget—a budget that rejected Keynesian economic policies, replacing them with radically different recommendations. Unemployment and slow growth were to be fought not by increasing the federal deficit but by reducing it.

I think that is enough of the facts. There were people in 1979 and 1980 who saw through the mist that one government in the world had learned a little from the experiences of Kennedy and from what Mundell was preaching.

What is this theory? I am not going to go into it in great detail. I am going to quote one of the editorial writers for *The Wall Street Journal* in 1982. Judy Steed, a Canadian reporter, or pundit if you want to call her that, described Mundell in *The Globe and Mail* of Saturday, April 24, 1982. I hope you will listen to this rather exaggerated judgment. She said:

> The Mundellian thesis, according to Mr. Wanniski—

—he was the editor of *The Wall Street Journal* at that time—

> —is "truly revolutionary." It upsets the monetarist and Keynesian models that have vied for supremacy among economists for the past 40 years. In the world according to Keynes, government intervenes in the marketplace, spreading money around (through taxation and services) to make sure buyers can spend. Consumer demand is what counts.
>
> Mr. Mundell turns the demand model inside out. Supply creates demand, he argues. "A necessary condition for employment is that you have a sufficient number of employers. But if you tax employers excessively, you won't have much employment." Hence taxes must be cut to give producers sufficient incentives to create more supply.

That, in a paragraph, gives one part of the Mundell hypothesis. I repeat that this Budget is not out of harmony with what the Minister did in 1979. The only trouble was that we did not know he had done it. It is not out of harmony with the statement of 1984. I think that members of all Parties and Canadians who love their country should admire the Minister of Finance (Mr. Wilson) for hanging firm and giving us a Budget which continues the tendency, gentle as it is, toward coping with the business of spending money as opposed to the idea of getting more employers out working and providing jobs. It is a slow route, but we have taken the first step in a long journey. I hope the people of Canada understand that. That is more important than all the childish prattle we hear about the per centage of employed and unemployed. The mere fact that there is unemployment is enough of a challenge.

• (1630)

Let me turn to interest rates, a subject that I am sure Members will understand is very dear to me. During the 1984 election campaign we pledged to bring down interest rates. That was the first priority of all the promises we made. This was addressed in the statement of November, 1984 and dealt with again in the 1985 Budget. Slowly, interest rates are beginning to stabilize, but I can still think of five major areas that need to be addressed. However, the fact is that interest rates have declined by some three points.

I will not be satisfied until interest rates are at their proper level. At best, the interest rate should be at 3 per cent, but that will never happen because of the inflationary factor.

All western countries have been guided by a group of experts who believe in the doctrine that all one's faith should be put in a single theory such as the spending theory of Keynes or the monetarist theory.

While there is truth in those theories, one should re-evaluate the progress of such a theory if it collapses. I hear Members from all Parties in the House call for expenditures on various items. While it is necessary to make some expenditures, we should remember that we can only make progress if we have a solid platform on which to proceed.

Let me give some examples. During the last 40 years, and particularly the last 20 years, we have been told that the way to stop inflation is to raise interest rates. That theory was forced on the Government when I was a Minister in 1958. Now I am in all the books as having been the stupid one who fought Coyne. However, 25 years later, the facts are out. We were told that interest rates should be kept high in order to stop consumers from buying too much, and that higher interest rates would maintain the dollar at a higher level.

Let us consider what has happened in the last two months. The United States, Canada and Europe have been dealing with interest rates, and when they declined, the dollar went up to 75 cents and is holding. How can those who preached that doctrine for 40 years continue to do so?

A committee of the House met on this subject in 1979. We asked the Governor of the Bank of Canada for the evidence behind his claim that interest rates must be raised to keep inflation down. He said that he did not have evidence but just believed it was the proper action because all the experts supported that. We asked for evidence to show that high interest rates would keep the dollar up, since it was declining during the entire time interest rates were being raised. As I said, in the last two months interest rates have gone down and the dollar has risen.

All of the charts, going back to the Dana-Porter report of 1961, I believe, show the same truth. However, when will the experts in the Department of Finance and the Bank of Canada read the charts and figures and see the reality?

We must face our responsibility, collect the evidence, of which there has been much in the last two months, and proceed on the basis of that evidence. We do not know any better theory; we only know what we see and that we should not proceed on the basis of something that does not work. We

should let common sense prevail while we attempt to make the country run better.

I do not believe there is a complete answer to this question, nor does anyone pretend that there is. The economists confessed 30 years ago that they did not know where they were nor where they were going, but they still make a living and make the same predictions today. I have met most economists over the years and have had full and formal discussions with them.

While we all enjoy partisan discussions across the floor of the House of Commons, I believe the one thing we must have in common is the realization that none of us know the final answer. We should encourage the Government to keep moving forward slowly with small improvements in the hope that the economy will improve. If we attempt to correct the situation in a rush, by pouring money in to solve the problem, we will be faced with the same dilemma that the Keynesian conclusions forced upon Canada.

In 1985, an article in the local paper contained a headline, which perhaps would not have enticed many readers. However, it is very true. The headline reads: "Presto! The new economic molecule". In this article, in which the author talks about economists and the economy, he made the following conclusion:

Rigid orthodoxy is absolutely dead.

This is the final point I wish to leave with the House. We will all be dead if we only worship single doctrines. We cannot conduct our affairs by making rigid guidelines. With our rapidly increasing knowledge, it is not correct to place politics over facts. We must peer into the mist and try to move steadily toward a sensible goal. While there are many other problems, the interest rate problem is the greatest because it affects everything else. The theory about the molecule in this article is a reflection of what is happening.

Since there are many factors which affect these indicators, those who follow one doctrine will not succeed. While it is sometimes difficult to accept, it is much better to make slow and steady progress than to rush backward and forward.

Mr. Thacker: Mr. Speaker, the Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) has many years of experience in the House. I want to seek his wisdom on this question of corporation tax. There are some who feel that corporation taxes should be increased dramatically because corporations are not paying their fair share. On the other hand, there are those who say that corporate taxes are essentially regressive because they are passed straight on to the consumer. Will he share his wisdom on this question of corporate tax?

Mr. Hamilton: Mr. Speaker, I answered that question in general in my speech. When talking about corporations, politicians are simply using that title as a buzz word. We are working together to better appreciate corporations.

• (1640)

The corporation today, politically, is the flogging horse, but as one thinks through it, one finds that whether the corporation is large or small, whether it is a farmer or a householder, one has to have money before one can pay taxes. In other words, we have to have profit. And if we have to have profit, then we had better make certain that our tax level will allow us to make a profit. That is why the tax reforms in the United States which were announced a year ago, and the tax reforms I expect will be announced here, will show, I am sure, a rich decline for corporations, applying to all levels. I predict, from the experience of the Kennedy reductions and the Reagan reductions, and others I could mention, that if we can get the rate of taxes down, the amount of money will increase. Therefore, we should quit thinking of the corporation as a bogeyman that we have to clobber politically. We must think of a way of how to get that horse working. The only thing corporations have been able to do this last 20 or 30 years is to go into mergers to take advantage of the tax law, not producing any new goods at all. However, whether the corporation is large or small is not the point. The fact is that we have to give the producer some form of profit on his labour and work.

Mr. Attewell: Mr. Speaker, I would like to thank the Hon. Member for certainly one of the best speeches I have heard during this budget debate. He gave us a special type of perspective, and I want to thank him for that. It sure beats the hollow, rancorous kind of comments coming from the other side of this House, not just from the Liberal Party but from the New Democratic Party as well. I sometimes wonder if those Hon. Members have been on another planet during this last decade.

I would like to ask the Minister to comment on a couple of things. I do want to underscore how correct he was in stressing the importance of interest rates. I agree with the Hon. Member that if I could single out one factor which needed to be highlighted as far as getting our economy going again is concerned, it would have to be interest rates. That was done by this Government through a few different steps. We had to dismantle the national energy policy, which was a tragedy for the oil industry. FIRA was another negative approach as far as new investments were concerned. That has been replaced, not just in name but in the approach that we certainly welcome investment into this country. I think it was touched on earlier today that most Canadians would welcome the Budget of the Hon. Member for St. John's West (Mr. Crosbie) of 1979 in which we had a relatively minor increase in gasoline tax. But thanks to the coalition on the other side, Canadians were plunged into another four years of record-setting deficits. Thanks to this particular Government and thanks to the leadership of the Hon. Member for Etobicoke Centre (Mr. Wilson) we have finally turned the corner.

My specific question concerns the Hon. Member's theory on deficits. No country can go on forever without having some deficits. What does the Hon. Member think about the fact that

under the Liberal Government a record was set of 11 successive years of deficits? I think there might have been at least one or two good economic years in that period. Should the Liberal Government have been setting those deficits even in good times?

The Acting Speaker (Mr. Paproski): The Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) has only one minute left for a succinct answer.

Mr. Hamilton: I can answer in one sentence. The answer is no. The deficit is simply a measuring device on how much one is behind at a particular time. It is not dangerous in itself but the accumulation of those things eventually ruin you.

The Acting Speaker (Mr. Paproski): I regret but the Hon. Member's time has expired. The period for questions or comments has terminated.

It being 4.45 p.m., it is my duty, pursuant to Standing Order 84(6) to interrupt the proceedings and put forthwith the question necessary to dispose of the amendment to the amendment now before the House. Mr. Cassidy, seconded by Mr. Murphy, moved:

That the amendment to the motion of the Minister of Finance be amended by adding immediately thereafter the following words:

"and this House further condemns the Government for introducing a budget that tolerates the existence of 1,250,000 unemployed Canadians and fails to show fairness to the average Canadian family and regions that continue to feel the burden of economic recession with respect to employment and income;

for failing to introduce a system of universal child care that would assist families and create jobs;

for failing to demonstrate to the average Canadian taxpayer a genuine commitment to tax reform by eliminating in this budget some of the worst excesses in the tax system, such as the erosion of the corporate tax base begun by the Liberals in 1983;

for failing to even give mention in the budget to the tragedy of four million Canadians living in poverty; and

for failing to make full employment the first priority of the federal government.

Is it the pleasure of the House to adopt the amendment to the amendment?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mr. Paproski): All those in favour will please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 13(5), the recorded division stands deferred until 6 p.m. on Monday, March 2, 1987.

It being 4.47 p.m., pursuant to Standing Order 4, the House stands adjourned until Monday, March 2, 1987 at 11 a.m., pursuant to Standing Order 3(1).

Have a nice break.

The House adjourned at 4.47 p.m.

HOUSE OF COMMONS

Monday, March 2, 1987

The House met at 11 a.m.

Prayers

ROUTINE PROCEEDINGS

[*Translation*]

MAIN ESTIMATES, 1987-88

Hon. Robert de Cotret (President of the Treasury Board): A message from Her Excellency the Governor General transmitting Estimates for the financial year ending March 31, 1987 and, in accordance with Section 54 of the Constitution Act, 1867, recommending these Estimates to the House of Commons on February 27, 1987, was presented by the Hon. Robert de Cotret (President of the Treasury Board) and read by Mr. Speaker to the House.

He said: Mr. Speaker, I also would like to table the Government Expenditure Plan, Part I.

Furthermore, on behalf of my Cabinet colleagues, I have laid upon the table Part III of the Estimates which includes the expenditure plans of 74 departments. These documents will be distributed to members of our standing committees who will be examining the spending authorities being sought in Part II of the Estimates, and since I have the floor, Mr. Speaker, here is another message from Her Excellency, the Governor General, bearing her signature.

* * *

SUPPLEMENTARY ESTIMATES (A), 1987-88

Hon. Robert de Cotret (President of the Treasury Board): A message from Her Excellency the Governor General transmitting Estimates for the financial year ending March 31, 1987 and, in accordance with Section 54 of the Constitution Act, 1867, recommending these Estimates to the House of Commons on February 27, 1987, was presented by the Hon. Robert de Cotret (President of the Treasury Board) and read by Mr. Speaker to the House.

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour of tabling, in both official languages, the Government's response to the following 40 petitions: 332-490, 332-519, 332-612, 332-619 to 332-622 inclusive, 332-626 to 332-642 inclusive, 332-790, 332-822 to 332-829 inclusive, 332-835 to 332-837 inclusive, 332-839, 332-841, 332-843 to 332-868 inclusive.

Mr. Gauthier: Mr. Speaker, on a point of order or on a question of privilege, whichever is appropriate. I did not hear the bells ring this morning. I know our party's official critic who is supposed to reply to the Minister's statement very shortly is not in the House because he did not hear the bells either.

I wonder whether the Government could get things organized so that all Members could be notified.

The Minister is to make an important statement . . . There is our critic . . . Thank you, Mr. Speaker, my point of order no longer stands.

* * *

MAIN ESTIMATES, 1987-88

STATEMENT OF PRESIDENT OF THE TREASURY BOARD

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I am pleased to table today the Main Estimates for 1987-88, this being the third set of Estimates that I have presented on behalf of the government. These Main Estimates, which amount to $110.1 billion in budgetary spending, are yet another example of the success of our sustained efforts to curb uncontrolled growth in public spending.

I have also tabled today a special Supplementary Estimate for 1987-88 in the amount of $700 million, to provide for the balance of the payments committed to grain farmers under the special Canadian Grains Program. This item was specifically not included in these Main Estimates because the government has undertaken to disburse this money well before full supply will be available on these Main Estimates. The Supplementary Estimate will provide for appropriate parliamentary review as well as the voting of full supply on this item by the end of this month.

Mr. Speaker, the 1987-88 budgetary Main Estimates are 2.9 per cent higher than those tabled for 1986-87. However, you will recall that when I tabled the 1986-87 Main Estimates last year, I pointed out that a $500 million expenditure reduction, announced by the Minister of Finance the day before in his Budget, was not reflected in those Estimates. Thus, after making an adjustment for this item, as well as for the increase in the special Canadian Grains Programs, the year-over-year growth in these Main Estimates amounts to 3.8 per cent, slightly lower than last year, lower than the rate of inflation, and lower than it has been since 1962.

• (1110)

[*English*]

This marks the third year in succession that this Government has tabled a set of Main Estimates where the growth rate has declined. No Government has been able to make this claim in almost two decades. We can be justifiably proud of this record as it demonstrates clearly our sustained commitment to controlling spending and reducing the deficit.

The extent of this commitment is illustrated by an examination of major elements of these Main Estimates. Seventy-two billion, three hundred million dollars representing two-thirds of the total, will be spent on statutory programs; that is, spending governed by separate legislation. They include, for example, payments to the elderly by Health and Welfare Canada which will amount to some $14.6 billion in 1987-88, the largest single item in these Estimates next to the public debt charges. They also include family allowances, the Canada Assistance Plan, fiscal transfers to the provinces, municipal grants, and a variety of agricultural and transportation subsidies. Over all, statutory estimates are $2.8 billion, or 4 per cent, higher than last year. The remaining $37.8 billion, or one-third of total Main Estimates, represent expenditures which Parliament will be asked explicitly to authorize for the upcoming year.

The Government can in general exercise greater discretion over these latter voted expenditures. Indeed, it is this category of spending on which Government has focused many of its expenditure restraint measures. As a result, the annual increase in the voted portion of Main Estimates will be 3.4 per cent over last year. This is the third year in a row in which this growth rate has been less than inflation. Over the past three years the rate of growth has averaged only 1.3 per cent. This is the best performance since the three-year period at the beginning of the 1960s.

Some Hon. Members: Hear, hear!

Mr. de Cotret: Despite this continued commitment to expenditure restraint the Government has made provision in these Estimates for increases to such important priorities as programs for aboriginal peoples, veterans, defence, external affairs and foreign aid. Included in these Main Estimates is some $2 billion to fund programs for our aboriginal people in such areas as education, social development, capital facilities and community services. In addition, $700 million is to be transferred to the territorial Governments to assist them in providing services to residents of the North. Veterans' pensions and allowances and health services purchased on behalf of veterans amount to $1.4 billion in these Main Estimates. The increase in the Main Estimates allocations for these social programs total almost $300 million, an increase of over 7 per cent from a year ago. There is also significant growth in external affairs and aid expenditures, reflecting increases in bilateral development assistance, increases in payments to international financial institutions, and contributions towards the cost of development assistance undertakings by Canadian and international non-governmental organizations. Altogether the increase in voted estimates for these activities is $290 million, or 10.6 per cent.

The Main Estimates allocation for defence is $10.3 billion, 92 per cent of which is voted expenditures. This portion is fully one-quarter of the total voted estimates. Personnel costs represent about 44 per cent of defence spending, with another quarter of the defence budget earmarked for capital spending for such items as the CF-18 fighter aircraft, the Canadian patrol frigate, the North American air defence modernization, and the Tribal Class update and modernization programs. Over-all spending on defence, external affairs and aid increases by over $700 million in these Main Estimates, reflecting the priority assigned to international commitments in these areas. These increases in priority areas of spending have been achieved through internal reallocation which has allowed the Government to limit the growth rate in voted appropriations to 3.4 per cent for 1987-88.

[*Translation*]

As Hon. Members are aware, Mr. Speaker, prudent fiscal planning requires that a government set aside reserves within its overall fiscal plan to accommodate unanticipated requirements that may arise in the course of the year. To the extent these reserves are allocated, they will appear in the form of Supplementary Estimates items which are presented to Parliament for review and approval. As part of its restraint effort, the government has reduced and more rigorously controlled access to the reserves set aside for contingency purposes. The impact of this will be demonstrated later this week when I table the final Supplementary Estimates for 1986-87. At that time it will be noted that total Supplementary Estimates for the current year will amount to less than 2 per cent of 1986-87 Main Estimates—the lowest percentage since 1968-69.

Members will recall that from the very beginning this government has committed itself to the pursuit of productive management in the federal public sector. Disciplined management has been a consistent theme of the government's various restraint measures and Budget statements. Through the introduction of productive management policies and actions we have sought to create an environment and institutional momentum within the Public Service which stress efficiency, innovation and value for money in the delivery of federal programs and services.

The fruit of these efforts are reflected in the 1987-88 Main Estimates, Mr. Speaker. An examination of the payment distribution of these Estimates shows that the non-defence operating and capital spending is marginally lower in the 1987-88 Main Estimates than it was in 1984-85. Taking inflation into account, this is a reduction of just over 12 per cent over this period.

This is a significant achievement, Mr. Speaker, especially if one notes that spending on wages and salaries, the major portion of these costs, is in large part governed by collective agreements, and that the increased costs of negotiated wage settlements have averaged approximately 3.5 per cent per annum. I might also note that the open approach taken by this government to labour relations in the Public Service, including the introduction of Master Agreements and the negotiation of responsible and fair wage settlements, has greatly facilitated the government's efforts to contain expenditures while maintaining essential services to the public. These efforts have also meant that Public Service managers are being continually challenged to deliver government programs with fewer human and financial resources, and to accommodate and expanding clientele and rising workload through efficiency gains, productivity improvements and imaginative use of alternative production and delivery techniques.

• (1120)

[*English*]

I just mentioned that public service managers are employing fewer human resources in program operations. You will recall that in his May, 1985, Budget statement, the Minister of Finance (Mr. Wilson) announced the Government's intention to reduce the size of the public service by 15,000 person-years over five years beginning with the 1986-87 fiscal year. Consistent with this commitment, the 1986-87 Main Estimates tabled last year showed a reduction of some 5,500 person years compared to the previous year. The Main Estimates I tabled today show a further reduction of almost 3,100 person-years. I can therefore report that the Government is squarely on track in achieving its five-year target with more than half of the planned reductions already obtained.

Some Hon. Members: Hear, hear!

Mr. de Cotret: Indeed, measured on a comparable basis, the number of authorized person-years reported in these Main Estimates is the lowest since the 1980-81 Estimates. With the completion of this program in 1990-91 the number of person-years will be comparable to that of pre-1975 levels.

At the same time the Government's innovative work force adjustment policy, strengthened in 1985 in consultation with the public service unions, has been vigorously applied in a concerted effort to minimize the impact on individual employees affected by the person year reduction measures. In May, 1986, I announced that the Government was confident that the majority of affected employees could be redeployed within the public service. I also forecast that no more than 500 public service employees would be laid off as a result of the first year of the person-year reductions. With the fiscal year drawing to an end, I remain confident as to the accuracy of that forecast. I will be reporting more fully to Parliament when the final results are available in April. Hon. Members can be assured that the same strong effort to minimize layoffs will continue throughout 1987-88 and in future years.

I have referred in my remarks to the notable contribution made by public service managers to the Government's restraint efforts. When I tabled the 1986-87 Main Estimates last year I stated that a productivity bonus was being developed as a new feature of the Government's management compensation package. Such a feature would serve to reward managers for meeting or exceeding expenditure reduction targets while still achieving their other program and policy goals. A final decision on implementation of the productivity bonus had obviously to wait for an assessment of 1986-87 performance.

As the Minister of Finance reported in his Budget last month, the Government's record on expenditure management has been exceptional. The full $500 million expenditure reduction announced in the February, 1986, Budget has been identified and implemented. As I have already noted, person-year reduction goals have been fully achieved and, in some cases, are ahead of schedule. Steady progress has been made in other key government initiatives such as improved cash management, increased cost recovery, continued privatization of Crown corporations, and reduced overhead and administrative costs.

The Treasury Board has concluded that senior public service managers have been instrumental in the realization of these improvements and has approved a productivity bonus for its senior management of from 1 to 1.5 per cent of salary for the fiscal year ending March 31, 1987. The total estimated cost of this bonus is $4.5 million.

[*Translation*]

To further demonstrate its commitment to management excellence, the Treasury Board has also authorized an increase, to $10,000, of the maximum value of the Outstanding Achievement Award. This Award, which consists of a citation and a Canadian work of art, can be given annually to up to five senior level public servants who are selected by a six-member panel of Canadians appointed from outside the Public Service. The award was first introduced in 1966. The increase in this award is another clear signal of the importance the government attaches to fostering and rewarding exceptional performance by Public Service managers.

In summary, Mr. Speaker, I believe that the Main Estimates tabled today represent a further significant contribution to the government's record on expenditure management.

First, this is the third consecutive year that the growth rate in Main Estimates has declined. Second, the rate of growth in 1987-88 Main Estimates is the lowest increase in 20 years. Third, the size of the Public Service in 1987-88 will be at its lowest level since 1980-81.

[*English*]

In summary, Mr. Speaker, I believe that the Main Estimates tabled today represent a further significant contribution to the Government's record on expenditure management. This is the third consecutive year that the growth rate in Main Estimates has declined. Second, the rate of growth in the 1987-88 Main Estimates is the lowest increase in a quarter century. Finally, the size of the public service in 1987-88 will be at its lowest level since 1980-81.

Some Hon. Members: Hear, hear!

Mr. de Cotret: This track record clearly reflects the Government's strong commitment to sound management and to the operation of an efficient and effective public service while maintaining and expanding programs which serve the real needs of all Canadians.

Some Hon. Members: Hear, hear!

Mr. George Baker (Gander—Twillingate): Mr. Speaker, let us start at the Minister's last point; that is, the bribery payments. Let us start with the new system which the Government has brought in, effective March 31, to pay $4.5 million to senior public servants. According to the Minister, it is for good management in cutting back person years and keeping expenditures down. What is the job of these senior public servants and why are they being paid, if not for good management? The definition of senior management is everyone from the Deputy Minister down. The Government says there is some $4.5 million and, presumably at the end of the month, it will issue cheques up to 1 per cent and 1.5 per cent of the levels. That means the top of the salary scale to which that manager is entitled.

• (1130)

Mr. Berger: What does that mean?

Mr. Baker: The Hon. Member asks what that means. I do not suppose anyone knows what it means, but the managers will know when they receive their hand delivered cheques. They will receive $1,000 or $1,500 for ensuring that person years are reduced, according to the Minister.

It is no wonder that the Government exceeded its predicted lay-offs of 2,500 this coming year. It is eliminating 3,100 person years. There are well paid employees in our society who are receiving cash bonuses for eliminating people in jobs on the lower end of the income scale.

The Government brags about the elimination of 3,100 people. If the Minister read the mail we are receiving concerning this matter he would know that people are being laid off throughout the country, with no job prospects in the private sector. People who have 25 years experience in the public service are being laid off with the stroke of a pen. Those people know as a result of this announcement that they are being laid off because a senior manager will receive a lump sum payment at the end of this month as a result of that lay-off.

This incredible system which the Government brags about affects engineers who are being laid off in Public Works, employees in the federal Department of Fisheries and Oceans, people who work in employment offices across the country and those at the scientific research group at the Bedford Institute which will be closed at the end of this month. Someone will receive a $1,000 cheque at the end of the month for accomplishing these lay-offs.

There will be an average payment of $1,000 to highly paid public servants, including Deputy Ministers, at the end of this month. This $4.5 million in bribe payments will result in some 6,000 cheques being issued. One wonders what country would follow such a plan. Obviously the Treasury Board had quite a problem devising the guidelines because it had no other country to use as a model. The system announced by the Minister today does not exist in any other democratic country. We believe these payments are being made for a job that the managers were supposed to do in the first place. We regard it simply as bribery cheques being paid to managers in the public service in this country.

The Minister's statement could be summed up by saying that he is trying to give Canadians the impression that government spending is down. Yet spending has risen considerably. When the Government took office it assumed a national debt of approximately $189 billion. The Minister of Finance (Mr. Wilson) is predicting that national debt to be up to $300 billion this year. Governments of Canada built an accumulated debt of some $189 billion since Confederation, but this Government has increased that debt to $300 billion in some two years.

Some Hon. Members: Oh, oh!

Mr. Baker: The truth hurts, Madam Speaker. The Minister of Finance said that while spending is up, revenues have also increased. Government revenues have increased to match the increases in the selective spending the Government has undertaken. Recently a Cabinet Minister stated: "—they were only within 10 per cent of the lowest bid and I directed the contract to go to them because they were from my province".

Not all of the information is contained in the Estimates tabled today. We learned that lesson last week when we discovered that a $1 million cheque was given to the County of Pictou in Nova Scotia to build a courthouse. That grant does not come under any federal government program.

Every tendering process includes a stipulation that the contract will not necessarily be given to the lowest bidder. The Government should come clean and delete the word "necessarily" so that the stipulation states that the contract will not be given to the lowest bidder. We have seen the Government awarding contracts not only to the second lowest bidder, but the third, fourth and so on.

People should not only concern themselves with the small contracts that are awarded throughout the country, because there are large government contracts being made available and we can see where the money is being spent.

It is true that revenues are up. Last Sunday on CTV's *Question Period*, the Minister of Finance was asked a question by Mr. John Ferguson in which he said:

I think that the figures from the Fraser Institute in Vancouver suggest that you have been the taxingest Finance Minister in history, that taxes have gone up more, personal income taxes have gone up more under your period of finance than in any other period.

The Minister responded:

What we have been doing here, John—

Referring to John Ferguson, the writer:

—is to bring the level of taxation back to where it had been in the middle 1970s. Previous Ministers of Finance had let go of the tax reins and the level of taxation as a per cent of income had gone down and down—

Who are these former Ministers of Finance whom the Minister said let go of the tax reins in the mid-1970s? The Minister says we must grab the tax reins and bring taxes to their levels before the mid-1970s and make people pay through their taxes. It is as if former Tory Finance Ministers from 20 or 30 years ago are saying: "To you we throw the reins of taxation. Be yours to hold them high". That is why revenues are up in this expenditure package, as well as expenditures.

How does the Minister take hold of those tax reins? He taxes potato chips, corn and cheese-based puffs, brittle pretzels, salted nuts, popcorn, granola bars, frozen snacks, popsicles and ice cream bars. That is what the Minister of Finance does to grab the reins of taxation, to rein in the taxes from the ordinary people of Canada. And who does he pick on? He picks on children. There never was such a tax prior to the 1970s. The Minister of Finance is reining in his taxes from the children.

• (1140)

My Party, the Official Opposition, and I find the Minister of Finance to be way off track in his priorities on taxation. The Minister who tabled the Estimates here today is just as much off track in offering a bonus to public servants and bragging about 3,100 people being laid off. We find it passing strange that Departments such as the Department of Fisheries and Oceans should have a continual decrease in funds since the Government took office. It is down to $551 million this year. Other Government Departments have followed the same route. We have seen, on the other hand, the Government toss money at the Prime Minister's Office to increase his number of staff, and to the Ministers of this Government so they can have all the staff they want to award contracts, not to the lowest bidder but to the second and third highest bidder, and to give special grants for their own pet projects in their own constituencies which do not come under any program.

Where were the increases in these Estimates today? They were very markedly in the Prime Minister's Office and the Office of the Privy Council. When we look at the percentages we wonder in what direction the Government is going. I am sure the general public will look at the Budget and these Estimates and see we have slight increases in the expenditures of Departments of the federal Government, but they will also see the 18.9 per cent increase in the Budget of the Department of External Affairs for last year and a 15.6 per cent increase this year, amounting to over $3 billion. They will also see family allowances under these Estimates held down to their expenditures and the cuts made to reduce it by three percentage points. They will ask where the equality is of having the budget of the Department of External Affairs 50 per cent higher than the entire budget for family allowances. They will wonder where the justice is behind these kinds of Estimates. The Government will not last its entire term after tabling Estimates such as these.

Mr. Mike Cassidy (Ottawa Centre): Madam Speaker, I would like to make a few comments on these Estimates. A year ago when the Estimates came down I said that the President of the Treasury Board (Mr. de Cotret) and the Government had produced another set of spending Estimates which would suit Wall Street and Bay Street and, in the words of Ronald Reagan, "There you go again", because that is exactly what we have again this year. These Estimates indicate that the Government intends to continue pleasing the bond market, the financiers and the investment analysts, but it does not relate to the real situation Canadians face.

May I say in parenthesis, Madam Speaker, that I feel extremely distressed at suggestions just made by my hon. colleague from the Liberal Party that his Party is no longer committed to foreign aid. It is an important service and Canadians are prepared to share some of the wealth we have in our country in addition to giving justice to our own people. We can, I believe, do both.

I want to point out to the President of the Treasury Board, and to his colleague, the Minister of Finance (Mr. Wilson), what we pointed out two weeks before the House rose for a week at the time of the Budget debate, that over the course of the past year, between January 1986 and January 1987, we have had an increase of 132,000 jobs in Ontario and an increase of only 5,000 jobs in the rest of the country. At the present moment there are 1.25 million Canadians out of work. It was clear from the Budget and clearer still from these Estimates that the Government has no strategy and no intention to do anything about that particular problem.

Regional Development spending is down by $3 billion from the year the Conservatives came to office. That has meant cuts in transportation, in the fisheries, in agriculture, apart from

the special grains program, cuts in the Department of Energy, Mines and Resources and in the Department of Regional Industrial Expansion. In fact there has been a further $1 billion taken out of DRIE in order to pay for the special grains project.

The Government is fighting the deficit this year on the backs of the unemployed and on the backs of the provinces. I remind the President of the Treasury Board and his colleagues that today there are seven provinces which have unemployment rates higher than at the time of the height of the recession in 1981-82. Yet the fact is that the moneys which are being transferred to the provinces are not going to the provinces with the greatest unemployment rates but to the Province of Ontario. Of the total amounts going to the provinces, in terms of tax payments and transfer payments, a total increase of $550 million is going to that poor suffering Province of Ontario. It is a good province which I represent. However, in southern Ontario there has been some economic recovery, and Ontario receives $550 million compared to the $600 million which will go to nine other provinces.

[*Translation*]

And in particular, Madam Speaker, I want to stress the fact that the Province of Quebec is especially hard hit by the Government cut-backs with respect to transfer payments and payments in terms of tax point transfers. Madam Speaker, we can see that despite the fact that the unemployment rate in Quebec is about 10.8 per cent, the increase in these equalization or transfer payments to Quebec amounts to only $7 million, up 0.1 per cent. By comparison, Ontario's unemployment rate is 6.6 per cent, yet the province will benefit from an increase in equalization and fiscal transfer payments of $50 million, up 7 per cent.

[*English*]

Where are the priorities of the Government which would permit that kind of situation and then turn around to the Province of Quebec and tell it, as it has as recently as the last couple of weeks, that the federal Government is not prepared to deal on the same basis with equalization with Quebec relative to other provinces which received certain forms of revenue guarantees.

Manitoba has an unemployment rate of 7.9 per cent. It will receive an increase of only $1 million or a 0.1 per cent increase in terms of payments for post-secondary education, hospital insurance, medicare and its general transfers which come from the Government of Canada. British Columbia, which has an unemployment rate of 13.8 per cent at the end of January, will see an increase of only 2 per cent in terms of the payments under the shared cost programs with respect to fiscal transfers from the Government.

I want to say that the priorities of the Government are reflected not just in these Estimates but in what is happening on the tax side. The Government has played around with a little here and a little less there in terms of spending estimates. At the same time since the Conservatives came to power they have increased personal and sales tax revenues from individuals by 52 per cent and have decreased corporate tax revenues by 18 per cent. That is despite a very sharp increase anticipated this coming year in terms of corporate profits. Those are the priorities of the Government.

[*Translation*]

Another point I want to emphasize, Madam Speaker, is that in these estimates the Government has decided to consolidate the unemployment insurance fund accounts. Indeed the Government sees this as a way to show that unemployment insurance benefits paid to Canada's unemployed come from all Canadians, while in fact it is an insurance fund from which Canadian men and women are entitled to draw benefits if they are out of work, if they suffer from the economic policies of this Government. But at the same time as it consolidates the unemployment insurance fund accounts, Madam Speaker, it is not doing anything to make sure that the estimates will cover payments for tax expenditures.

According to the Auditor General, tax expenditures are estimated at about $30 billion a year. But in spite of that we have no idea which companies will get these huge payments. Who will benefit from these payments? There is no indication whatsoever in the Government estimates.

• (1150)

[*English*]

On the one hand the unemployed are included in such a way that if the Conservatives were to stay in power—which is very unlikely—then they would begin to take away unemployment payments directly from the unemployed. That is the reason the Government has consolidated these accounts. On the other hand, the Conservatives refuse to put in any listing at all of the tax expenditures which are benefiting, in the main, large corporations and wealthy Canadians.

I note that the Government has left a substantial chunk of $2.4 billion for pre-election hand-outs to be made over the course of the fall and next spring.

In terms of priorities, the Government is decreasing corporate tax and increasing personal tax because of its priorities, while doing nothing about tax expenditures which are so costly to Canadians.

I represent a Public Service riding. Once again, public servants will be distressed over the news received in this year's Estimates. Some 3,000 jobs will be cut despite the assurances of the President of the Treasury Board. This means that individuals will be disrupted and forced to move from one community to another in order to save their jobs. They will be pressured out of the Public Service by means of various golden handshakes and other inducements which they will be given. Some of them will, as a number did last year, become too discouraged and will go down on the Treasury Board's lists as being no longer interested in government employment. They

are no longer interested because of the nature of the employment they will be offered and because of the adjustments to which they will be compelled to adjust.

If the Government insists on achieving this down-sizing of Government it can and should be achieved without any individual public servant being forced to lose his or her job. If it were possible again to manage it to the point at which only a few hundred people will be fired, as happened last year, then the statement I made last year that no civil servant need ever lose his or her job could have been amply fulfilled for the expenditure of perhaps $4.5 million. That is the sum which is being given as a bonus to senior managers in the Public Service for their work in cutting and chopping heads in the departments for which they are responsible. I suggest that the President of the Treasury Board stand up now and undertake that not one single man or woman working for the people of Canada will be compelled to leave his or her job. That would be a change of heart for the Government which now has a heartless policy of wanting to show the people on St. James Street and Bay Street a few limp, wretched bodies of public servants who have been forced to walk the plank.

Once again this year I asked Treasury Board officials what proportion of the 3,000 people who are to be displaced will be women. I asked what measures will be taken to monitor the situation to ensure that women and minority groups are not further disadvantaged by these cuts. I raised this same question during the response to the Estimates last year and no response was given at that time. I have not received a response this year either. I have been told that they will try to get the figures to me later today. But they do not have the figures because there is no awareness of the fact that women employees are particularly vulnerable to these cuts. There is no awareness and no program to ensure that not just scientists and senior managers will receive extra training or placement in order to save their jobs, but that secretaries, clerks and people doing important support jobs for the Government will also have access to the same type of retraining opportunities. Then they too should be able to save their jobs. They should not be forced out of the Public Service by means of what the Government is doing right now.

[*Translation*]

Madam Speaker, I should like to add a congratulatory note and point out the fact that, despite the 1985-86 cut-backs, the Government is still on the right track in terms of payments and budgetary estimates concerning funds available for foreign aid.

[*English*]

In terms of foreign aid, there has been a substantial increase this year. As a New Democrat, and I think Canadians will agree with me, I believe that Canada can and should be playing a very vigorous role in terms of providing aid to Latin America, Africa and Asia. We can do that and also do justice to people in depressed regions suffering from high unemployment. We can and should have a full employment policy. We are not doing justice to Canadians; but we should not seek to do justice to Canadians by doing injustice to people in the Third World.

I note the continued confusion of the Government with respect to Canada Post. I welcome the fact that it has drawn in its horns, to some extent. I deplore the fact that the Government has dithered now for a year and a half in terms of coming up with a clear policy. Canadians want to be assured of adequate postal services. That is a priority which comes before the need to reduce the postal deficit, if those are the choices which are to be put forward.

Once again the Government has cut funding for the Canadian Jobs Strategy at a time when we have 1.25 million unemployed. The Government has cut $154 million from its payment to the Jobs Strategy after having cut $100 million one year ago. I note a cut of over $100 million in payments for the loans and investments under Canada Mortgage and Housing Corporation. This is a sign that the Government lacks a real commitment in terms of adequate social housing.

Under regional expansion and investment the Government has cut $50 million from the Cape Breton Development Corporation, presumably because of its great success, a success about which the people of Cape Breton are certainly not aware. The Government's commitment in terms of economic development is so strong that, apart from the Defence Industry Productivity Program, it has cut the available funds through the Department of Regional Industrial Expansion.

The Government has come up with an increase of 2.5 per cent in funding for the National Research Council, which brings the total up to about $400 million, down by $100 million from two-and-one-half years ago. That is how the Government has so miserably fulfilled the promises it made at the time of the 1984 election. It promised then that Canada should be a world leader in terms of research and development and in terms of science and technology.

I conclude by pointing this out.

[*Translation*]

The unemployment rate in this country is nearly 10 per cent, and 1,250,000 Canadian men and women are unemployed. The Government's policy seems to be to go on tolerating an intolerable situation where the unemployment rate will remain above 9 per cent across this country and, in some provinces, will be even higher than during the 1981-82 recession.

That is the Conservative Government's economic policy. That is its spending policy. Obviously, Madam Speaker, that is why Canadians have decided to say no to this Government for the next election, since the polls showed the lowest rate of support ever enjoyed by a Government in this country.

Petitions

PETITIONS

PUBLIC SERVICE PENSIONS

Mr. Guy St. Julien (Abitibi): Madam Speaker, I have the honour and the privilege of presenting, pursuant to Standing Order 106, a petition signed by 41 residents of Val-d'Or in the Abitibi area, who contribute to the Superannuation Plan of the Public Service of Canada and are employed by the Departement of Employment and Immigration.

In their petition they mention three further changes to the Public Service Superannuation Act as amended by Bill C-33. Their position is:

THAT public service pensions should continue to be fully indexed so that present and future public service pensioners will be protected against inflation.

THAT employees contributing to the Public Service Superannuation Plan should have the right to make decisions with respect to the way the Plan is managed.

THAT interest credited to the Public Service Superannuation Account be set at realistic levels to ensure sound management of the Plan.

They are therefore asking the Government for full indexation of pensions, participation by contributors in decisions and for realistic levels of interest to be credited to the fund.

• (1200)

[*English*]

CANADA POST—OPPOSITION TO CLOSURE OF RURAL POST OFFICES

Mr. Fernand Robichaud (Westmorland—Kent): Madam Speaker, it is my duty to present to the House a few petitions from citizens of Bayfield, Cape Spear, Cape Tormentine, and Port Elgin. Most of these are small fishing villages along Northumberland Strait.

[*Translation*]

Your petitioners humbly state that Canada Post's new Corporate Plan is creating and will create two classes of citizens and that closing post offices in rural areas deprives Canadians of a unique federal presence and reduces vital postal service in rural areas. They humbly pray and ask Parliament to reject Canada Post's Corporate Plan.

[*English*]

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Madam Speaker, I have the honour under Standing Order 106 to present a petition signed by residents of Pukatawagan, Pikwitonei, Thompson, Flin Flon, Wanless, and The Pas, Manitoba. The petitioners humbly call upon Parliament to reject the proposed changes to the Patent Act which they believe will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. The petitioners also believe that these measures proposed by the Government will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. Furthermore, the petitioners express the opinion that this is another example of the Canadian Government making concessions to the United States at the expense of average Canadians as a result of the free trade negotiations.

Mr. Maurice Foster (Algoma): Madam Speaker, I have the honour to present six petitions signed by constituents of Bruce Mines, Sault Ste. Maria, Goulais River, Massey, Elliot Lake, Mindemoya, and Manitoulin Island. The petitioners call upon the Government to rescind its legislation concerning the Patent Act which will increase the cost of drugs to ordinary Canadians, and put an unnecessary burden on our health care system while penalizing the poor, the weak, the unhealthy in our society. It is my honour to make this presentation.

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, it is my pleasure to present a petition under Standing Order 106 signed by residents of Whitehorse, Yukon, Kamloops in British Columbia, and Edmonton, Alberta who are indicating that the Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers, and it will severely restrict the ability of average Canadians to buy the necessary prescription drugs. The petitioners are asking that the Government reconsider its plans to proceed with this legislation, and ask that it reject the legislation before it goes any further.

* * *

MAIN ESTIMATES, 1987-88

REFERENCE TO STANDING COMMITTEES

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, I have two motions to present both of which have been reviewed with the opposition Parties.

Therefore, I would like to move pursuant to the provisions of Standing Order 82(15), and Standing Order 83, seconded by the Hon. Member for Simcoe South (Mr. Stewart):

That the Main Estimates for the fiscal year ending March 31, 1988, laid upon the Table earlier this day, be referred to the several Standing Committees of the House as follows:

There is a detailed allocation of the various committees. The listing has been reviewed with my colleagues from the Liberal Party and the New Democratic Party. I would ask that it be printed in *Hansard* at this point without being read.

The Acting Speaker (Mrs. Champagne): Is that agreed?

Some Hon. Member: Agreed.

[*Editor's Note: List referred to above is as follows:*]

To the Standing Committee on Aboriginal Affairs and Northern Development

Indian Affairs and Northern Development, Votes 1, 5, 10, 15, L20, 25, 30, 35, 40 and 45

To the Standing Committee on Agriculture

Agriculture, Votes 1, 5, 10, 15, 35, 40, 45, 50, 55 and 60

To the Standing Committee on Communications and Culture

Communications, Votes 1, 5, 10, 25, L20, 25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80 and 85

To the Standing Committee on Consumer and Corporate Affairs

Consumer and Corporate Affairs, Votes 1, 5, 20 and 25

To the Standing Committee on Elections, Privileges and Procedure

Privy Council, Vote 10

To the Standing Committee on Energy, Mines and Resources

Energy, Mines and Resources, Votes 1, 5, 10, 15, L20, 25, 30, 35, 40, 45, 50 and 55

To the Standing Committee on Environment and Forestry

Agriculture, Votes 20, 25 and 30

Environment, Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on External Affairs and International Trade

External Affairs, Votes 1, 5, 10, 15, 20, 25, 30, L35, L40, 45, 50 and 55

To the Standing Committee on Finance and Economic Affairs

Finance, Votes 1, 5, L10, 15, 20, 25, L30, 40 and 45

National Revenue, Votes 1, 5, 10 and 15

Privy Council, Vote 20

To the Standing Committee on Fisheries and Oceans

Fisheries and Oceans, Votes 1, 5 and 10

To the Standing Committee on Government Operations

Consumer and Corporate Affairs, Votes 10 and 15

Governor General, Vote 1

Parliament, Vote 1

Privy Council, Votes 1, 5 and 25.

Public Works, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, L65, L70, 75, 80, 85 and 90

Secretary of State, Vote 15

Supply and Services, Votes 1 and 5

Treasury Board, Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on Human Rights

Justice, Vote 10

To the Standing Committee on Justice and Solicitor General

Justice, Votes 1, 5, 15, 20, 25, 30, 35, 40 and 45

Solicitor General, Votes 1, 5, 10, 15, 20, 25 and 30

Privy Council, Vote 30

To the Standing Committee on Labour, Employment and Immigration

Employment and Immigration, Votes 1, 5, 10, 15, 20, 25 and 30

Labour, Votes 1, 5, 10 and 15

To the Standing Committee on Management and Members' Services

Parliament, Vote 5

To the Standing Committee on National Defence

National Defence, Votes 1, 5 and 10

To the Standing Committee on National Health and Welfare

National Health and Welfare, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60, 65 and 70

To the Standing Committee on Public Accounts

Finance, Vote 35

To the Standing Committee on Regional Industrial Expansion

Regional Industrial Expansion, Votes 1, 5, 10, 15, L20, L25, L30, 35, 40, 45, 50 and 55

To the Standing Committee on Research, Science and Technology

Science and Technology, Votes 1, 5, 10, 15, 20, 25, 30 and 35

To the Standing Committee on Secretary of State

Secretary of State, Votes 1, 5, 10, 20, 25 and 30

To the Standing Committee on Transport

Transport, Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, L55, 60, 65, 70, 75, 80, 85 and 90

To the Standing Committee on Veterans Affairs

Veterans Affairs, Votes 1, 5, 10, 15, 20 and 25

That Privy Council Vote 15 be referred to the Standing Joint Committee on Official Languages and that Parliament Vote 10 be referred to the Standing Joint Committee on Parliament.

That a message be sent to the Senate to acquaint Their Honours thereof.

Motion agreed to.

* * *

SUPPLEMENTARY ESTIMATES (A), 1987-88

REFERENCE TO STANDING COMMITTEE ON AGRICULTURE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, pursuant to the provisions of Standing Order 82(16), and Standing Order 83, I move, seconded by the Hon. Member for Simcoe South (Mr. Stewart):

That Supplementary Estimates (A) for the fiscal year ending March 31, 1988, laid upon the table earlier this day, be referred to the Standing Committee on Agriculture.

The Acting Speaker (Mrs. Champagne): Is that agreed?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, the following questions will be answered today: Nos. 67 and 69.

[*Text*]

CUTBACKS IN RESEARCH PROGRAMS

Question No. 67—**Mr. Althouse:**

For the fiscal years 1985-86 and 1986-87, were any program, funding and person-year cutbacks imposed on the vital in-house animal production and food safety research programs of Agriculture Canada and, if so, what were they?

Hon. John Wise (Minister of Agriculture): The animal productivity research and food research programs were cut back by means of funding and person-year reductions as follows:

	($000's) 1985-86	1986-87
Animal Productivity Research		
Funding	1,011.3	4,744.1
Person-Years	—	13
Food Research		
Funding	1,507.5	1,249.3
Person-Years	—	—

AGRICULTURE CANADA RESEARCH STATION, KENTVILLE, N.S.

Question No. 69—**Mr. Althouse:**

Is there a project to replace the poultry barn at the Kentville, Nova Scotia, Agriculture Canada Research Station and, if so (*a*) what is its present status (*b*) what amount was budgeted for it (*c*) at what time will it be completed?

Hon. John Wise (Minister of Agriculture): (a) Agriculture Canada does not have a project to replace the poultry barn at Kentville. Departmental officers are presently having consultations with the Province of Nova Scotia, the poultry industry and universities to determine the nature and scope of poultry research in the Atlantic provinces. The question of construction has not yet been decided.

(b) Unknown at this time.

(c) Unknown at this time.

[*Translation*]

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

[*English*]

The Acting Speaker (Mrs. Champagne): Questions as enumerated by the Hon. Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

The Acting Speaker (Mrs. Champagne): I wish to inform the House that because of the ministerial statement, Government Orders will be extended by 47 minutes beginning at one o'clock p.m.

• (1210)

GOVERNMENT ORDERS

[*English*]

CANADA SHIPPING ACT

MEASURE TO AMEND

Hon. George Hees (for the Minister of Transport) moved that Bill C-39, an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof, be read the third time and passed.

Mr. Pat Nowlan (Annapolis Valley—Hants): Madam Speaker, indeed it is a pleasure to speak on behalf of the Minister of Transport (Mr. Crosbie), who is gainfully employed otherwise in parliamentary business on the West Coast today, on third reading stage of Bill C-39. As Your Honour said, this is an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act, and the Oil and Gas Production and Conservation Act in consequence thereof.

The Canada Shipping Act is the principal legislation covering the shipping activities of foreign ships in Canadian waters and Canadian ships anywhere in the world. It is primarily concerned with safety of life at sea and protection of the marine environment.

Improved safety is a major objective of the Government. It is recognized, for the first time, in the new National Transportation Act which has just been referred to the Standing Committee on Transport. The Government has introduced many measures for the safety of the travelling public. To name a few, the Aeronautics Act was amended in 1985, and regulations on the transport of dangerous goods were implemented in the same year. A national safety code is included in the Motor Vehicle Transport Act, which is now before the House. As Hon. Members know, rail safety legislation is under development, and legislation for a multimodal accident investigation board is being seriously considered. The Bill respecting the Canada Shipping Act is another piece of the comprehensive plan for safety in the transportation system. Hon. Members will recall that the Bill was introduced in the House in the fall of 1985, and that debate on it was ongoing when the House recessed in June and subsequently prorogued in August last year. At that time the Bill was known as Bill C-75.

I believe the purpose of the Bill was supported by all Parties in the House, that is, safety at sea. However, the mechanism of cost recovery was not supported. The Bill before us now does not include the cost recovery clause.

Some Hon. Members: Hear, hear!

Mr. Nowlan: Bill C-75 was extensively discussed at second reading stage in the House of Commons and in the legislative committee. I compliment the then Parliamentary Secretary to the Minister of Transport, the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall), who really had the carriage of the Bill before the legislative committee. I also compliment several members of the Opposition, including primarily the Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin) and the Hon. Member for Thunder Bay—Atikokan (Mr. Angus), on their very active and constructive interventions at the time. They were very vigorous in their presentations before the legislative committee. It was very interesting to be a part of that process. I compliment that committee and of course its chairperson, the Hon. Member for Brant (Mr. Blackburn), who discharged his very challenging task with unexpected and imaginative decorum.

In this complimentary stage, I also compliment the House Leaders for agreeing to the present House order so that a Bill which had received many hours of debate at second reading and before the legislative committee did not die with the

prorogation of Parliament. In effect there was an agreement to bring it back to the House, basically with the removal of Clause 4, so that we could give the Bill third reading and have it passed. I compliment the House Leaders for that agreement. As a result we have third reading stage today.

The matter has been extensively discussed. Over 60 witnesses representing 28 associations and organizations presented briefs to the legislative committee. More than 20 amendments were made to the Bill as originally introduced. As a result of the committee's work, I believe the Bill has been improved and will go a long way, in an era of advancing marine technology, to keeping Canada in the forefront of maritime and marine safety. Those amendments are an indication that the Government and government Members have listened to the constructive suggestions as reflected in the legislation now before the House.

I should now like to comment on some of the important features of the Bill relating to safety and the protection of the environment. During committee hearings the exclusion clause in respect of Canadian mobile offshore drilling units, also known as MODUs, was removed. The Bill now provides that regulations covering certain certification and training, design and construction, and accident prevention for MODUs, when submitted for Governor in Council approval, will be jointly recommended by the Minister of Transport and by the Minister of Energy, Mines and Resources. There is precedent for the interesting innovation of a joint recommendation by two Ministers in Part IV of the Canada Labour Code. While it is an innovative procedure, it is an interim solution, as the Minister of Energy, Mines and Resources (Mr. Masse) is considering measures pertaining to mobile offshore drilling units. Hon. Members will recall the omnibus Bill respecting MODUs which was recommended by the royal commission investigation of the *Ocean Ranger* marine disaster.

Bill C-39 will permit the strengthening of Canadian participation within the international maritime organization and the international shipping community. It will allow Canada to accede to six international conventions and five codes dealing with the certification of masters and seamen, ship constructions, tonnage measurement, liability and compensation, and prevention and control of pollution from ships. The most important conventions are those relating to the standards of training, certification, and watch-keeping for seafarers; the convention for the prevention of pollution from ships, MARPOL; the associated conventions on civil liability for oil pollution damage and for the establishment of an international fund for compensation for oil pollution damage. The codes will also deal with construction and equipment for liquefied gas carriers, chemical carriers, mobile offshore drilling units, and the safety of dynamically supported craft. As you can see, Madam Speaker, the Bill is an omnibus Bill, covering all these areas which can potentially create many problems in the sea.

Penalties for oil pollution will be increased. Existing penalties of $100,000 will be increased to $200,000 and, for contravening the regulations prohibiting the discharge of pollutants, the penalty will be increased from $100,000 to $250,000. The present penalty for a master who does not give reasonable assistance to a pollution prevention officer will be increased to $10,000 from the present $5,000 in the old Bill.

The Bill also revises and improves the scheme for liability and compensation for oil pollution damage. It will allow small claimants, such as fishermen and small boat operators whose property is damaged by oil pollution, to claim directly against our own domestic ship source oil pollution fund without having first to claim against shipowners, as is now the case. This will help eliminate lengthy and costly legal proceedings which now face many small claimants.

I should like to talk about certification of pleasure craft operators for a moment. It appears that members of the boating public and various boating associations believe that certification would be introduced for all types of pleasure craft. I should like to stress that this is not the case, again as a result of the very vigorous debate of the issue in the legislative committee.

In order to reassure the boating public, and in response to concerns expressed by Members and the general public, the Bill has been amended to exempt pleasure yachts of less than 20 metres, and vessels, boats, and craft of any length which are propelled manually by oars or paddles. This gets away from the interesting original interpretation of the definition that one might require certification of a rowing shell. Certainly that was never the intent of the legislators, even though it may have fallen within the imagination of the interpreters. Our intention here to is to clarify the issue of operator licensing for small pleasure craft and at the same time to provide enabling legislation which would allow the Government to respond to future certification requirements because of the size and power of the yachts involved.

• (1220)

I should now like to discuss the most controversial item in the Bill. Clause 4 deals with charges relating to navigational services. As the Minister has mentioned several times, the desirability of putting in place the important safety provisions contained in the Bill have led the Minister to withdraw the cost-recovery clause and re-introduce this legislation. This does not mean, however, that the Government has abandoned its commitment to deficit reduction of which the cost-recovery provisions of the Bill were an integral part. We continue to believe that the users of the Department's facilities and services including those provided by the Coast Guard should pay for a fair share of those incurred costs.

The Minister has accordingly instructed his Departmental officials to consult all interested parties on the principles that should govern the cost-recovery process and on the ways in which these principles could be implemented. The results of this consultation will be reported to the Minister and will be used as the basis for a return to Cabinet for approval to proceed with new enabling legislation for the introduction of

charges for services provided by the Coast Guard. It will have to return to the House at some time depending upon consultation and depending upon final agreement and/or the Cabinet's decision.

I think the Government has given proof of its willingness to listen to representations made by witnesses and by all committee members and to react to these representations in a most positive and constructive way. Members of all Parties will understand the importance of this legislation to the shipping community and to shipping activities in Canada. This Bill significantly improves and modernizes a 50-year-old Act that dates back to 1936.

I urge Hon. Members to consider the important safety features which are fundamental to the amendments to the Canada Shipping Act and to recognize the improvements that have been made in this legislation as a result of this Bill. Therefore, in the interests of marine safety, I ask in the name of the Minister that this House give expeditious passage to this legislation which has been long awaited both nationally and internationally.

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Madam Speaker, I am pleased to rise again to participate in the debate on this Bill. In fact, the last time I had the opportunity to participate in the debate on this Bill it was entitled Bill C-75. At the end of last June, as I recall, I was about seven hours into my speech and was just warming up on the measure called Clause 4, that Draconian clause, when the Speaker, not intentionally I am sure, rose to his feet to inform us that the House was rising for the summer. Unfortunately for the Government, fortunately for the marine industry of Canada, the result of the interruption by the Speaker of my speech, which I now hope to continue today, was that the Bill was lost and had to be re-introduced.

I enjoy hearing from the gentleman who has just spoken. He is a very able Chairman of the Transport Committee.

Mr. Gauthier: Should have been a Minister.

Mr. Tobin: He should have been a Minister of the Crown. The Hon. Member for Annapolis Valley—Hants (Mr. Nowlan) would have been an effective Minister of the Crown. He is an enjoyable man, a man who has the ability of convincing a person after he has gone through a time of rough waters in a small boat that he has really been on a short ride in a very pleasant craft. He has just described for the House the air of reasonableness surrounding this Bill. He has described the consideration, consultation, care and attention that has been exhibited by the Government with respect to this Bill. I cannot help but chuckle.

My colleague, the Hon. Member for Westmorland—Kent (Mr. Robichaud), the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) and I moved numerous motions in many different ways designed to have Clause 4 withdrawn from Bill C-75, the former title of the current Bill. Each and every motion was defeated, though not by the Chairman, being the neutral person he is, the wise and able arbitrator of the Transport Committee. He did not speak, express himself or indicate where he stood. However, each and every attempt to withdraw Clause 4 was defeated by the Conservative majority. I know that if the Hon. Member for Annapolis Valley—Hants had been an active participant rather than a neutral Chairman, this colossal mistake and delayed awakening to reality would never have occurred because he would have spoken as clearly, intelligently, persuasively and eloquently as he has today about—

Mr. Angus: Madam Speaker, I rise on a point of order. I would like to point out to the Hon. Member that the Hon. Member for Brant (Mr. Blackburn) was the Chairman of the legislative committee. The Hon. Member for Annapolis Valley—Hants was a member of that Conservative majority.

The Acting Speaker (Mrs. Champagne): The point is well taken.

Mr. Tobin: Madam Speaker, I would simply point out that there is a generous side to my nature. There is a deep and abiding kindness in me that prevented me from pointing out that the Hon. Member was a voting member of that committee that defeated motions designed to do away with Clause 4. I thought that it was more of a reflection of the Hon. Member's other role as Chairman of the Transport Committee, so I was excusing him today, given that he has made such a fine introductory speech.

As it now stands, Bill C-39 is an excellent Bill. I agree with the Hon. Member for Annapolis Valley—Hants on that. It is an excellent Bill in that it deals with reform of the Canada Shipping Act, reform which is long overdue. It makes regulations relevant to conditions today, and for today's shipping environment it is an excellent Bill. It does some rather intelligent things because of amendments, whether they be Liberal, NDP or Conservative amendments, that we were able to have passed as Members working together in a non-partisan way.

We were able to ensure the *Gazetting* of all new regulations so that those people affected by regulations would have a chance to comment on them and appeal them long before they became the law of the land. That is a very important change that democratizes the power of Cabinet to make changes by Order in Council without coming to the House. We were able to ensure that the many hundreds of thousands of Canada's pleasure craft were not caught up in bureaucratic red tape by exempting them where it was appropriate. Of course, there were dramatic increases in the pollution fines that had been in place in the old Bill.

It is important to note that while the introduction of this Bill without the dreaded Clause 4 would be a major recognition of the difficulty of the shipping industry in Canada, and particularly the St. Lawrence Seaway system, the committee has been responsible for providing for some very severe penalties to be imposed on those shippers who pollute, notwithstanding their

ability to pay under the user-pay clause that was withdrawn in recognition of that difficulty. We increased dramatically and severely the fine for those shippers who would pollute the Canadian environment. There has been an increase from $100,000 to $250,000 for the discharge of pollutants. There will be fines of $200,000 for offences under pollution law committed by persons or ships. There will be fines of $10,000 for failing to comply with pollution officers. I think these are very important changes.

I said that the Bill was an excellent Bill insofar as it deals with the subject matter that exists in it. It is a great shame that this Bill does not deal with the recommendations of the Royal Commission on the *Ocean Ranger* disaster. Every Hon. Member will recall that horrific day when we woke up and heard the news that 84 men had lost their lives on the *Ocean Ranger*, that unsinkable oil rig which went down in the wild Atlantic waters off Newfoundland. Every Hon. Member will recall the painstaking work that was done, that $15 million exercise which took over nearly three years, by the Royal Commission on the *Ocean Ranger* disaster. That work was done to find ways to ensure that this kind of loss of life would never happen again to the extent that it was a result of human or mechanical failure.

• (1230)

One of the central recommendations of that Royal Commission, a fundamental pillar of that $15 million report, was that the operation of oil-drilling rigs should be covered under the Canada Shipping Act. It was ludicrous that that kind of activity was governed by the authority of the Minister of Energy, Mines and Resources (Mr. Masse) when every other ship or vessel, including garbage scows, had to be regulated by the Minister of Transport (Mr. Crosbie). It was ludicrous that these rigs, examples of evolutionary technology operating in the most hazardous of conditions, were not covered by the Canada Shipping Act. The Royal Commission said, cover these rigs under that Act, ensure by law, not as a result of goodwill, that the masters on those vessels are properly certified and trained. We know many of the rigs operating off the East Coast have not had properly certified masters as determined by the Canada Shipping Act. Despite the fact we in this Party moved amendments, supported by the NDP, to achieve that inclusion under the Act, despite the fact that I know every member of the committee, even those of the Conservative Party, realized the wisdom of the Royal Commission recommendation, no such provision can be found in Bill C-39.

No one has ever given a rational explanation for that. The Hon. Member who spoke on behalf of the Government in introducing the Bill made reference to an interim measure. The Bill was debated for two years and all that could be found was an interim measure. Let every Member pray to the man above that there is not another disaster while we implement an interim measure.

We should have acted but what prevented us? Was it because we were not able to draft the appropriate regulations? Was it because the companies were opposed to being included under the Canada Shipping Act? Was it because the coastal provinces were opposed? Was it because the people who were going to sea and putting life and limb at risk were opposed to being included under the Act? They were not. Why was it? It was because we have this twisted mentality in Ottawa from time to time which says Ministers' Departments are empires. Every piece of regulatory machinery you can attach to your Department binds your empire and expands your status. The then Minister of Energy, Mines and Resources, now the Minister for International Trade (Miss Carney), refused to give up that power. It was a ministerial battle between the current Deputy Prime Minister (Mr. Mazankowski) and the former Minister of Energy, Mines and Resources who refused to give up that bit of authority because it was a reflection on her empire.

Why were we unable to ask ourselves about what was in the best interests of the men and women who work on those rigs?

Why were we unable to ask ourselves what was in the best interests of the industry? Why did ministerial ego prevent a very important amendment from being included in Bill C-39? I raise that today, not to be sour about what I think is an otherwise good Bill but because I want the Government to know, particularly those government Members who serve on the Standing Committee on Transport, that an interim measure is not good enough.

The drive to ensure the proper regulation and protection of workers in the offshore will not be forgotten with the passage of this Bill. The impetus will not be lost today because this Bill, flawed at least in that respect, has passed. Another ten years cannot go by before we provide rational and proper regulations and protection for those who work in one of the most dangerous environments in the world, the waters of the northeast Atlantic. There should not have to be another *Ocean Ranger* disaster with 84 lives lost. There should not have to be another $15 million story told about that disaster. Parliamentarians have to find the backbone to override the bullying caused by departmental empire building and see that a long overdue amendment to the Bill is passed.

As I said, the withdrawal of Clause 4 is a note of recognition by the Government that you cannot simply proceed with legislation which enables the Government to raise funds in a holus-bolus manner. You cannot ask for authority to impose fees on the basis that you will tell the people concerned later on what the fees are going to be. That is the equivalent of giving someone a rifle, a bullet, and they then load the gun and pull the trigger, without knowing who that person is going to shoot at. No one in his right mind does that. You do not pass a loaded weapon to someone unless you know what he intends to use it for. Here the Government was asking for a loaded weapon in the form of a blank cheque and it would tell the industry later how it was going to use it.

A subcommittee of the Standing Committee on Transport has been struck to look into the problems of the St. Lawrence Seaway. The at least temporary withdrawal of Clause 4 and user-fees will cause some comfort to those operators who are part and parcel of the St. Lawrence Seaway. However, that is not enough. The Seaway has two problems which the Government has to address soon, and separately from this Bill, and they need to be flagged in this debate. I read an article in *The Toronto Star* the other day which started off, "Canada's heartland, Ontario and Quebec, is fed by a thick vein of filth, the St. Lawrence River". That is an environmental reality we have to come to grips with. We have dealt with it in this Bill, to some extent. We have dramatically increased the fines for discharging pollutants from ships. However, we have to find a way to deal with the pollution being dumped in the river by companies who operate along its banks.

There is a second problem. Even as the Government announces it is withdrawing Clause 4 it has in the same breath said it is going to consult, and that we applaud, but it intends to come back as soon as possible with an amendment to impose user-fees. Traffic along the St. Lawrence Seaway has dropped dramatically, 40 per cent or more, over the last handful of years. At a time when Canada is pursuing a user-pay philosophy for services which have historically and traditionally been provided by the Canadian Coast Guard through navigational aids and so on, the U.S. Government is taking a different attitude. It is moving towards toll decreases. It recognizes that the St. Lawrence Seaway Authority is not just another Crown corporation which has to show a profit at the end of the year. It is really an intricate part of Canada's industrial heartland. You cannot, in a ledger or bottom-line style, impose user fees on a service that is in decline and not affect the industrial strategy of the country.

• (1240)

I, for one, eagerly await the report of the subcommittee of the Department of Transport on the St. Lawrence Seaway to see what recommendations it will come forward with. I hope the Government is eagerly awaiting it as well and will be prepared to act. Otherwise, the system which is now in decline is not likely to survive as a major transportation artery beyond the turn of the century. That is not at all an exaggeration. The pessimist would say that the death-knell has already been rung. I do not believe it. It is up to government and Parliamentarians to act.

It was worrisome for me to note in today's Estimates that the budget of Marine Atlantic has dropped by $70 million over last year. Marine Atlantic provides a service rather than a sightseeing route by the sea of Atlantic Canada. I am talking about the ferry service. It is not the pleasant way to go out and get some salt air and see some fine scenery in Atlantic Canada. It may be for tourists, and we welcome them in droves, but for the people of Atlantic Canada, Marine Atlantic and its ferry services is the primary and, in many cases, only means of transportation.

The $70 million cut announced today in the Estimates, accompanied by dramatic rate increases over the last two years, is another unpleasant signal to the regions. It is the kind of thing which causes a gentleman whom I do not accuse of always being the most rational in the world, Premier Peckford of Newfoundland, to make noises about separatist sentiment. I have no time for those who would seek to cure the ills of their particular region, be it in the West, in Atlantic Canada or in Quebec, by raising the spectre of separatism. I have no time for that kind of talk. However, when I hear it raised I assume there is a problem. This cut-back announced today is part of the problem.

The budget of the Canadian Coast Guard has been cut by $9 million. Under the proposed Clause 4 of Bill C-75 the fishermen of Atlantic Canada run the risk of receiving a bill if they thought they were in trouble, radioed the Coast Guard, and subsequently found that they were not in trouble. They run the risk of being billed for asking for emergency help. A man in a boat on the high seas who was not sure whether or not he was going down might hesitate to ask for help because he may have to pay for asking the Government of this great marine nation to come to his aid. Clause 4 is gone, but the cut-backs were announced today in the Estimates tabled not two hours ago by the Minister responsible for the Treasury Board. That will have a negative impact on our ability to help men in trouble.

I had a very unpleasant and difficult task to perform last month. I had to go to the small community of 125 people called Bar Harbour. I had to go into a house and sit at a table with four women, all widows, who had been married to four brothers who fished one boat. They were lost off the south coast of Newfoundland adjacent to the riding of my colleague, the Member for Burin—St. George's (Mr. Price).

I have been in this place for seven years. We sometimes get blinded by the glare of the chandeliers, the richness of the wood paneling and the lustre of the carpet. We tend to think about the the Coast Guard only in terms of numbers. We tend to think about service only in terms of political debate and, to be very frank, scoring political points. Sometimes it takes that kind of meeting to make us realize that $9 million is more than a number, more than an adjustment to the bottom line. A decrease of $9 million in the budget of the Canada Coast Guard represents the ability of the excellent men and women who work for Canada's Coast Guard to respond to those in distress. We have again today taken away a considerable measure of the Coast Guard's ability to respond and install the navigational aids which are necessary for safe shipping. I hope the Government will reconsider this. There are many other cuts that I could talk about, many of which are considerably larger than $9 million. However, I earmark this one and hope the Government will consider withdrawing such a cut in such an essential service.

With these remarks I conclude my comments on Bill C-39. I urge that the Bill be passed as agreed in discussions between all three Parties after my colleague, the transport critic, says a

few words. I would like to join with the Member for Annapolis Valley—Hants in congratulating all Members, including my colleague, the Member for Westmoreland Kent, and my colleagues in the New Democratic and Conservative Parties who worked on this Bill. I believe that this is a good piece of work. However, at the first opportunity it must deal with the problems of the oil and gas industry.

Mr. Iain Angus (Thunder Bay—Atikokan): Madam Speaker, today is a very significant day for back-benchers and opposition Members in this House. We have before us at third reading stage, by unanimous agreement, Bill C-39, which is the infamous Bill C-75 recycled. I say it is a good day for back-benchers because we, particularly on the opposition side, have been able to convince one of the largest Governments in the history of this country to change its approach to the very fundamental issue of cost recovery in the marine sector.

I would like to refer to the history of this Bill in a parallel action, which sets my Party apart from that of the Government on the issue of the marine sector. The Government made a conscious decision that it had to extract more money from the users of the marine service, particularly those operating within the St. Lawrence Seaway-Great Lakes waterway system. I, on the other hand, along with my colleagues, believed that we first had to examine the problems of the St. Lawrence Seaway and the marine sector to learn what was preventing them from making a buck, from keeping people employed, and from moving goods from east to west, or west to east.

To this end, as long ago as July 10, 1985 I wrote to the chairman of the Transport Committee who spoke on behalf of the Government today, requesting a full scale review of the Seaway. Later that month my colleague, the Member for Thunder Bay—Nipigon (Mr. Epp), and I wrote to the Prime Minister (Mr. Mulroney) outlining major problems on the Seaway and asking for a comprehensive approach to be taken. The Government's response was the introduction on September 24, 1985 of Bill C-75, a Bill to amend the Canada Shipping Act, among others. That Bill contained one contentious clause. It was Clause 4 which provided the Minister of Transport (Mr. Crosbie) with the power to levy charges for Coast Guard services. Those charges could be up to 100 per cent of the actual cost of providing that service.

• (1250)

While those of us who deal with Bills that come before the House realize that it is not easy to receive a Bill the same day that it is tabled, I managed to get a copy of it before returning to Thunder Bay. Immediately upon reviewing the Bill, I knew that Clause 4 presented a severe threat to the viability of the Great Lakes and St. Lawrence Seaway. This included the viability of the Port of Thunder Bay, part of which I represent, as well as other ports along the system. It was a threat to coal miners in British Columbia, potash miners in Saskatchewan and grain farmers in the West. It was a threat to end users like Ontario Hydro, farmers who use potash products and container carriers who move part way through the St. Lawrence Seaway system. I wrote to the industry warning them about Clause 4 of the Bill. I asked them to review that clause and prepare for what might be a major battle to protect their interests.

Second reading debate of the Bill took place on October 15. The Minister of Transport began with the normal overview of the intentions of his legislation. The Member for Davenport (Mr. Caccia) spoke on behalf of the Liberal Party. He spoke entirely about the impact of increased shipping in the North, especially with respect to Lancaster Sound. In fact, his concluding words were, as reported at page 7623 of *Hansard*:

> Therefore, the Minister of Transport and his Government owe this House as well as the affected communities a thorough explanation as to what the long-term policy of this Government is in relation to year-round oil tanker traffic in Arctic waters. This is the basic policy direction which has to be understood on second reading of Bill C-75.

Clearly, the spokesman for the Liberal Party had not been briefed or did not fully understand the issue before us. Other Members who spoke later began to deal with the issue, and I appreciate their support in that campaign.

Let me return to the chronology of this Bill. The Legislative Committee, chaired very capably by the Hon. Member for Brant (Mr. Blackburn) from my Party, had its first organizational meeting on October 22, 1985. It did not meet again until January 23, 1986, when we met the Minister of Transport.

In the meantime, the four members of the Transport Committee, including myself, the Hon. Member for Regina West (Mr. Benjamin), the Member for Humber—Port au Port—St. Barbe (Mr. Tobin) and the Member for St. Catharines (Mr. Reid), wrote a letter to the Chairman of the Transport Committee asking for a review of the Seaway pursuant to Standing Order 72(b). That letter was distributed to the industry early in the new year. The Legislative Committee held eight public hearings between January 30 and February 13 where we heard 28 witnesses. Quite frankly, all but one of those witnesses strongly opposed Clause 4 and the cost recovery mandate.

I want to recall my speech in the House during second reading of this Bill because one reason for opposition to this clause was the matter of process. Opponents of this clause believe that no Minister should have the power to unilaterally charge any price and that there should be prior consultation. They wanted to know what this clause would mean to them as shippers, carriers or communities that depend on shipping for their livelihood.

Let me quote what I said during that debate on Tuesday, October 15, 1985, as reported at page 7628 of *Hansard*:

> What I would like to see happen is for the Minister to remove voluntarily Clause 4 from the Bill and refer it and all other user fees in the marine industry to the Standing Committee on Transport so that the philosophical aspect can be dealt with. In that way we can have hearings focusing on the impact of user fees on marine transportation.
>
> That would allow this Bill to go through in the expedient manner that he has asked for. In that way the positive aspects of the Bill can be put in place, as they most appropriately should be, with the controversial element removed from the

Bill, thus giving us an opportunity to examine that issue with the industry, with the users, with the workers.

In that way we can take a good hard look at the whole question of the cost of using the Seaway system and the costs of using our ports. It also will allow us to work with the United States in doing these things in concert.

The Government finally accepted that recommendation some 16 months later. It had an opportunity at that time to remove Clause 4 from the Bill by accepting the words of caution from opposition Members, primarily myself, and allow the rest of what is basically good legislation to proceed. I guarantee that if the Government had done so, the Bill would have been passed in the House by April, 1986 at the latest. All of these important steps to upgrade Canada's maritime law, which has not been upgraded for 50 years, could be in place today.

Although this Bill will pass today, it still must receive Senate approval and Royal Assent. The regulations must be written and gazetted. These important changes will not be in place for some months to come. The Government made a grave strategic error by bootlegging in Clause 4, such a fundamental philosophical clause on cost recovery, to a Bill that was designed as a technical mechanism to bring Canada into the 21st century in terms of marine law. If there is any blame for the delay in improving this Bill, it lies with the Government. I regret that government Members on the Legislative Committee were not prepared to listen to representations made to them. Unfortunately, they did as they were told and retained Clause 4, which I sincerely believe they knew was wrong.

Since the decision to reintroduce this Bill without Clause 4, two members of that Legislative Committee have risen in the House to say the Bill ought to be brought back without Clause 4. While I applaud that gesture, they would not have done so had it not been for the coalition that developed. It was a diverse coalition of shippers, carriers, communities, labour and management.

During the last week of June, the sub-committee on the St. Lawrence Seaway held hearings in Thunder Bay. Although the hearings did not concern Bill C-75, everyone who made representations said that Clause 4 of the Bill had to go. These witnesses included the radicals, some New Democrats in Thunder Bay, the Chamber of Commerce, the Labour Council as well as two past Conservative federal candidates. They were members of City Council, they were Liberals and New Democrats. The community of Thunder Bay united in opposition to this particular clause. The community set aside philosophy and partisan politics because it realized it is so important to our survival and we have to fight against it. The community united just like other communities elsewhere along the system. Fishermen in Atlantic Canada and on the West Coast, shippers and carriers all pulled together and extraordinary lengths were gone to in order to convince the Government of the error of its ways. In fact, I do not know for sure but I have been told of individuals placing in the inside pocket of the Prime Minister letters directed to him. This was done by passing staff, aides and so on who were basically saying: "Smarten up. What you are doing is going to hurt us".

• (1300)

I am pleased today that we have reached the point of seeing good legislation brought in without Clause 4 tagging along. I know that people in the Great Lakes area and the St. Lawrence Seaway will be very pleased about this. However, they also know the battle is not over. We still have to go through the process of negotiatons with the Government on cost recovery in the marine sector, and these people are betting it is going to take a year and a half to two years and then what will happen is we will have another election. They know these folks are not going to be around so they do not have to worry about this kind of Bill being brought forward, at least by this Government.

There are two other areas in the Bill I would like to refer to briefly because they are important matters which I raised in committee. The amendments were not accepted by the Government members. One amendment was withdrawn because of a statement made by the counsel to the Department, which advice we have since found was erroneous. There are two areas to which I would encourage the Government to give consideration. I put it in that context because I realize on third reading I am not allowed to make amendments.

We heard from a group of aboriginal peoples who were concerned with the impact of travel through the Arctic by ship. They were concerned about the fact that these people who are guiding the ship, while they are very well qualified technically in terms of getting from point A to point B and doing so without endangering the lives of the passengers and crew or the vessel itself, did not understand the nuances of the Arctic. They did not understand migration patterns of the wild life which may in fact be severely interrupted by the passage of a vessel breaking through the ice, or the nomadic patterns of the hunters. What the aboriginal people recommended, and what I tried to put forward in an amendment in committee, was that provision be made for what I refer to as "special aboriginal guides" to be placed on those vessels which are travelling through the Arctic waters. I think the Government would be doing an excellent service to those peoples if it brought back a Bill at a later date which deals with that matter by itself.

There was one area where there was some contention within the committee dealing with the situation where orders go from the shore which supersede the orders of the captain or pilot. There was concern expressed by the Canadian Merchants Services Guild, which is one of the organizations which appeared before the committee, that there was some ambiguity in the wording of the legislation. We received just recently from Mr. Jacques Rousseau of the Law and Government Division, Research Branch of the Library of Parliament, who was assigned to the Senate Committee on Bill C-75. He reviewed the testimony before the legislative committee and offered the following:

Clause 70 of Bill C-75 was incorporated in the portion of the Bill dealing with vessel traffic service. This clause proposed to create offences in this area of the shipping legislation. It also proposed, with regard to some of those offences, that the following defence to a charge be provided for by proposed section 635.19(2) of the Bill:

It is a defence to a charge under subsection (1) of contravening a regulation made under paragraph 635.16(c), subsection 635.18(3) or a direction referred to in paragraph (1)(c) that the master, pilot or person in charge of the deck watch of the ship had reasonable grounds to believe that compliance would have imperilled life, the ship or any other ship or any property, and, in the case of contravening a direction referred to in paragraph (1)(c), notified the person who gave the direction as soon as possible of the contravention and of the reasons therefor.

The Canadian Merchant Services Guild wanted this proposed subsection to be amended so that the master, pilot or person in charge of the deck watch would be able to plead a defence of "due diligence".

Mr. Rousseau stated that the amendment I moved during the clause-by-clause study of Bill C-75 was designed to achieve that very purpose. At that point, Mr. Popp, the General Counsel of the Department of Transport, Admiralty and Maritime Law, made the following statement:

The only observation I would make is that we do not see how the wording of the proposed amendment is an improvement over the very precise language that you now have in proposed (subsection 635.19 (2)).

In other words, I am suggesting that the words in the motion seem to be more vague than the very precise language in the bill.

Mr. Rousseau continues:

The explanation given by Mr. Popp suggests that the defence of "due diligence" and the defence provided by proposed subsection 635.19(2) of Bill C-75—

and now Bill C-39.

—are the same and that, consequently, an amendment providing for the defence of "due diligence" as you moved is useless. If such were the case, it is clear that the amendment you moved was not opposed by the Government as a matter of principle, but rather because the wording of proposed subsection 635.19(2) was already providing for the purpose sought to be achieved by your amendment.

However, as I will now undertake to explain, the defence of "due diligence" and the defence provided for in proposed subsection 635.19(2) are two different things.

The defence provided for in proposed subsection 635.19(2) may be described as a statutory defence of necessity. Proposed subsection 635.19(2) offers a defence of necessity in cases of wilful violations of a regulation, for instance where the captain had reasonable grounds to believe that compliance would have imperilled life. The defence of "due diligence" is one that permits the person charged to explain that despite the fact he or she took all reasonable measures to comply, apparent commission of the offence occurred without his or her having intended to do so.

At law, there is a presumption that the defence of "due diligence" is available to the person charged. However, by its very nature, a presumption can be overturned by the language—

I wonder, Madam Speaker, if I could have just a few more minutes by unanimous consent?

The Acting Speaker (Mrs. Champagne): Is there unanimous consent?

Some Hon. Members: Agreed.

The Acting Speaker (Mrs. Champagne): The Hon. Member may continue.

Mr. Angus: I thank Hon. Members and you, Madam Speaker.

—used in the statute prescribing the offence. In the case of proposed subsection 635.19(2), it is not clear, to say the least, whether the words used in proposed subsection 635.19(1) leave open to persons eventually charged the possibility of availing themselves of the benefit of the defence of "due diligence".

Clearly there is a dispute between the counsel for the Department and the interpretation of the researcher of the Library of Parliament. I wrote to the Minister's office on Friday last and requested this be reviewed with a mind to bringing in an amendment today but, obviously, because of consultation we have had, that cannot happen. Therefore, I would encourage the Minister to have his officials review this matter, as well as the matter of the aboriginal guides, and bring in separate legislation. I know I can speak for my caucus when I say that we would give fairly quick and speedy passage to the two amendments. I am sure other Hon. Members will consider that as well.

• (1310)

I would like to reiterate my pleasure at being here today in the House speaking to this very important matter. It shows that a back-bench Member of Parliament, an opposition Member of Parliament, can have a major influence if he or she does the homework, develops the coalition and the lobbying and can convince the Government to change its approach with respect to a particular piece of legislation. I wish to thank my colleagues on the legislative committee. We had some rocky times. We felt we were being pushed a little bit too fast for our liking. However, we are all colleagues and I appreciate the opportunity to be able to work with them. I know that at 3.30 p.m. today we will be doing just that when we commence our deliberations with respect to the deregulation legislation. I am sure there will be a great deal of conflict with respect to that legislation as well.

Mr. Lewis: Madam Speaker, I rise on a point of order. There have been discussions among the Parties with respect to the most expeditious way of utilizing the time of the House while at the same time accomodating the Hon. Member for Papineau (Mr. Ouellet) who wishes to make a speech on Bill C-39. What we propose is that we adjourn the debate on Bill C-39 at this point in time until after Question Period and proceed to discuss report stage of Bill C-6. If, at the conclusion of his speech—and we have not by any means finalized this—the question is put and a division is requested then we suggest that that division be deferred until 6.15 p.m. this evening at which time we will have dealt with the division of the amendment of the Hon. Member for Ottawa Centre (Mr. Cassidy) with respect to the Budget.

With the unanimous consent of the House I suggest that the debate be now adjourned.

The Acting Speaker (Mrs. Champagne): Is there unanimous consent?

Some Hon. Members: Agreed.

[*Translation*]

ATLANTIC ACCORD—CANADA-NEWFOUNDLAND

MEASURE TO IMPLEMENT

The House proceeded to the consideration of Bill C-6, an Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments, as reported (with amendments) from a legislative committee.

The Acting Speaker (Mrs. Champagne): The Hon. Member for Ottawa—Vanier (Mr. Gauthier) on a point of order.

Mr. Gauthier: Madam Speaker, of course we are at the report stage of Bill C-6 and since the House is sitting past one o'clock our critic is not here now to proceed with the report stage debate of Bill C-6. Personally I would like the House to consider that the agreement we made—

[*English*]

The deal we had with respect to Bill C-39 and Bill C-6 is that the critics of the various Parties would be in the House to speak. They are not here at the moment, but I know that they are *en route*. At least I know that the Hon. Member who speaks on behalf of the Liberal Party is on his way to the House. I wonder if the House would see fit to take its time and to give us a few minutes to allow the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) to get here. We could proceed at this time with the amendments, or at least the tabling of them.

Mr. Waddell: Madam Speaker, I rise on the same point of order. I wish to point out that I am the critic for my Party in this particular area. I am ready to proceed. I think the best way we can proceed is to table the amendments first. Since there are so many clauses and a great deal of material with respect to them I agree with the Hon. Member for Ottawa—Vanier (Mr. Gauthier). Perhaps the Parliamentary Secretary could take us through the amendments in an orderly fashion and provide us with an explanation.

The Acting Speaker (Mrs. Champagne): There are eight report stage motions on today's *Order Paper and Notices* in amendment to Bill C-6, an Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments.

Motions Nos. 1, 3 and 7 will be grouped for debate. Motion No. 1 will be voted on separately. A vote on Motion No. 3 will apply to Motion No. 7.

Motion No. 2 standing in the name of the Hon. Minister appears to seek to introduce a new concept into the Bill. However, there is some doubt in my mind. Therefore, I have decided to let the motion go forward.

Motion No. 4 will be debated and voted on separately.

Motions Nos. 5 and 6 will be grouped for debate but voted on separately.

Motion No. 8 will be debated and voted on separately.

[*Translation*]

Hon. Michel Côté (for the Minister of Energy, Mines and Resources) moved:

Motion No. 1.

That Bill C-6 be amended in Clause 8 by striking out lines 26 to 30 at page 6 and substituting the following therefor:

"(2) Subject to section 101, the *Canada Petroleum Resources Act* and the *Oil and Gas Production and Conservation Act* and any regulations made under those Acts do not apply within the offshore area."

Motion No. 3.

That Bill C-6 be amended in Clause 101 by striking out lines 18 to 34 at page 53 and substituting the following therefor:

"101. (1) Part VII of the *Canada Petroleum Resources Act* applies, with such modifications as the circumstances require, within the offshore area.

(2) The rates fixed by the Federal Minister pursuant to section 80 of the *Canada Petroleum Resources Act*, as they apply to the offshore area, are subject to approval by the Board.

(3) Notwithstanding subsection 78(2) of the *Canada Petroleum Resources Act*, one of the members of the Environmental Studies Management Board established by subsection 78(1) of that Act is to be appointed by the Board on the recommendation of the Provincial Minister.

(4) The Environmental Studies Management Board referred to in subsection (3) shall submit to the Board a copy of every annual report and recommendation submitted to the Federal Minister pursuant to paragraph 79(1)(*d*) or (*e*) of the *Canada Petroleum Resources Act* at the same time the report or recommendation is submitted to the Federal Minister."

Motion No. 7.

That Bill C-6 be amended in Clause 236 by striking out lines 1 to 39 at page 139 and lines 1 to 40 at page 140 and substituting the following therefor:

"236. Notwithstanding section 49 of the *Canada Oil and Gas Act* as it read immediately before the coming into force of this section, where an exploration agreement in relation to any portion of the offshore area was entered into or negotiations in respect thereof were completed under the *Canada Oil and Gas Act* on or after February 11, 1985 and before the coming into force of Part VII of the *Canada Petroleum Resources Act*,

(*a*) the interest owner shall deposit for payment into the relevant fund an amount determined in accordance with subsection 81(2) of the *Canada Petroleum Resources Act*; and

(*b*) where, prior to the coming into force of this section, there has been deposited for payment into the relevant fund in relation to that exploration agreement an amount determined in accordance with section 49 of the *Canada Oil and Gas Act* as it read immediately before the coming into force of this section, the Minister may refund to the interest owner an amount equal to the difference between that amount and the amount required to be deposited under paragraph (*a*)."

• (1320)

[*English*]

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, I wish to make a few remarks on both the amendments recommended

by the legislative committee, as well as the amendments recently tabled by the Government.

The amendments recommended by the legislative committee fall into one of three categories, those arising from Bill C-5, those of a technical nature, and those of a policy nature.

In the first category the vast majority of these amendments are identical to those made to Bill C-5, the Canada Petroleum Resources Act. Since Bill C-6 incorporates Bill C-5 in its entirety, it is necessary to make similar amendments to Bill C-6 to ensure that the two pieces of legislation are consistent.

In the second category there are a number of amendments which are technical in nature, or which are made to ensure that the French and English versions of the Bill are in conformity.

The third category contains amendments recommended by the committee of a policy nature.

There is an amendment to Clause 142 of the Bill. This clause provides for an oil and gas committee whose main function is to review, at the request of an interest holder, any decision made by the Canada-Newfoundland Offshore Petroleum Board. The amendment clarifies the membership of the committee by excluding any members of the board or their staff from sitting on it. This will ensure that the review committee does not include members who work for the organization whose decision is being reviewed. Otherwise, this could be perceived as the board reviewing its own decisions.

There is an amendment to Clause 152 which provides that federal, rather than provincial legislation governing industrial relations would apply to floating exploration and production structures. This reflects the agreement with the province that the intent of the legislation is not to cause any decertification of unions when an offshore structure moves from offshore Newfoundland to offshore Nova Scotia or vice versa. Without this amendment there is a risk that such decertification could occur.

The amendment to Clause 232(4) establishes a sunset provision with respect to the operation of the offshore development fund committee. The mandate of the committee is to monitor and review the implementation of the development fund. The committee would terminate three years after the last payment is disbursed from the fund. This accords with a provision in the development fund agreement which requires all records to be maintained for this same three-year period. It is advisable to maintain the committee for this three-year period, but no longer.

The final policy amendment is to Clause 236 which deals with the payment of levies by interest owners for the environmental studies research fund. Under the new regime established by Bill C-5, interest owners would be liable only for back levies applied during the two years preceding the ownership of the interest. This amendment provides a transition provision to ensure that this part of the legislation is applicable from the date when the Atlantic Accord was assigned. This will ensure that new interest owners, who entered into an exploration agreement between the signing of the Accord and the passage of Bill C-6, will be liable only for the two years of back levies.

I also wish to comment on eight amendments which the Government is introducing at this report stage. Four of these simply replace a reference to the Canada Oil and Gas Act with a reference to the Canada Petroleum Resources Act, the replacement legislation. This replacement legislation, Bill C-5, only received third reading by the Senate on November 6, 1986. Under legislative drafting procedures, Bill C-6 could not refer to the new Act until it had been passed by the Senate.

Three other amendments are also of a technical nature. The amendment to Clause 232(4) changes a citation to the provincial Act which had been incorrectly numbered. The amendment to Clause 239 removes a provision for the coming into force of several other clauses of this legislation. These other clauses will come into force automatically when this legislation is proclaimed. They incorporate sections of the Canada Petroleum Resources Act which has been recently proclaimed.

The third technical amendment is to Clause 233. This amendment is to ensure that the payments from the offshore development fund will be disbursed in conformity with federal government accounting practices.

The eighth amendment is of a policy nature. The amendment to Clause 16 establishes a requirement for the board to purchase liability insurance, the premium which would be paid for by the two governments. As members are aware, it is standard practice for a corporation to carry liability insurance, and to provide indemnity for its board members. However, if the Canada-Newfoundland board is unable to obtain total insurance coverage, an indemnification provision would apply. Under this provision, the two governments would indemnify the board members against any costs and amounts awarded against them, as long as the board members were acting honestly, in good faith, and within the scope of their duties.

I recommend that all Members of the House support the amendments proposed by the committee and the Government. These amendments will ensure that the legislation is technically sound, is in accordance with the Canada Petroleum Resources Act, and reflects the agreements which we have reached with the co-signer of the Atlantic Accord, the Government of Newfoundland.

In closing, I wish to thank my colleagues, the critic for the Liberal Party, and the critic for the NDP, for their co-operation in allowing the report stage of this Bill to receive quick passage.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Madam Speaker, I wish to make a few comments regarding the report stage of this Bill. First, I wish to say that it is unfortunate that this Bill has taken so long. I do not mean that as a criticism of the Hon. Parliamentary Secretary, because he has worked quite well on this. Had it not been for the Hon.

Parliamentary Secretary the report would probably not presently be at the report stage. The opposition Parties have moved quickly on this Bill. The Province of Newfoundland is very anxious to receive some funding under the Canada-Newfoundland Offshore Development Fund Agreement. As far as its own contribution is concerned, it has had these moneys for quite some time.

I wish to mention two of the amendments proposed by the Government. First, Madam Speaker, you have already mentioned Motion No. 2 which is correctly perceived to be introducing a new concept. It is important that the board members be protected from possible liability, but this could certainly be done with a private agreement between the governments. The motion that I am concerned about is not mentioned in this particular grouping. I presume that we will be talking about amendment No. 6 later. Is that correct, Madam Speaker? The grouping presently is Nos. 1, 3, and 6.

The Acting Speaker (Mrs. Champagne): Nos. 1, 3, and 7.

Mr. MacLellan: I wish to say that I hope that this Bill receives passage through report stage today. It is important that it not be delayed any longer, and that the people of Newfoundland have the benefit of the funding that will be forthcoming under the Canada-Newfoundland Offshore Development Agreement.

• (1330)

Mr. Shields: Madam Speaker, I rise on a point of order. Motion No. 6 is a technical amendment to Clause 233 to be in accord with the actual accounting practices of the Office of the Comptroller General. There is no necessity to have specific language appropriating funds. It is sufficient to have a statutory provision authorizing payment of funds from the Consolidated Revenue Fund. It is technical in nature, just to keep in line with our practices.

Mr. Ian Waddell (Vancouver—Kingsway): Madam Speaker, I will deal with Motion No. 6 later. This afternoon I will have an opportunity to give a speech on third reading which will deal with what I think about the Bill and about the disastrous energy situation in the East Coast off Newfoundland and Nova Scotia.

Before beginning discussion on these motions I wanted to raise a matter at the earliest stage of debate after committee hearings, which is now. I am not very satisfied with the manner in which the Bill was dealt with in committee. As a matter of fact, I have been in the House for almost eight years and it was the worst I have ever seen. It was a disgrace.

There were two large Bills containing 200 clauses each. One was Bill C-5 and the other was Bill C-6. The first Bill went through the House and to a legislative committee. It was a Bill dealing with the entire offshore regime which the federal Government controls, that is, the North, the Pacific, the Atlantic—the entire offshore. It mainly dealt with Canada lands. The federal Government controls the North, so it really dealt with a new oil and gas regime for the northern territories. We debated the Bill for a long time. We in the New Democratic Party took a long time in the committee to force the Government to listen to the native point of view. As with many things, such as energy in the North, native people were frozen out. By taking our time on Bill C-5, native people representing different native organizations, as well as the Inuit and other native people from northern Quebec, came to the committee. I hope the Parliamentary Secretary will listen to my remarks. These people appeared before the committee. We forced a hearing for them before the committee in the fine sense of parliamentary tradition. The Government did not buy all their amendments, but at least they had a hearing, which made the Government and its bureaucrats think about some of the concerns of native people in the North *vis-à-vis* energy development. The Bill then went through.

The next thing which happened was that Bill C-6 went before the committee. I indicated to the Government that we would not delay it. Since many of its provisions were similar to the previous Bill, and since it dealt specifically with the East Coast offshore, as the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) just said, and other Members have said, we thought the Newfoundland Government needed the Bill and the money, and we wanted to put it through. I was not about to delay it in committee. However, I pointed out an article by a learned professor at Osgoode Hall in Toronto which appeared in the *Law Journal* and raised some very interesting constitutional matters that may cause the Government of Canada, no matter who is in Government, some problems in the future. I thought it was proper to take at least two days on the Bill.

Hon. Members opposite seem to be talking about something, Madam Speaker. I wonder if it would be possible to have some order. If they are not interested, perhaps they could go outside and talk.

Let me continue. I was a member of the committee dealing with Bill C-6, with the present Parliamentary Secretary conducting it through the committee. At 5 p.m. on the day we were debating the Bill in committee we agreed that we would sit until 5.30 and that consideration of the Bill would be finished on the following day. I then left the committee because I had to attend another meeting. We must remember that there are 210 Conservative Members of Parliament, 30 members of the NDP, and 40 members of the Liberal Party. There are many meetings and it is difficult for us in this Parliament. We have had pretty good co-operation from the Government in other matters, despite its large majority. As I said, the committee was to sit until 5.30. The Liberal Member who appeared before the committee left at 5.20 because apparently his father had heart problems and he had to leave; it was an emergency. Instead of the committee finishing at 5.30, the Parliamentary Secretary and others made motions that the committee wind up the whole Bill and go through every clause. Only Conservative Members were present when the committee wound up its consideration of the Bill by 6 p.m.

and pushed it through. In my view that was unparliamentary. If one cannot take a person's word, that person is very diminished in my view.

The committee was chaired by the Hon. Member for Bow River (Mr. Taylor). It is a matter of public record who else was on it. It was pushed through by the Parliamentary Secretary. If I were the Prime Minister of Canada, I would not promote that Parliamentary Secretary. Thankfully for him I do not have any choice in that matter. However, this matter should be raised in Parliament, and I will send it to the Prime Minister's Office. How can they expect co-operation from us—

The Acting Speaker (Mrs. Champagne): Order. I understand the Hon. Member's concern. I am sure he has many ways to let it be known. However, I am trying to understand how it relates directly to Motions Nos. 1, 3, and 7 which are now being debated in the House. Perhaps the Hon. Member would indicate that relationship to the Chair.

Mr. Waddell: Thank you, Madam Speaker, and thank you for letting me put it on the record. Parliament works by people co-operating in Parliament. When those kinds of tricks are played, why should people co-operate? It seems to me that co-operation is what the parliamentary system is about. It is about fighting hard, but essentially co-operating and playing clean. A day will come when the Parliamentary Secretary will need a favour or some help from the Opposition, and he will have to search deep for it.

Because of the interests of Newfoundland and the interests of the other people of Atlantic Canada, the Bill should go through. Therefore, we will not oppose the particular amendments which appear to be technical ones. The Hon. Member for Cape Breton—The Sydneys may have something to say on Motion No. 6, but as far as I can see, Motions Nos. 1, 2, and 7 are technical amendments and we are prepared to let them go through. We have not forgotten what happened in committee, and some day those people responsible will pay for it.

Mr. Morrissey Johnson (Bonavista—Trinity—Conception): Madam Speaker, since the Hon. Member for Vancouver—Kingsway (Mr. Waddell) wished to set the record straight, and rather than immediately getting into what I wanted to say about the Bill before us now, I should like to set the record straight.

I was on the committee that dealt with Bill C-94, Bill C-92, and Bill C-6. If the Hon. Member had given the co-operation which he said he did not get, Bill C-94 would have been passed prior to the summer recess.

Bill C-6 is important to Newfoundland. It is also on record in the minutes of the legislative committee that I asked the Hon. Member whether he was speaking for himself or on behalf of his Party. I wanted to know if I should go back to Newfoundland to say who was really holding up the legislation that was so vital to the people of Newfoundland.

• (1340)

As my colleague, the Hon. Member for Athabasca and Parliamentary Secretary to the Minister of Energy, Mines and Resources (Mr. Shields) has stated so clearly, the amendments to Bill C-6 deserve the complete support of the House. I am glad Hon. members of the Opposition have agreed to give it quick passage.

These important amendments to this historic legislation have been given careful consideration by both the legislative committee and the Government. The amendments described by the Parliamentary Secretary strengthen this Bill by building on the spirit of co-operation and fairness that has guided the Governments of Canada and Newfoundland during the drafting of this proposed legislation. It has been two years now since the signing of the Atlantic Accord between the Government of Canada and Newfoundland. Bill C-6 will enshrine that federal-provincial agreement in law.

This legislation establishes a clear set of rules for the exploration and development of the rich petroleum resources off the shore of Newfoundland. The impediments to the development of petroleum resources off Canada's East Coast have been removed. Companies that recognize this area's resource potential can invest in its development knowing the rules of the game before risking the vast amounts of capital necessary for such a development. This legislation establishes a $300-million offshore development fund and this joint federal-provincial fund has already committed $37 million for investment in education and training of Newfoundlanders for technical jobs in the offshore.

The amendments to Bill C-6 which are before the House today will ensure that this legislation is consistent with related legislation, and specifically with Bill C-5, the Canada Petroleum Resources Act. It will ensure that Bill C-6 is fair to interest holders, workers and both levels of Government.

One of the amendments tabled today, which was recommended by the legislative committee, will ensure fair treatment to companies operating off the shore of Newfoundland. Now appeals to the Canada-Newfoundland Offshore Petroleum Board will be reviewed by a committee comprised of persons not directly affiliated with the Board.

Another amendment recommended by the legislative committee will protect the rights of workers on floating offshore structures. This amendment provides that federal legislation governing industrial relations would apply to floating offshore structures. This reflects the agreement with the province that the intent of legislation is not to cause decertification of unions after an offshore structure has moved from offshore Newfoundland to offshore Nova Scotia or vice versa. Finally, amendments to this legislation improve the management of offshore development by ensuring that disbursements from the joint offshore development fund conform with the federal Government's accounting practices.

Bill C-6 is legislation that reflects the co-operation and good will that exists between the Governments of Canada and

Newfoundland regarding the concerns we share for the environment, for workers, particularly Newfoundlanders, and for the risks taken by the private sector.

In closing, I would like to thank the legislative committee for its valuable contribution to this legislation which deserves the unanimous support of the House.

Motion No. 1 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): Is it the pleasure of the House to adopt Motion No. 3?

Some Hon. Members: Agreed.

Motion No. 3 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): It was agreed that the vote on Motion No. 3 would apply to Motion No. 7.

Motion No. 7 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): The next motion is Motion No. 2.

[*Translation*]

Mr. Jack Shields (for the Minister of Energy, Mines and Resources) moved

Motion No. 2

That Bill C-6, be amended in Clause 16

(*a*) by striking out line 3 at page 10 and substituting the following therefor:

"16. (1) Members of the Board, including the"

(*b*) by adding immediately after line 10 at page 10, the following:

(2) The Board shall purchase and maintain insurance for the benefit of a person who is a present or former member, officer or employee of the Board, and the heirs or legal representatives of that person, against any liability incurred by that person in the capacity as such a member, officer or employee, except where the liability relates to a failure to act honestly and in good faith with regard to the best interests of the Board.

(3) For greater certainty, the expenditures of the Board associated with purchasing and maintaining the insurance referred to in subsection (2) shall form part of the budget or revised budget of the Board in respect of a fiscal year.

(4) Notwithstanding subsection (2), where the Board has established to the satisfaction of the Federal Minister the impossibility of purchasing and maintaining the insurance referred to in subsection (2), the Government of Canada shall, subject to subsection (6), indemnify a person who is a present or former member, officer or employee of the Board, or the heirs or legal representatives of that person, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative action or proceeding to which that person is a party by reason of being or having been such a member, officer or employee, if that person

(*a*) acted honestly and in good faith with a view to the best interests of the Board; and

(*b*) in the case of any criminal or administrative action or proceeding that is enforced by a monetary penalty, believed, on reasonable grounds, that the conduct in issue was lawful.

(5) Where the Board has purchased and maintained insurance referred to in subsection (2), the Government of Canada shall indemnify a person referred to in that subsection, or the heirs or legal representatives of that person, for any liability incurred by that person in accordance with this section to the extent that the insurance purchased for the benefit of that person does not cover such liability.

(6) The Government of Canada is not obliged to indemnify anyone pursuant to subsection (4) against an amount paid to settle an action unless the amount so paid was approved by the Government of Canada.

(7) Where the Government of the Province has indemnified a person referred to in subsection (4), or the heirs or legal representatives of that person, pursuant to section 16 of the Provincial Act, the Government of Canada may pay to the Government of the Province one-half of the amount so indemnified.

(8) Any amount payable in respect of indemnification under this section may be paid out of the Consolidated Revenue Fund."

[*English*]

It being 1.47 p.m., I do now leave the chair until 2 p.m.

At 1.47 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

DISARMAMENT

SOVIET PROPOSAL TO REMOVE MEDIUM-RANGE NUCLEAR MISSILES FROM EUROPE

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, Soviet Leader Mikhail Gorbachev's call for the removal of medium-range nuclear missiles from Europe within five years is a most welcome announcement. It not only reopens the door to a concrete plan for action towards disarmament, but also augurs well for the talks between the two superpowers which ultimately will decide the fate of a world wanting to rid itself of all nuclear weapons. I urge our Government to support the two sides negotiating in good faith on this important proposal and I encourage our U.S. neighbour to take most seriously this latest breakthrough on a matter of such critical importance.

* * *

VOLUNTARY ORGANIZATIONS

TRIBUTE TO WORK OF KINSMEN FOUNDATION

Mr. Don Ravis (Saskatoon East): Mr. Speaker, I rise to pay tribute to the Kinsmen Clubs of Saskatchewan which serve our province with dedication and distinction. This past weekend I had the pleasure of participating in the 11th Kinsmen Telemiracle in Saskatoon which raised $2.1 million in 20 hours. The Kinsmen Foundation has long contributed to assisting those who are less fortunate. These contributions will help support people with special needs throughout the province.

Since 1972 the Kinsmen Foundation has answered requests from residents in 145 communities in Saskatchewan, including organizations such as cystic fibrosis, mentally retarded, learning disabled, wheelchair sports, Camp Easter Seal, abilities' council, and dozens more. I ask my colleagues to join with me in congratulating the 1,600 Kinsmen and Kinettes

who volunteered their time so generously in order that others may enjoy a better life.

* * *

TRADE

COMPANIES' WITHHOLDING OF SOFTWOOD LUMBER EXPORT TAX

Mr. Jim Fulton (Skeena): Mr. Speaker, the two largest forest products companies in B.C. have decided to withhold payment of the 15 per cent export tax on softwood lumber bound for the U.S. market. Today is the first day for voluntary payments. This decision represents a technical violation of the December 30 agreement between Canada and the U.S., but since Bill C-37 is before a legislative committee and will be for some time, collection of the tax is not enforceable by Revenue Canada.

As more evidence is heard by the committee studying Bill C-37 it becomes clear that the effect of the $600 million tax varies widely from operation to operation and region to region. For example, some companies are exempt while identical operations across the street are not. Some re-manufactured products are exempt while other similar products are not. Some mills must pay the tax despite the fact the raw logs come from the U.S. Some mills pay 30 to 40 times the stumpage rate paid by a similar mill in another region.

If some companies are now excusing themselves from paying this tax, then fairness must prevail and the Minister of National Revenue (Mr. MacKay) must advise all Canadian companies exporting to the U.S. softwood market that, at least for the moment, the wood is not legally taxable and there is no interest charged on missed payments.

* * *

[*Translation*]

BEAUCE REGION

PRIDE IN 250 YEARS OF ACHIEVEMENT

Mr. Gilles Bernier (Beauce): Mr. Speaker, throughout 1987, the Beauce region will be celebrating its 250th anniversary, commemorating the founding of the five "seigneuries" that make up its territory. What would New France have been without the people of "New Beauce"? In fact, it is the only inland territory colonized under the French regime.

Our ancestors struggled to survive in this new land where isolation helped develop some very special traits. The people of Beauce are stubborn, inventive, creative, resourceful and hard workers. The expression "jarrets noirs" is synonymous with all these character traits.

The people of Beauce take pride in their survival, their drive and their eagerness to rise to a challenge. I represent a courageous group of people who stand on their own two feet, and that is why our unemployment rate is four points below the national average.

Today I am proud to salute two gentlemen, the co-chairmen of the 250th anniversary festivities, Mr. Paul Vachon, former mayor of Ville Sainte-Marie de Beauce and Mr. Fabien Roy, a former Member of the House, both of whom are in our gallery today.

* * *

• (1405)

[*English*]

REVENUE CANADA

AUDITORS' TREATMENT OF FARMERS

Mr. Maurice Foster (Algoma): Mr. Speaker, last week when the Minister of National Revenue (Mr. MacKay) was boasting about an unprecedented federal grant of over $1 million for a court-house in his own riding, the auditors in his Department were busy preying on the farmers of western Canada who are facing the worst financial crisis in the grain industry since the 1930s and the days of R. B. Bennett.

The Keystone Agriculture Producers have responded with outrage at this harassment of farmers and re-evaluation of farm equipment and of regular commercial contracts made in 1983 and 1984. The Government is trying to extract more blood from farmers at a time when they are already reeling from low grain prices and falling land values.

Today we learned that there will be 403 more people in the Department of National Revenue in the coming year. I call upon the Minister and the Government to call off these auditors and this harassment of agricultural producers.

* * *

PUBLIC SERVICE

CALL FOR LEGISLATION DEFINING POLITICAL RIGHTS OF PUBLIC SERVANTS

Mr. David Daubney (Ottawa West): Mr. Speaker, last week we heard from a spokesperson for the Treasury Board that legislation protecting the political rights of more than 230,000 Canadians, members of Canada's Public Service, might have to wait until after the next election.

I am a member of a political Party which made a clear commitment two and one half years ago to present legislation defining and expanding the political rights of public servants. This has been discussed at length in private meetings and in public debate. I and other Members of this House have spoken on this issue, carefully reviewing and weighing the many questions it presents.

This is not a partisan issue, Mr. Speaker. It is a question of fundamental rights, a question of who should have the power to define, rescind, or extend the civil liberties of Canadian citizens. For far too long successive Governments have avoided their responsibility to deal with this issue. The time has come to discard this cumulative record of indifference, to face squarely a question fundamental to our definition of democracy. The time has come to resolve this issue, not to hide from it.

* * *

NATIONAL DEFENCE

DEPARTMENT'S ATTEMPT TO ACQUIRE RANCH LAND FOR MILITARY PURPOSES IN ALBERTA

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, a range war is raging in western Canada, not between cattlemen and sheepmen, but between cattlemen and the Department of National Defence. The Department of National Defence plans to take over some of the most valuable ranch land in Canada and is offering to pay more than twice the market value. Ranch lands nearby are selling for an average of $282 an acre while the military is offering $800 an acre for the famous OH Ranch west of Longview in southwestern Alberta.

There is something improper happening here, Mr. Speaker, since three years ago the ranchers, area residents, and conservation groups made it perfectly clear to the Government that they did not want this beautiful, pristine grazing land watershed turned into a military training ground for tanks, other armed vehicles, machine gun and hand grenade practice, and the like.

Today area ranchers, rural councillors, conservation groups, MLAs and the area's Member of Parliament oppose this military takeover. I urge the Government to find out why the military is paying such high rates for the land, to listen to the people, to respect the requests of the area's elected representatives to keep the beautiful Highwood Valley for people and ranching, and to train for war elsewhere. The Government should follow the advice urged by ranchers' placards last week in Longview which said: "Make hay—not war!"

* * *

[*Translation*]

RAILWAYS

REQUEST THAT QUEBEC NETWORK REMAIN INTACT

Mr. Guy St. Julien (Abitibi): Mr. Speaker, trains are dying out in Quebec and especially in Abitibi. Well before the introduction of Bill C-18 whose purpose is to update our railway system, it was already clear, from internal confidential memos, that Canadian National had started to dismantle its workshops at Senneterre and its railway network in Quebec.

The Quebec Minister of Transport, Mr. Marc-Yvan Côté, has attacked officials of the federal Ministry of Transport, saying that as far as railway transportation is concerned, they are being manipulated by Toronto to protect Western interests.

Bill C-18 is a good Bill and its objectives were supported by Quebec. However, the wording is unacceptable, and Quebec is demanding several amendments in order to restore a measure of balance. The main areas where railway lines would be abandoned are the Gaspé, Beauce, the Eastern Townships, Abitibi—Témiscamingue and Lac-Saint-Jean.

I want to appeal to all Members of this House, Liberals, New Democrats and Conservatives from Quebec, to immediately make representations to the Minister of Transport that the railway network in Quebec should remain intact. Otherwise, it will be a disaster for our lumber, pulp and paper and mining industries.

* * *

[*English*]

BY-ELECTIONS

HAMILTON MOUNTAIN BY-ELECTION DATE CONDEMNED

Ms. Sheila Copps (Hamilton East): Mr. Speaker, Liberals on Hamilton Mountain are ready to do battle. The Prime Minister (Mr. Mulroney can call the election any time he wants. We want to challenge him to call it earlier. Why is he calling it in July of this year? It will be almost one year that the riding of Hamilton Mountain has been without representation. The NDP cannot complain about that because they vacated the seat. The Tories cannot complain about it because they set the date. However, we, the Liberal Party in Hamilton Mountain, have elected a candidate who is ready to do battle on the hustings.

• (1410)

We want action on the Windermere Basin and the $1.25 million that the Government refuses to give to an area that has been designated as one of the most polluted bodies of water in North America. We want action on the Hamilton Airport and, especially, action on the steel industry.

When the Minister for International Trade (Miss Carney) says that it is merely a small matter that the steel industry is being deluged with unfair trading complaints from the United States, that is unacceptable. We need someone who will fight for Hamilton. We need someone from Hamilton who will fight for all of the people. The only candidate who can do that is Beth Phinney for the Liberal Party.

IMMIGRATION

SUPPORT FOR MEASURES TO STOP EVASION OF CANADIAN LAW

Mr. John Oostrom (Willowdale): Mr. Speaker, the Minister of Employment and Immigration (Mr. Bouchard) and the Minister of State for Immigration (Mr. Weiner) are to be commended for their firm action in reasserting control over our borders from those individuals who have sought to subvert Canadian immigration laws. Already, all of our points of entry are reporting a dramatic decrease of individuals wishing to circumvent standard immigration procedures by declaring themselves refugees. The Government is not acting against genuine refugees but only against those who are openly abusing Canada's compassion to peoples in need of assistance.

The rhetoric the Government has received on this issue is totally unjustified. When people are coached on how to break and evade our laws, the Government must act, for the basic foundations of our democracy are being undermined. The Ministers acted in a manner which has preserved Canada's humanitarianism as well as sending a strong message to the world that Canada will not tolerate lawbreakers in our society.

* * *

CORPORATE AFFAIRS

TAKEOVER OF CADBURY SCHWEPPES IN WHITBY, ONT.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, too often over the past few years this House has been advised of corporate manipulations that have resulted in the totally unnnecessary closure of plants and offices. One of these tragic events is occurring at Whitby, Ontario, where the confectionery operation of Cadbury Schweppes Canada is being taken over by William Neilson Ltd.

On the very day that this corporate takeover was announced in January, the 450 workers at this efficient plant were informed that they would be thrown out of work, many of whose seniority reaches up to 19 or 20 years.

We must deplore this callous plan and last week's decision of the Canadian Competition Tribunal to discontinue its investigation of the takeover. I call upon the Minister of Consumer and Corporate Affairs (Mr. Andre) to exercise his responsibility and authority under the Competition Act to order that the inquiry proceed forthwith.

* * *

THE ECONOMY

EFFECTS OF GOVERNMENT POLICIES

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, the Opposition say that the Government is living in the past. I am proud to say that this is true.

We are turning back the clock on government overspending. For the first time in over 30 years the annual federal deficit will decline three years in a row, despite the burden of paying interest on the past Liberal debt.

We have turned back the clock on high interest rates. The Bank of Canada rate has declined nearly 5 per cent. We have turned back the clock on the prime rate ten years, to 9.25 per cent.

We have turned the clock back on short-term mortgage rates by 20 years, to 7.5 per cent. We have turned back the clock on high unemployment by 2 percentage points, and have provided the kind of environment in which the small business sector has been able to create 675,000 new jobs in the past 28 months.

By any yardstick the economic policies of the Government have been successful, and we intend to turn back the clock some more to return to the days when the Government balanced its books and the days when individual Canadians could expect their initiative to be rewarded.

* * *

GOVERNMENT EXPENDITURES

MAIN ESTIMATES—CRITICISM OF FUNDING ALLOCATIONS

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, this morning's Estimates were a litany of cut-backs on the backs of those people in this country who can least afford it. There were cut-backs in social programs, health transfer funds and education transfer funds.

However, tucked away beneath the layers of cuts that reflect a welt across the backs of Canada's poorer citizens were a few increases. There is an increase in PCO, Dalton Camp's new office, with three new positions and a $250,000 budget. The $2.3 million secretariat in the PCO has gone to $18 million for a separate office, creating a bureaucracy of privatization to sell off the Crown assets.

Treasury Board managers throughout the Civil Service will get a productivity bonus of some $4.5 million in total. All that is happening at a time when the fishermen of Atlantic Canada, who have just gone through the Canada-France Fisheries Treaty, see a 15 per cent reduction for small craft harbours.

• (1415)

The Government is totally out of touch with the needs of ordinary Canadians. It is paying managers to lay off employees, cutting back on health, education and social programs, and putting new furniture in Dalton Camp's office. It is a downright shame.

Oral Questions

SOVEREIGNTY

PROTECTION TO BE AFFORDED BY PROPOSED POLAR CLASS 8 ICE-BREAKER

Mr. Dave Nickerson (Western Arctic): Mr. Speaker, the Class 8 ice-breaker, construction of which ought to start soon in a West Coast shipyard, will do much to promote Canadian sovereignty in our Arctic waters. While primarily and properly a civilian vessel to be operated as part of the Canadian Coast Guard fleet, the ship will be designed to meet military specifications if it is ever to be required for such a purpose.

The vessel promotes Canadian nautical technology and will provide many-man years of employment in our shipbuilding industry. Navigation in Arctic waters will be greatly enhanced when we have the capability of keeping the Northwest Passage open year round. In addition to all of this, the ship will provide a floating scientific research platform.

With the commissioning of this vessel, Canada will take the lead in world-wide ice-breaking technology.

ORAL QUESTION PERIOD

[*English*]

TRADE

CANADA-UNITED STATES NEGOTIATIONS—FORTHCOMING VISIT BY UNITED STATES PRESIDENT

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in a few weeks the President of the United States, a good friend of the Prime Minister, will be here in Ottawa. I doubt that on this visit either of them will have too much to sing about. Is the Prime Minister preparing the scene for the visit of the President by indicating through nameless officials that in the trade talks with the United States everything is now on the table? Will the Prime Minister tell this House and all Canadians what his position is before he tells the President? And if not, why not?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we have naturally seen the speculative story which was carried by Canadian Press. I do not need to remind the Right Hon. Leader of the Opposition that many people can engage in speculation and that the policy of a Government is not official policy until it has been approved by a Cabinet. On the question of the debate about trade in the country, this Government believes it is very important that there be the widest possible debate based upon hard facts. That is why we have set up an extensive network of consultations with the private sector. That is why, for the first time, we have brought the provinces into the process. It is why there was consideration of this question by the Special Joint Committee of the House of Commons last summer.

In 1985 I indicated to the House that we would be prepared to have a parliamentary debate. We think that would be an appropriate thing to do. The next meeting of First Ministers on questions of trade will be on March 10. My colleague, the House Leader of the Government, will be consulting with the House Leaders of other Parties later this week with an eye to arranging a debate on a day of government time a week or so after that First Ministers' Conference.

Mr. Turner (Vancouver Quadra): Mr. Speaker, the Secretary of State for External Affairs is quite right in suggesting there should be debate because, since the Prime Minister introduced the subject into this House on September 26, 1985, there has been no debate in the House of Commons and no public debate in the country. It is about time, and we would welcome that debate.

NEGOTIABLE ITEMS INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): On September 26, 1985, the Prime Minister told this House, and I use his own words in *Hansard* at page 7056:

> Our political sovereignty, our system of social programs, our commitment to fight regional disparities, our unique cultural identity, our special linguistic character—these are the essence of Canada. They are not at issue in these negotiations.

I put to the Prime Minister, and I hope he will reply, or to the Secretary of State for External Affairs, that last week a senior government official—and the Secretary of State for External Affairs can either deny it or confirm it—let it be known that everything was now negotiable. Will the Secretary of State for External Affairs or the Prime Minister declare succinctly and simply to this House, a yes or no will suffice, is the Auto Pact on the table? Are our cultural industries on the table? Are our agricultural programs on the table? Yes or no? Whom are we to believe?

• (1420)

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Right Hon. Leader of the Opposition knows the parliamentary system well enough to know that, given the choice between an unidentified spokesperson and the Prime Minister of Canada, it is the Prime Minister of Canada who states the policy of the Government. In one of his more eloquent interventions in the House the Leader of the Opposition just quoted the Right Hon. Prime Minister. The Prime Minister's words state the continuing policy of the Government.

[*Translation*]

GOVERNMENT POSITION

Right Hon. John N. Turner (Leader of the Opposition): I gave the Minister the opportunity to either deny or confirm that the word "officials" is qualified by expressions such as "nameless" and "clandestine". Canadians are confused, very obviously, because as a result of the Government's capitulation in the cases of softwood lumber, fisheries, books and drugs they can see that this Government is prepared to negotiate anything in favour of the Americans and at the expense of

Canadians. Now again I ask the question: Does the Minister claim that the Prime Minister can make a public statement while letting these nameless officials continue secret free trade negotiations with the United States, in some other way? Will he confirm or deny, and in any case will he tell us what is the position of his Government before the President of the United States comes to Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the position of the Government is that which I explained and as supported by the Secretary of State for External Affairs.

[*English*]

I am astonished that the Leader of the Opposition would be worrying about confusion in regard to the trade issue. On December 1, 1986, dealing with the issue raised by my hon. friend, *The Ottawa Citizen* quotes members of his Party as follows:

> "We want to trade around the world with every nation of the world. We don't want to lock ourselves in (with the United States)," yelled Axworthy from one microphone.
>
> Screamed Johnston from another: "If you want to protect cultural industries, you do so through bilateral arrangements with the United States."

The Liberal Party is a Party based on division and hypocrisy. It has no policy on this issue at all. The Government speaks for all Canadians in making these arrangements.

CANADIAN CULTURAL IDENTITY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, we are asking the Prime Minister questions about his Government's policy. The Prime Minister has said that our unique cultural identity is the essence of Canada. For Canadians, cultural identity is the books and magazines that they read, the TV and films that they watch, and the music to which they listen.

Does the Prime Minister realize that less than 5 per cent of the films and TV drama available to our viewers is Canadian? Does he realize that when Canadians go to the book and magazine stands that they have a very small chance of learning about themselves and who they are? Therefore, does the Prime Minister not recognize how fragile our cultural industries are? Will he instruct Mr. Reisman that culture is not on the balance sheet and under no circumstances can these industries be treated—

Some Hon. Members: Order, order.

Some Hon. Members: Speech!

Mr. Speaker: The Hon. Member has several questions. They are certainly important ones. I would ask the Hon. Member to confine her question to one question and not to draw it out overly long.

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the Hon. Member refers to a 5 per cent Canadian opportunity and a very small chance for book publishers and those involved in the cultural industries. I agree with her. That represents a terrible indictment of those who governed Canada for the previous 20 years.

Some Hon. Members: Hear, hear!

Mr. Mulroney: This is the result of a Liberal policy that was completely insensitive to the cultural realities of Canada. We heard it was so bad that a leading member of the NDP asked Canadians to watch ABC when they could listen to the sterling programs of the CBC. That, too, is an indication of how far the situation has gone.

Culture is protected on this side of the House, and we are proud to do it.

Some Hon. Members: Hear, hear!

• (1425)

GOVERNMENT POLICY

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Prime Minister cares to be partisan and play with Canadian politics. I would prefer to take a look at and ask very specifically if Bill C-58 and the Canadian cultural content regulations, the various support measures, and the Canadian film, magazine, and book publishing policy are on the free trade table? Have you directed Mr. Reisman not to negotiate with those as your bargaining chips?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I have three quick comments. First, this trade negotiation is not about culture, it is about trade. Second, the Government, recognizing the legacy that we inherited from the former Government, a legacy that, as the Prime Minister has said, had severely weakened the cultural industries of this country, has already begun to act on changes in film distribution, changes with respect to book publishing, and other cultural areas. Third, the Government looks forward to the debate on trade in the House, so that we will know whether there are one, 40, or 400 different positions from the Official Opposition on this issue.

* * *

CHILD CARE

NATIONAL SYSTEM—GOVERNMENT FUNDING

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is directed to the Prime Minister. During the election campaign two and a half years ago, the Prime Minister said that the Conservative Government was concerned about providing an effective child care program. Last November at the First Ministers' Conference the Prime Minister made the same statement, he repeated it over Christmas, and this morning when speaking to a national symposium on the family he said the following, "Canada shall have an effective national child care system".

My question to the Prime Minister is this. Since nothing was found in the Budget about money allocation for such an effective child care program, will the Prime Minister confirm that in all the Estimates that are before Parliament for the first time today there is not a single new dollar reference to an effective child care program? Will the Prime Minister tell us why not?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I thought I had addressed that in my speech this morning which dealt with the urgent requirements of Government and the Canadian people involving themselves in the quest for equality and fairness for all Canadian women. In regard to that specific point, I indicated that the Hon. Member for Lincoln in her capacity as chairperson of the task force would be bringing in a report within weeks, and it would be on the basis of that parliamentary task force with its recommendations that the Government will act, as I indicated to the First Ministers, to implement a truly national, effective, and accessible policy to benefit all Canadians.

GOVERNMENT COMMITMENT

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister has referred to the immediate need of Canadian families. They know that they have the need, and we in this Party know that there is a need. Will the Government set aside making speeches and commit itself now to a Supplementary Estimate that could be drawn from the $300 million of unallocated funds that are found in today's Estimates in the appropriate Minister's Department? Will the Prime Minister make a commitment today to use $300 million to launch an effective child care program in this country?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, in my remarks this morning I indicated that our commitment to the establishment of a day care program was real, that the resources required to sustain it would be found even in a difficult economic climate, and that we viewed this as a priority issue to bring about fairness for Canadian women. I have given that assurance to the Premiers, and I give it again to my hon. friend with great certainty that the appropriate resources required to fund a day care program of this nature will be found by the Government of Canada and introduced.

[*Translation*]

INQUIRY WHY FUNDS ABSENT FOR CANADIAN FAMILIES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Prime Minister knows full well that when Canadian banks ran into difficulties the Government of Canada found the money. It was good for the banks in the past, but why not for Canadian families right now?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend amazes me because the Canadian Government also found $1 billion to help Canadian farmers but he does not mention that. That money—raised before—was to help the depositors of these chartered banks. Now there may be diverging views concerning the use of public funds, but if we acted quickly to help Canadian farmers, we are also committed to do the same thing for Canadian women and, regardless of our financial difficulties, we will find the resosurces required to implement this kind of plan for the benefit of Canadian women.

* * *

• (1430)

[*English*]

REFUGEES

CHANGES IN GOVERNMENT REGULATIONS

Mr. Sergio Marchi (York West): Mr. Speaker, my question is for the Prime Minister as well. In reference to the life threatening reality facing refugees, the Prime Minister told the country last August:

> If we err, we will always err on the side of justice and on the side of compassion.

Therefore I would like to ask the Prime Minister how he can now justify recent changes which eliminate overnight the list of 18 non-deportable countries, which jeopardize people who return to those parts of the world, which drive people to protect their lives through hunger strikes, which strand families at airports, and which continue to peddle a non-existent, non-legal, non-written agreement with the United States. How can the Prime Minister promote a chaotic system which ignores the principles of justice and compassion, two principles about which he spoke so highly only six months ago?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, our policy, straightforward, remains the same—real refugees who come to our door will be provided a haven and settled. A real refugee will never be sent back to face death or torture. However, our proud tradition was being undermined by a lot of abusers. The measures we have put in place are to detect those abusers, not to deny access to real refugees.

Some Hon. Members: Hear, hear!

REFUGEE DETERMINATION SYSTEM

Mr. Sergio Marchi (York West): Mr. Speaker, the Minister knows the conditions facing a number of families whether they are applying from the United States or from within. However, I return to the Prime Minister who I hope will have the leadership to address a story of human tragedy within our borders. Given the fact that the only solution to the problem is the establishment of a new, permanent and independent refugee determination system, and given that we have been promised one for three years by four different Ministers of Immigration, will the Prime Minister not rescind recent announcements which endanger legitimate refugees and allow the system to continue until legislation—

Mr. Speaker: I think the Hon. Member has put his question, and the Minister can respond.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, our commitment to refugees is very clear—$50 million this past year to international humanitarian agencies such as the UNHCR and the Red Cross, and another $16 million in terms of food aid. Every claimant who comes to our door, the only western democracy to do so, is given an oral hearing in front of an independent tribunal. That is what our feeling is. We know that a new system is in the process of being determined. However, in the meantime every claimant, whether in the United States or elsewhere, is entitled to that fair and open hearing and will be given that hearing.

There is no danger to the people now waiting in the United States because we have an arrangement with the Americans. Case by case that arrangement is working. Our officers, in conjunction with their INS officials, are making sure that every individual is available for that hearing.

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[*Translation*]

ESTIMATES

CUT-BACKS AFFECTING DISADVANTAGED REGIONS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the President of the Treasury Board.

Could the Minister explain to the House why the Government continues to ignore the plight of disadvantaged regions in its Estimates, and specifically, considering that only 10,000 jobs were created in the province of Quebec last year, could the Government perhaps explain why it has just cut $71 million in equalization payments to the province of Quebec for the 1987-88 financial year?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I can inform the Hon. Member that the Estimates tabled this morning in the House demonstrate the Government's will to restrict its spending as we have been doing since the beginning of our term.

The results for the economy have been clear across the country, in all regions. I think we can say there has been a substantial reduction in the unemployment rate, that inflation has been maintained at reasonable levels, that interest rates have gone down and that among industrialized nations, this country has enjoyed a level of economic growth second only to that of Japan.

I think this Government's economic policies are benefitting all Canadians and that all Members of this House should be glad to have those policies in this country.

CRITERIA FOR ALLOCATION OF FEDERAL FUNDS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, perhaps the President of the Treasury Board could answer my question specifically. How does he justify a situation in which Ontario, where the unemployment rate is down to 6.6 per cent, is receiving an increase in transfer payments and other federal payments amounting to $550 million, while Quebec is seeing a cut of $71 million in equalization payments, which if we look at total transfers and equalization payments means an increase of only $7 million? How does he justify this discrimination against Quebecers?

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, perhaps I could answer the question. I think the Hon. Member is making some very imaginative use of figures. The entitlements for equalization for the Province of Quebec, as for other provinces, went up last year and will go up again in the coming year. Federal-provincial transfers on post-secondary education and health care are subject to a formula. They are also going up. These two programs—equalization and the Established Programs Financing—are both going up at one of the fastest rates of any government program. In the next five years I believe the EPF figure will be over $25 billion higher than the amounts paid out over the previous five years—from $65 billion to over $90 billion.

* * *

REFUGEES

REQUEST FOR INTRODUCTION OF NEW LEGISLATION

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the Prime Minister. The refugee situation in Canada has degenerated because the Government has failed to act and has procrastinated for over two years. In June, 1985, the Plaut Commission recommended a new refugee process. In November, 1985, the Standing Committee on Labour, Employment and Immigration made further recommendations. The former Minister of State for Immigration promised in the House legislation for September, 1986, six months ago, and still we have no Bill. I should like to ask the Prime Minister, who is in charge of the Government, one would hope, when the Government would finally table its Bill to provide the country with humane and efficient refugee legislation.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the Bill will be tabled very, very soon. However, in the meantime there is no doubt about the fact that we are the only western democracy which offers every claimant who comes to our door an oral hearing in front of an independent tribunal. There were 18,000 claimants last year and, according to our Refugee Status Advisory Committee, two-thirds of them were non bona fide refugees. Certainly we have protected the 5,500. What we are looking at now is a system which will

expeditiously clear away the over 12,000 non bona fide claimants as we had at our door last year.

Mr. Allmand: The Government has been promising that legislation for over two years, and we still do not have it.

[*Translation*]

REQUEST FOR NEGOTIATION OF ACCORD WITH UNITED STATES CONCERNING CENTRAL AMERICA REFUGEES

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, while waiting for this legislation is the Government prepared to approach the United States at the earliest opportunity with a view to negotiating a formal accord so that Central America refugees are not deported to their country of origin while their applications are still under study in Canada? Are you prepared to do that?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the exchange of letters and the existing agreement work out very well on a case by case basis. The applicant is or will be available for the inquiry. We are working in close co-operation with the United States Government and, if a date is set for the inquiry and the applicant receives a deportation notice, the United States can immediately defer the date, or we can set an earlier date for the inquiry, or we can bring the applicant back. But no applicant will be put in a dangerous position because of the date. If he does not have a criminal past his inquiry and Canadian refugee status determination process will take place here.

* * *

• (1440)

[*English*]

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

ESTABLISHED PROGRAMS FINANCING

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the Minister of Finance. In the Main Estimates that were presented to the House today, the Government indicated that fiscal transfer payments will go up by only .23 per cent and health insurance by only .6 per cent, and that post-secondary education will actually decrease by .6 per cent. In addition to that, the Province of Newfoundland believes it is being asked to return $76 million in equalization payments. Can the Minister of Finance indicate to the House that he will sit down with his provincial counterparts to come to an agreement that would provide an adequate level of services to all provinces in Canada?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has mentioned a number of figures. I know that one of them is wrong. I would have to check the "blues" for the other ones because he mentioned so many of them at one time.

We have had, I believe, 26 meetings on equalization with provincial Ministers as well as officials during the course of the past two and a half years. As far as the Established Programs Financing is concerned, I responded to the Hon. Member's colleague by saying that the amounts we are spending on EPF will grow from $65 billion to over $90 billion from the last five years to the next five years. That clearly is a very strong indication of the support this Government is providing to post-secondary education and health care.

STATEMENT ATTRIBUTED TO NEWFOUNDLAND PREMIER

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is again directed to the Minister of Finance. The Minister is aware that the Premier of Newfoundland has indicated that he predicts the province will return to the financial crisis of 1933 unless the equalization problem is solved. In light of the prediction of financial crisis and chaos in the province made by the Premier, will the Minister not sit down with his provincial counterparts one more time to try to resolve this problem?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member has referred to equalization. I would like to remind him that last year the Government provided supplementary equalization payments for which it had no legal obligation at all. This was done because we shared the concerns the Hon. Member has just expressed. In addition, we will be increasing, through the changes in the technical aspects of the formula, the equalization payments this year and next over and above that provided for by the normal formula. The amounts to which the provinces are entitled will go up in excess of 5 per cent, and if the Hon. Member were to check the Estimates he would see that that is one of the faster growing programs of government.

* * *

ADMINISTRATION OF JUSTICE

CONFIDENCE IN SYSTEM—MINISTER'S POSITION

Mr. Alan Redway (York East): Mr. Speaker, my question is for the Minister of Justice. Last week the Minister rightfully condemned Charles Bronson vigilante justice but at the same time he admitted that Canadians are frustrated with the present system. Will the Minister advise the House, bearing in mind that he is the chief law officer responsible for the justice system in Canada, what he intends to do to restore the confidence of Canadians in the justice system? In particular, does he intend to make changes in such things as the present sentencing, bail, and parole laws?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, I appreciate the question asked by the Hon. Member who has had a long-standing interest in the criminal justice system. Of course I intend to work co-operatively with my provincial counterparts in areas of mutual jurisdiction including public legal education, victims

of crime, and other areas where I think the criminal justice system could use improvement in terms of explaining the process and the reasons judges sentence in the way they do.

Within my own area of responsibility, I look forward to receiving the sentencing commission report which should be forthcoming soon. This report will address the whole question of the appropriateness of the penalties for the crimes under the Criminal Code. I look forward to entering into a debate with the people of Canada and with the Hon. Member on this important issue.

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PUBLIC SERVICE

PAYMENT OF BONUSES TO SENIOR MANAGERS

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the President of the Treasury Board announced today $4.5 million in bonuses to be paid out after the end of this month to "senior Public Service managers who are instrumental in the realization of person-year reductions goals and expenditure reductions". Is it necessary to pay bonuses to 5,000 already highly paid senior public servants? Would it not be better to use that $4.5 million to help reduce unemployment rather than to try to create it?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the Minister of Finance and I announced a year ago that we would introduce a productivity bonus for senior management categories within the Public Service with the expressed intent of rewarding the competence and productivity of senior managers. We have done that. We have waited to see how the performance of these managers would be over the year before we announced the results, and we felt that it was appropriate at this time to announce a program totalling $4.5 million in the form of a productivity bonus to managers who have performed exceptionally over the past 12 months.

IMPLEMENTATION OF PROGRAM

Mr. George Baker (Gander—Twillingate): Mr. Speaker, according to the Estimates, 3,100 jobs will be terminated with the help of this $4.5 million. It is clear that the Government has now created a hierarchy of hit-men in the Public Service. Since there are now 3,100 contracts out on people's jobs, how will it be determined who will get paid for each lay-off? Is it not possible to waste money by having two pay-offs for each lay-off? This is a Government of pay-offs for lay-offs.

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, if I needed a speech writer, I would know exactly where to go. However, I do not.

I must say that this productivity bonus is a recognition of an outstanding effort by an outstanding group of people. I am not ashamed to say that the senior Public Service has done an outstanding job not only in terms of job reduction but in terms of carrying out the economic policies of this Government.

Let me remind my hon. colleague that the top level of the Public Service received a pay increase of zero, the second tier received 1 per cent, and the third tier of those eligible for this bonus received 2 per cent. All we are saying is that those who have performed exceptionally well will be able to receive a very meagre 1 per cent as a productivity bonus, or 1.5 per cent if their performance was particularly exceptional. I think that is treating senior managers fairly and recognizing their contribution to the Government's effort to curb expenditures that were really out of control under the former Government.

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NUCLEAR ARMAMENTS

CRUISE MISSILE TESTING

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. When the Liberal Government of the day agreed in 1983 to test the Cruise missile in Canada, the then Secretary of State for External Affairs said on July 18, 1983, that we would test Cruise missiles until "concrete results were achieved in the INF negotiations; namely, results that would decrease the level of missile deployment in Europe". Will the Government indicate now that it too will end Cruise missile tests if the breakthrough on INF in Geneva is realized?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Hon. Member knows better than to ask hypothetical questions. She has been a Member of the House for a long time and she understands the rules. I would think that she would join with me in welcoming not only the significant change in the position that has been taken by the Soviet Union and the initiative put forward by Mr. Gorbachev but also the positive response of the United States which has resulted, among other things, in an agreement not to end the current negotiating sessions at Geneva on March 4 but rather to carry them forward. We think that is very good news and should be celebrated on its own grounds.

CONTINUATION OF GENEVA TALKS—CANADIAN POSITION

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, the then Secretary of State for External Affairs also said in July, 1983, after being asked what circumstances would allow Canada to terminate Cruise missile testing, that those circumstances would be: "if there were a substantial result in INF talks or indeed if the zero option were adopted". That is what is taking place in Geneva, if the Minister does not know. I am asking if he, too, would see the probability of ending Cruise missile testing under those circumstances.

• (1450)

Right Hon. Joe Clark (Secretary of State for External Affairs): What is taking place in Geneva, just to be precise about it, is that a discussion which appeared to be closed has now been opened. We will determine Canadian Government policy on the basis of what is actually decided in Geneva.

* * *

[*Translation*]

ENERGY

INQUIRY CONCERNING LOCATION OF SERVICE STATIONS WHICH INCREASED GASOLINE PRICE BY ONLY ONE CENT PER LITRE

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Minister of Finance. On Friday, February 20, in answer to a question concerning the three-cent a litre or 13-cent a gallon increase in gasoline prices announced by certain companies the Minister told Canadians that if they did not like such increases they could go to other service stations, and I should like to quote him. He said: The consumer can teach them a lesson by going to the companies which have only increased their price by one cent a litre.

My question to the Minister is this: Where are those miraculous service stations which are supposed to have increased their prices by only one cent a litre? Does the Minister believe that Canadians can benefit from competition when even State-owned Petro-Canada increased its prices by 13 cents a gallon?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, as the Hon. Member knows, there is no constitutional authority for the federal Government to engage in price controls. That is a provincial responsibility and he should talk to his provincial colleagues if that is what he is asking for.

The Director of Investigation Research of the Combines Branch of my Department monitors the situation continuously, especially when there have been increases. If he or any other Member of the House has evidence of collusion he should bring it to the attention of the Director and action will be taken. I might point out that my colleague from Brampton—Georgetown informed me that over the weekend the price dropped 2 cents a litre in his constituency, showing that the market-place has been working.

REQUEST THAT MINISTER ORDER PETRO-CANADA TO REDUCE PRICE

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Minister knows that according to the law he can direct Petro-Canada to lower the price of its product in the market-place. The price of a barrel of oil went down by $2 U.S. recently. As well, Petro-Canada just announced an increase of 28 per cent in its profit. Therefore, can the Minister use the power the law gives him and direct Petro-Canada to lower the price by 2 cents a litre?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): As a matter of fact, the Hon. Member is inaccurate. The Petro-Canada Act states quite specifically that the Government may give policy direction to Petro-Canada but not involve itself in day-to-day operations. Hon. Members opposite can check the Act if they choose to do so. The policy put in place by the previous Government, and which we think is appropriate, is that Petro-Canada should operate in the market-place as a commercial corporation. That I presume is what it is doing.

I repeat, if there is any evidence of collusion to manipulate the market-place to the disadvantage of the consumer, then action will be taken. If the Hon. Member has any such evidence I ask that he bring it to the attention of the Director of Investigation Research of the Combines Branch.

* * *

TRADE

CANADA-UNITED STATES NEGOTIATIONS—ELIMINATION OF TARIFFS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, I would like to return to the free trade issue. The Government is becoming known for what seems to be, given the stories last week, hoax and trickery. Will the Prime Minister take this occasion to confirm or deny that the free trade negotiators are aiming to eliminate all tariffs for the Auto Pact without exception, and whether we are discussing cultural industries and agriculture?

Right Hon. Joe Clark (Secretary of State for External Affairs): If the Hon. Member were genuinely interested in having facts on the table, he would not carefully construct tricky questions.

Some Hon. Members: Oh, oh!

Mr. Clark (Yellowhead): That is what he has just done. If he is asking me is it the goal of the trade negotiations to reduce tariffs, the answer is yes. If he is asking me if the Auto Pact is on the table, the answer is no. Why can he not ask a straight question? He gets straight answers when he does.

REQUEST THAT PARLIAMENTARY TASK FORCE OVERSEE NEGOTIATIONS

Mr. Steven W. Langdon (Essex—Windsor): Let me try a straight question.

Some Hon. Members: Hear, hear!

Mr. Langdon: It is going to be tough to get an answer from the Minister but let me put it to him. Will he or the Prime Minister set up a special parliamentary task force to oversee the trade negotiations—

Some Hon. Members: Oh!

Mr. Langdon: —and let Canadians know precisely what is taking place behind closed doors?

Right Hon. Joe Clark (Secretary of State for External Affairs): No, Mr. Speaker, I will not. Why not? For at least the following reasons. First, there is an extraordinary and unprecedented degree of co-operation among federal and provincial authorities, and indeed federal and provincial Ministers, overseeing these negotiations. Second, there was an opportunity for a joint standing committee of this House and the other place to look at the question of trade. Third, there is going to be an opportunity for a full debate in this House and I look forward with great anticipation to seeing if the NDP are going to be able to come forward with a consistent position or if they are going to be against free trade negotiations in the same way they used to be against the Auto Pact.

Some Hon. Members: Hear, hear!

* * *

ENERGY

OIL AND GAS INDUSTRY—EXCISE TAX REVENUE

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Minister of Finance. Four major oil companies with refining and marketing capacity are continuing to fleece the Canadian consumer. However, those producers without marketing and refining capacity are being pushed to the wall because of the lack of assistance from the Government. By the end of the fiscal year 1986-87 the Government will have made billions of dollars as a result of excise tax increases on gasoline, some $480 million alone in this coming fiscal year. Why does the Government continue to use the oil and gas sector as a cash cow without being prepared to assist the industry?

Mr. McDermid: How can you ask that question with a straight face?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I cannot believe my ears. Let me recount for the Hon. Member what went on between 1980 and 1984. There was the Petroleum Gas Revenue Tax. There was the Natural Gas Liquids Tax. There was the petroleum compensation charge. There was the Canadian ownership charge. If any Government ever looked upon that industry as a cash cow it was the Government he supported for the four years ending in 1984. Where was he at that time?

Some Hon. Members: More!

Mr. MacLellan: Mr. Speaker, the Albertans do not think that is particularly funny.

Mr. McDermid: Coming from you they do.

Ms. Copps: He speaks for Alberta and that is more than you can say for the deadheads on your side of the street.

Some Hon. Members: Oh, oh!

Mr. McDermid: Come on, Sheila, be nice; you are going to be a mother soon.

Mr. Speaker: Perhaps Hon. Members would permit the Hon. Member to put his question.

Mr. Andre: Especially his seat-mate.

GOVERNMENT ASSISTANCE FOR INDUSTRY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, the Deputy Prime Minister seems to have a different attitude. He said in a release on February 18, the same day as the Budget, that measures would be implemented to assist the energy industry during this period of severe difficulty. When is the assistance going to take place? After most of the producers have gone bankrupt?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Deputy Prime Minister put out a press release at the time of the Budget which said much the same as I have been saying. There have been meetings of Energy Ministers. The first meeting since 1978 was held under the auspices of my colleague, the Minister of Energy, Mines and Resources. They will be reviewing the impact of current pricing on security and supply and reporting, I believe, in July.

I have said there has been a good degree of inequity in the tax system as it affects the oil and gas industry, starting with the taxes I referred to in my earlier answer. There is still work to be done there. We hope to address the problem in tax reform. Yes, there are things being considered right now, and in due course we will be making those announcements.

* * *

AGRICULTURE

PLANNING FOR SPRING PLANTING

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is directed to the Minister of Agriculture. He will know that Canadian grain farmers will soon have to make some basic decisions concerning spring planting and acreage and crop and so on. Since there may be expectations of further government programs such as the Canadian Special Grains Program, based on seeded acreage, can the Minister give direction as to the thrust of any possible future government programs? In particular, should western dryland farmers be considering seeding stubble?

• (1500)

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I welcome this opportunity to indicate to the Member and the House that the Special Canadian Grains Program is on track. The cheques are being delivered on time. We have now delivered well over 150,000 cheques. We also have about 40,000 applications in the mill and over half of those will be completed by the end of the day.

The day that we released the program we indicated to Canadian farming people, and have tried to repeat the message every day since, that they should not plan their 1987 cropping pattern based on the formula of distribution in the Special Canadian Grains Program.

* * *

TRADE

SALE OF POTASH TO UNITED STATES—ANNOUNCEMENT OF ANTI-DUMPING INVESTIGATION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is for the Secretary of State for External Affairs. This morning the people of Saskatchewan and New Brunswick received some very bad news, namely, that the U.S. Department of Commerce has announced that it is going to investigate whether or not Canadian potash was sold in the United States at under the cost of production.

Can the Secretary of State explain why, according to my information, in a diplomatic note sent to the Americans he failed to deal directly with the U.S. argument that we are selling our potash under the cost of production? Why did he fail to deal with the allegation that there are unfair Canadian subsidies, and that an export tax is not acceptable? Can he explain to the House why he did not make these strong arguments on behalf of the people of Saskatchewan and New Brunswick? Get off your knees and stand up for Canada.

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, it is interesting to hear that kind of talk in the House of Commons. Today federal officials met with representatives of the industry and the provinces to work out a plan to answer the charges coming from the United States. I would point out that it is an anti-dumping investigation which is going on rather than one for a countervail duty, and that will take up to a year. We are co-operating with the producers on this problem and will defend the right of the potash producers.

SUPPLY AND SERVICES

AWARDING OF CONTRACTS—NOTIFICATION OF MINISTER'S OFFICE

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is for the Minister of Supply and Services. According to an internal government document all awards for government contracts over $25,000 in six selected ridings including, conveniently, her own and that of the Prime Minister must be brought to the attention of the Minister's office before an award is announced.

In light of recent events which have sharply brought into question the fairness of the bidding system regarding government contracts, how can the Minister justify this policy which leaves itself open to political interference?

[*Translation*]

Hon. Monique Vézina (Minister of Supply and Services): As usual, Mr. Speaker, the Opposition is all mixed up. First a distinction should be made between the contract award process and the information system concerning contracts about to be awarded. The information method I set up is meant to ensure close co-operation between the Government and the private sector. This being a new mechanism, we set up this system, of course, we had to begin with a pilot project. I might also point out that this is a non-partisan mechanism available to all Members of the House.

* * *

[*English*]

ENERGY

PRICE OF GASOLINE—GOVERNMENT POSITION

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. In the early 1970s we had a crisis in the oil industry when oil companies deceived Canadians. We now have phoney increases at the pumps. Increases in excess of excise gasoline taxes are being charged at the pumps across the country. Why are these companies, including Petro-Canada, being allowed to get away with this? What does the Government intend to do about it?

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, the market-place will decide whether the latest increases will be sustained. For example, in Toronto market prices were generally up 4.2 cents a litre last week. It is my understanding that some service stations have carried that price over to this week, but others within the Toronto area have dropped their prices by approximately 3 cents. Therefore, market forces are at play and are working. I am sure that given time this will happen.

POINT OF ORDER

CORRECTION TO MINISTER'S STATEMENT

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I would like to correct the record with regard to an exchange in the House on Friday, February 20. At that time I inadvertently used the word "families" when I should have stated that 263,000 fewer individuals were below the poverty line since this Government came into office. Therefore, it is "individuals" rather than "families" as I inadvertently said. I apologize for the error.

* * *

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there have been discussions among the Parties. I believe that if you were to seek it, you would find unanimous consent of the House to revert to Statements by Ministers in order to allow the Right Hon. Secretary of State for External Affairs (Mr. Clark) to make a statement.

In order not to interfere with Private Members' Hour, we suggest that the Chair seek unanimous consent not to extend the sitting so that Private Members' Hour would not be interfered with.

Mr. Speaker: Hon. Members have heard the suggestion and the request.

Hon. Herb Gray (Windsor West): Mr. Speaker, there have been contacts by the Government with the Official Opposition on this matter. We will give our consent today. However, I want to make it clear that we do not consider this a precedent for having Statements made at three o'clock rather than the customary time of eleven o'clock when Routine Proceedings ordinarily take place. We expect that statements will generally be made at the time provided for in the rules.

Some Hon. Members: Agreed.

Mr. Speaker: There seems to be a disposition to proceed as suggested by the Hon. Parliamentary Secretary. The suggestion made by the Hon. Parliamentary Secretary with regard to time also seems to have approval, especially that of members of the Opposition. I thank the Hon. Parliamentary Secretary.

Statements by Ministers

ROUTINE PROCEEDINGS

[*English*]

SHIPBUILDING

AWARDING OF ARCTIC CLASS 8 ICE-BREAKER CONTRACT—MINISTER'S STATEMENT

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I have the pleasure to announce that my colleagues, the Minister of Transport (Mr. Crosbie) and the Minister of International Trade (Miss Carney), met this morning with Versatile Pacific Shipyards Incorporated of Vancouver. They informed Versatile that the Government proposes to build the world's largest ice-breaker, the Arctic Class 8, at Versatile Pacific Shipyards and they conveyed a draft letter of intent outlining the conditions the shipyard is expected to meet.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): Canada must be able to exercise our sovereignty over our North. That requires tools as well as will, and the Government attaches the highest priority to advancing Canada's national interests in the North. No Government in Canadian history has done more in so short a time to reaffirm and consolidate Canada's northern sovereignty.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): In my statement in the House on September 10, 1985 I set out the policy of the Government in respect of Canadian sovereignty in Arctic waters. I said that "The policy of the Government is to maintain the natural unity of the Canadian Arctic archipelago and to preserve Canada's sovereignty on land, sea and ice undiminished and undivided".

[*Translation*]

To implement this policy, we must take appropriate steps to strengthen our actual control over the waters of the Arctic archipelago. Building an Arctic Class 8 icebreaker is a major step towards attaining this goal. A vessel that enables us to patrol Arctic waters practically year round will be the best possible instrument to affirm our sovereignty over the waters in question. We will be able to provide for both safe navigation and compliance with our laws throughout our Arctic waters. The decision to build the icebreaker is a clear sign to the world of our firm resolve to exercise our sovereignty in the Arctic. It will also put us on a line with other countries who have this type of vessel and thus provide a sound basis for our position as one of the major Arctic countries.

The construction contract will provide over 1,100 person years of employment in British Columbia's shipbuilding industry during the four years the work will take.

Other provinces will benefit through sub-contracting arrangements. We will ensure that Canadian content is as substantial as possible, and we intend to obtain major long-

term benefits from foreign suppliers in the form of joint enterprises and technology transfers.

• (1510)

[*English*]

In addition, Canada's arctic infrastructure and control are being strengthened in such areas as ship construction for support of northern commercial operations, aids to navigation, ice reconnaissance and forecasting, satellite communication, establishment of marine parks, political devolution and native land claims.

In the past, Canadian policy in the Arctic has been characterized by fits and starts. That will no longer do. The Government has made a firm commitment to the Arctic. Our response to the report of the Special Joint Committee on Canada's International Relations places unprecedented emphasis on the northern dimension of Canada's foreign policy. In the coming months the Government will act to give further effect to the undertakings we have made,for example, in continuing to modernize Canada's northern defences and in promoting enhanced co-operation with circumpolar countries and with Greenland.

This Government is determined to assert Canadian sovereignty in the North and promote Canada as a key player in Arctic co-operation. The decision to proceed with construction of the ice-breaker is proof of that resolve.

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, of course we are happy for the Versatile Pacific Shipyard, but this is not a very enlightening statement. Apart from a few partisan slapshots, which are rather wild and inaccurate, and on which I shall comment in a moment, this is a remarkably vacuous declaration by the Minister. What information does it provide us about this proposed contract?

[*Translation*]

For instance, what is the cost?

[*English*]

What is the cost? I looked in the Estimates which were tabled today but I saw nothing under ice-breaking except an increase of $7 million over last year. Does this mean there will be no funds under this program until 1988-89, or are they hidden somewhere else in the Estimates and have escaped me? We did not receive the Estimates or the Minister's declaration until noon.

[*Translation*]

Mr. Speaker, there is nothing in the Estimates. I would like to know the cost and when construction will start.

[*English*]

When will this ship be commissioned? More important—

[*Translation*]

—Who will be the designers of this icebreaker?

[*English*]

Furthermore, we do not know who will be the designers. We know that an ice-breaker will be built and that a letter of intent has been given. Apart from the fact that it is going to Versatile, which is important information, that is all we know.

Since the Minister has emphasized that the sovereignty role is a primary concern, presumably this proposal will somehow be integrated with the proposals in the forthcoming Defence White Paper which we also have yet to see. It is impossible for us to relate this to sovereignty, taken in isolation. We know that an ice-breaker operating in the Arctic by itself would simply facilitate the passage of foreign vessels which, of course, cannot now penetrate the Arctic ice.

Let me return to the partisan slapshots to which I referred. Specifically, the Minister had the temerity to say that no Government in Canadian history has done more in so short a time to reaffirm and consolidate northern sovereignty. This is not a pro-active policy, but strictly a reactive policy.

When the Minister talks about fits and starts, I remind the House of the fits which took place when the *Polar Sea* penetrated the Northwest Passage, having told the Canadian Government it would do so, but not seeking permission. That occurred in July, 1985, and the Government subsequently authorized the passage of the *Polar Sea* after the fact. The Americans never sought any authorization from the Government to send their ice-breaker through the Northwest Passage.

No one dared challenge the sovereignty of the Northwest Passage while Liberal Governments were in power. Prime Minister Trudeau never had to authorize retroactively the passage of any foreign vessel through the Northwest Passage. The Minister is quite right when he says that nothing like this has been done in the past. His Government's action is strictly a reaction to its failure to assert its sovereignty.

On September 10, 1985, the Minister made a grand declaration when he, among other things, referred to the Canadian Laws Offshore Application Act which was introduced in April, 1986, almost a year ago. It passed first reading and has been on the Notice Paper since October. We do not know when that Bill will be brought forward.

In terms of Liberal Governments, I must say, *en passant*, that first it was not challenged because there was respect for Canadian sovereignty under Liberal Governments. Second, it was the Liberal Government that negotiated a 200-mile limit on the Law of the Sea which has been so instrumental, not only in terms of Arctic sovereignty but in terms of sovereignty over all Canada's territorial waters. I remind the Minister that it was also the Liberal Government that procured the long-range patrol aircraft which provide a means of surveying the Arctic. When the Minister says that the Government will increase flights over the Arctic, it is with the tools already furnished by a prior Liberal Government.

Therefore, I am not much impressed by this declaration, although Canadians can be assured by one comment by the Minister, that this is an ice-breaker with the capacity to break

ice. I notice that the Minister had the wisdom to read that passage in its French text, but Canadians will be grateful that this ice-breaker will have the capacity to break ice. Hopefully, Canadians can look forward to a Government that will have the capacity of governing. I am afraid, though, that they may have to wait until 1988 or 1989 for that happy event.

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, on behalf of my Party I am pleased to respond to the Minister's statement. New Democrats have been in the forefront of demanding more Canadian action in maintaining and promoting Canada's Arctic sovereignty. We have also been in the forefront in advocating a major restructuring of Canada's shipbuilding industry and the need for a planned revitalization of that industry. I want to refer in particular to my colleagues, the Member for Vancouver East (Ms. Mitchell) and the Member for Cowichan-Malahat-The Islands (Mr. Manly) in that regard.

New Democrats welcome today's announcement. The construction of the world's largest ice-breaker by Versatile Pacific is welcome news for British Columbia, the shipbuilding industry, and shipbuilding workers. It is a welcome symbol of commitment by Canada to establishing a larger presence in the Arctic.

• (1520)

I urge the Government, however, to do more—much more. If Canada is to regain its natural place as a major shipbuilding and shipping nation, the Government must keep its earlier promises to revitalize the industry. Canada must end its ad hoc approach to shipbuilding which has drastically weakened the industry and cost thousands of jobs. It is time for planning and vital long-term support.

I also urge the Government to do much more in establishing Canada's undisputed sovereignty in the north. My colleague, the Hon. Member for Skeena (Mr. Fulton), has on several occasions pointed out this Government's failure, and the long failure of previous Liberal Governments, to adequately address our boundary disputes on the North-West coast and in the Arctic. We have also pointed out that any establishment of Canadian sovereignty in the North must deal with the urgent need to address the rights and land title of our aboriginal peoples.

Finally, I urgently remind the Government that the long awaited and much welcome news of the contract for the Polar 8 ice-breaker will not address the larger and critical issue of foreign militarization of the Arctic and the potential weakening of Canada's sovereignty through the north warning system, SDI developments and through U.S. submarine voyages. Canada must join the efforts of other Arctic and Nordic nations to demilitarize the whole Arctic region and to support a nuclear weapons free zone in that region.

POINT OF ORDER

CORRECTION TO STATEMENT

Mr. John McDermid (Parliamentary Secretary to Minister for International Trade): Mr. Speaker, I would like to qualify the information I gave today in Question Period for my friend, the Hon. Member for Yorkton—Melville (Mr. Nystrom). I inadvertently misled the House when I said the meeting was taking place today. In fact, with respect to the potash situation, the meeting took place on February 19. I just wanted to clear up that matter for the record.

GOVERNMENT ORDERS

[*English*]

CANADA SHIPPING ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Crosbie that Bill C-39, an Act to amend the Canada Shipping Act and to amend the Arctic Waters Pollution Prevention Act, the Maritime Code Act and the Oil and Gas Production and Conservation Act in consequence thereof, be read the third time and passed.

Mr. Speaker: I think the situation was that the Hon. Member for Thunder Bay—Atikokan (Mr. Angus) had completed his remarks but there was still a 10-minute question and comment period. There being no questions and comments, is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

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

* * *

ATLANTIC ACCORD

MEASURE TO IMPLEMENT

The House resumed consideration of Bill C-6, an Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource management and revenue sharing and to make related and consequential amendments, as reported (with amendments) from a legislative committee.

Mr. Deputy Speaker: Motion No. 2 is now before the House.

Mr. MacLellan: Mr. Speaker, my wish is to debate is on Motion No. 6. I am prepared to allow a vote on Motion No. 2.

Mr. Waddell: Mr. Speaker, on behalf of the New Democratic Party, we are prepared to let this motion go through. I notice the ruling of the Speaker states, "The Hon. Minister seeks to introduce a new concept into the Bill, however, since there is doubt in my mind, I have decided that the motion should go forward". I do not know whether the Parliamentary Secretary wants to speak specifically, but I think he should perhaps just outline the terms of the motion so we have in *Hansard* the fact that there is no substantial change from the principles of the Bill.

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Motion No. 2 is an amendment to Clause 16 which is to establish a requirement for the Board to purchase liability insurance, the premium of which would be paid for by the two Governments. As Hon. Members are aware, it is a standard practice for a corporation to carry liability insurance and to provide indemnity for its board members. If the Canada-Newfoundland Board, however, is unable to obtain total insurance coverage an indemnification provision would apply. Under this provision, the two Governments would indemnify the Board members against any costs and amounts awarded against them as long as the Board members were acting honestly and in good faith and within the scope of their duties.

I question whether it is a change in policy. It is rather just a way to cover the Board members from harm.

The Acting Speaker (Mrs. Champagne): Is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

Motion No. 2 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): We will now proceed to Motion No. 4.

Hon. James Kelleher (for the Minister of Energy, Mines and Resources) moved:

Motion No. 4.

That Bill C-6, be amended in Clause 119 by striking out lines 48 and 49 at page 67 and lines 1 and 2 at page 68 and substituting the following therefor:

"(*h*) any study funded from an account established under Subsection 76(1) of the Canada Petroleum Resources Act, if the study has been completed; and".

The Acting Speaker (Mrs. Champagne): is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

Motion No. 4 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): We will now proceed to Motions Nos. 5 and 6.

Hon. James Kelleher (for the Minister of Energy, Mines and Resources) moved:

Motion No. 5.

That Bill C-6, be amended in Clause 232 by striking out line 3 at page 138 and substituting the following therefor:

"subsection 204(4) of the Provincial Act, dis-".

Motion No. 6.

That Bill C-6, be amended in Clause 233 by striking out lines 8 to 14 at page 138 and substituting the following therefor:

"233. (1) There may be paid out of the Consolidated Revenue Fund, for the purpose of making payments pursuant to this Part, amounts not exceeding, in the aggregate, the sum of two hundred and twenty-five million dollars."

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, I would just like to explain Motion Nos. 5 and 6 briefly. Motion No. 5 with respect to Clause 232 is a technical amendment. The previous citation to the section of the provincial legislation was incorrect. The correct section reference is Section 204(4) of the provincial Act and not Section 232(4). So this is technical in nature. What we have to do is to mirror the provincial legislation, which is what has been done.

• (1530)

Motion No. 6 is also a technical amendment to bring about agreement with the actual accounting practices of the Office of the Comptroller General. There is no necessity to have specific language appropriating funds. It is sufficient to have a statutory provision authorizing payment of funds from the Consolidated Revenue Fund. This is really just a technical amendment as well.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Madam Speaker, I do not quite agree with the Parliamentary Secretary with respect to his analysis of Motion No. 6. I think it is more than just a technical amendment. In fact, I think it goes quite deeply into the intention that was agreed upon when the development fund was signed by the federal Government and the provincial Government of Newfoundland. Clause 233(1) states:

There is hereby appropriated for the purposes of making payments pursuant to this Part, and such payments may be made out of the Consolidated Revenue Fund in, an aggregate amount not exceeding the sum of two hundred and twenty-five million dollars.

That is the way Clause 233 reads at the present time. The change being proposed by the Government would have the clause read:

There may be paid out of the Consolidated Revenue Fund, for the purpose of making payments pursuant to this Part, amounts not exceeding, in the aggregate, the sum of two hundred and twenty-five million dollars.

The amendment omits the words: "There is hereby appropriated for the purposes of making such payments—". In my opinion, if we were to leave the wording as it is presently, then

the funds would automatically be put into a fund, a development fund, to be jointly administered by the Province of Newfoundland and the Government of Canada. If we do not have those words then what we have is the federal Government drawing down from the Consolidated Revenue Fund funds to be applied against the expenditures outlined in the agreement whereby the payments may not be made on time or whereby the payments are not in a particular fund governed by the Province and the federal Government and the board that would oversee the fund. There is a significant difference. I can understand the Department of Finance not wanting to part with money any sooner than it absolutely has to part with it. However, if we approve the amendment then we are going counter to the spirit of the development fund agreement and counter to what was the intention of the Province of Newfoundland.

I ask the Government to withdraw this amendment because I do not think it is in the interests of Newfoundland. After all, the Government has delayed this Bill for a considerable amount of time. Newfoundland passed its legislation some time ago.

I wish to take exception to the remarks made this morning by an Hon. Member from Newfoundland who stated that the Opposition held this Bill up. That is not the case. As a matter of fact, this Bill was dealt with quickly and expeditiously by members of the Opposition. The Bill was given first reading one year ago. We then dealt with second reading and the matter was referred to committee at the end of June just before the House adjourned for the summer recess. Members of the Opposition did very well in dealing with Bill C-5. It was a committee which dealt with Bill C-92 and then Bill C-94, which were the numbers of the Bills in the first session, and which Bill C-5 and Bill C-6 now represent in this session of Parliament. There was no time to deal with Bill C-94. At that time there was no mention by the Government or anyone else that the Opposition was stalling with respect to these Bills. In fact, members of the Opposition have bent over backward to deal expeditiously with this Bill.

I would like to see report stage proceeded with quickly. But I do not think it would be in the best interests of the people of Newfoundland not to point out that I think the amendment suggested by the Government goes counter to their interests.

Motion No. 5 (Mr. Masse) agreed to.

The Acting Speaker (Mrs. Champagne): Mr. Masse, seconded by Mr. Oberle, moves that Bill C-6, an Act to implement an agreement between the Government of Canada and the Government of Newfoundland and Labrador on offshore petroleum resource and management and revenue sharing and to make related and consequential amendments, be amended in Clause 233 by striking out lines 8 to 14 at page 138 and substituting the following therefor:—

Mr. Lewis: Madam Speaker, I rise on a point of order. I think the record should properly show that the motion was moved by Mr. Oberle for Mr. Masse and seconded by Madam Landry.

The Acting Speaker (Mrs. Champagne): If I remember correctly, the motion was moved for Mr. Masse by Mr. Kelleher and seconded by Mr. Oberle.

Some Hon. Members: No.

Mr. Lewis: Madam Speaker, with respect to the particular motion you are putting before the House at the present time there are two cabinet Ministers in the House in their seats. I suggest it should be moved for Mr. Masse by Mr. Oberle and seconded by Madam Landry.

The Acting Speaker (Mrs. Champagne): We will check the record. However, when the motion was first proposed these people were present and I think the motion was in order.

Mr. Waddell: Madam Speaker, I rise on a point of order. I hesitate to interrupt at this time. It is a small matter but I think we should clear up the proceedings. I cannot say who is present and who is not present since there are rules of the House with respect to that. However, I do not recall seeing the Hon. Minister of Energy, Mines and Resources (Mr. Masse) in the House. Therefore, he could not have proposed the motion. I support what the Parliamentary Secretary has said with respect to the way the motion should read.

The Acting Speaker (Mrs. Champagne): I hope the House will allow me to try to make things clear. When the motion was first introduced in the House it was introduced in the following way. It was moved by Mr. Kelleher for Mr. Masse, seconded by Mr. Oberle. I think that should stand.

Some Hon. Members: Agreed.

• (1540)

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

Some Hon. Members: Agreed.

Motion No. 6 (Mr. Masse) agreed to.

Hon. James Kelleher (for the Minister of Energy, Mines and Resources) moved:

Motion No. 8

That Bill C-6, be amended in Clause 239

(*a*) by striking out line 17 at page 141 in the English version, and substituting the following therefor:

"239. (1) Subject to subsection (2),"

(*b*) by striking out lines 24 to 31 at page 141.

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

Some Hon. Members: Agreed.

Motion No. 8 (Mr. Masse) agreed to.

Atlantic Accord

Hon. James Kelleher (for Mr. Masse), moved that Bill C-6, as amended, be concurred in.

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

Some Hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mrs. Champagne): When shall the Bill be read the third time? At the next sitting of the House?

Mr. Lewis: Madam Speaker, I rise on a point of order. There have been discussions among the Parties, and if you were to seek unanimous consent you may find that there would be a disposition in the House to proceed with third reading at the present time.

Mr. Gauthier: Madam Speaker, I confirm that indeed there have been negotiations. The Official Opposition, in the spirit of co-operation and in trying to get the Government to do the right thing, has agreed to proceed to third reading today.

[*Translation*]

Mr. Waddell: Now that the NDP has 36 per cent of popular support according to the polls in Quebec, we are agreeable, as are the Government and the Opposition, to proceeding with consideration of the Bill at this time.

[*English*]

Hon. James Kelleher (for the Minister of Energy, Mines and Resources) moved that Bill C-6 be read the third time and passed.

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Madam Speaker, I wish to thank my colleagues from the Liberal caucus and the NDP caucus for their co-operation in expediting this Bill, which is very important to Newfoundland and it is waiting patiently to see that it is passed.

It is with great pleasure and satisfaction that I introduce for adoption by the House on third reading Bill C-6 to implement the Atlantic Accord.

The Government of Canada seeks to establish harmonious relations with the provinces, to stimulate economic development and foster social justice from coast to coast. Every action it takes necessarily bears witness to this fundamental guiding principle of the Government. Bill C-6 is another striking example.

We believe that the country's stability and prosperity depend on each provincial Government fully carrying out its role within our political and economic framework. That is why this Bill establishes the Government of Canada and the Government of Newfoundland and Labrador as equal partners in the management of offshore oil and gas resources.

The establishment of the Canada-Newfoundland Offshore Oil and Gas Board under the Accord demonstrates this recognition by assigning an equal number of representatives from each Government as well as a chairperson selected by mutual agreement. The Government of Canada and the Government of Newfoundland and Labrador will jointly give to the board instructions on key issues such as the rate and method of exploration and production of petroleum resources. In this manner, the two levels of Government will be able to ensure that the board is kept aware of their primary concerns. Similarly, a number of basic board decisions can be reviewed by either Government. This management system, which is based on the responsibilities and capabilities of both parties, is a model of co-operation and co-ordination, something which has been absent for a number of years.

These basic concepts also guide the Government's economic position. We believe that in order to foster economic development throughout Canada it is necessary to stimulate the economy of each province. This requires, among other things, the revival of provincial sources of revenue. Hence, in addition to a joint management system, the Government of Canada grants Newfoundland access to revenues deriving from the exploration or exploitation of offshore oil and gas resources. This sharing is possible because we consider oil and gas resources offshore Newfoundland to be the same as land resources.

As a result of this Bill, the province will participate in key resource management decisions and provincial statutes regarding resource revenues will be incorporated. These important measures are introduced pursuant to federal legislation in an area where the Government of Canada has jurisdiction. The Bill also provides for equalization payments to Newfoundland once production has reached a specified level. The purpose of these payments is to ensure that the province is not penalized, and that it will be able to benefit from the additional revenue for a period defined in Part V of the Bill.

However, we also believe that economic development must promote social justice, and that job creation is one of the best ways to bring this about. To this end, Bill C-6 establishes the $300 million Canada-Newfoundland Development Fund, three-quarters of which is funded by the Government of Canada. It allows the province to set up the socio-economic infrastructure needed to allow it to profit from offshore oil and natural gas development.

In order to establish this infrastructure, Newfoundland will undertake the construction of access roads or drilling rig manufacturing plants, and it will be prepared to provide required goods and services. It will also attend to the training of the people needed to fill the positions that will become available because of these activities. All these activities will create jobs.

In concluding, I wish to quote the Hon. Brian Peckford, Premier of Newfoundland, on the occasion of the signing of the Atlantic Accord on February 11, 1985. He stated:

—this whole agreement has been accomplished recognizing our role in Confederation and our commitment to national self-sufficiency for Canada—

There is no other document in existence that so clearly establishes Newfoundland's right to have a significant say and control over such a huge resource ... Today marks a watershed in the development of Newfoundland. It signals a dramatic turning point in the economic history of this place.

• (1550)

His words underline in an eloquent fashion the achievement of the objectives set by the Canadian Government when it first took office. We are convinced—and Bill C-6 is further evidence of this—that by giving each province increased control over its economy, the political unity and economic prosperity of the whole country are strengthened.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Madam Speaker, I am pleased to speak on third reading of Bill C-6, a very important piece of legislation in terms of what it can do for the Province of Newfoundland. I do not agree with a great deal of the legislation and think that it is counter-productive. However, it is important that it be passed as soon as possible.

As I said at report stage, I do not agree with the change to Clause 233 which would strike out the following words: "There is hereby appropriated for the purposes of making payments pursuant to this Part". If we just say that funds can be taken from the Consolidated Revenue Fund and there is no reference in the section to the funds actually being appropriated, the funds may not go to the Province of Newfoundland as quickly as it would like. In accordance with the spirit of the agreement between the province and the federal Government, the funds should be appropriated immediately and put into the special development fund so that they can be used, and perhaps even accumulate some interest, for the benefit of the people of Newfoundland. It is a complete change of the position and the spirit of the agreement between the two Governments.

I am also unclear about Clause 41(1)(b) which refers to the feedstock requirements of the facilities at Come-By-Chance, if the facilities were operating at capacity. What may be intended here is sufficient feedstock to service the refinery at Come-By-Chance. However, the wording is not very secure and it more or less excludes Come-By-Chance if the refinery is not operating at capacity, which would be very damaging to the Province of Newfoundland. The wording in Clause 41(1)(b) should be clarified. The federal Government should state emphatically what it means in that very important clause.

With the passage of the Bill through the House and subsequently through the other place, $225 million, as agreed by the federal Government and the Province of Newfoundland, will go to the development fund. Finally it will be available to the province to help it develop infrastructure and facilities to assist it in being ready for the time when Hibernia and other oil deposits reach the developmental stage.

I only hope that the Province of Newfoundland spends the money a lot better than did the Province of Nova Scotia. That province built roads, but they were nowhere near areas where there would be oil or gas development or any of the oil or gas coming ashore. It was used for political purposes. I request the Government of Newfoundland to use the money to develop infrastructure for the offshore. It is important for the people of Newfoundland that nothing happens to delay further the bringing ashore of oil reserves off the coast. I emphasize that it has been delayed enough and that the passage of the Bill will do nothing to bring on those reserves. We need resolve on the part of the federal Government to develop a fiscal regime to bring about a policy which will take major producers by the ears and say that the reserve must be developed.

The people of Newfoundland have been disappointed many times. One example would be the Churchill linerboard plant. They have suffered through the ups and downs of the refinery at Come-By-Chance, which we hope is on an up cycle and will continue in that way. They cannot wait forever to realize the potential of Hibernia and other deposits off the coast of Newfoundland.

This area has tremendous potential, and the potential is being allowed to dissipate. Many small business which were operating with the express purpose of being part of the exploration and development of Hibernia were unable to keep their businesses going and have closed their doors. As many as 200 small businesses have been lost because of the Government's delay in bringing this important resource ashore and in delaying the fiscal regime necessary to act as the cohesive force.

The most damaging aspect occurred almost a year ago when Chevron sent $500 million back to its parent company in San Francisco, stating as a reason for doing so that the indecision about Hibernia and the lack of resolve by the federal Government with regard to this important resource made it unsure of the future role of Hibernia in Canada's oil and gas sector. Rather than dealing with the uncertainty of sitting and waiting for something to happen, it sent the $500 million back to its parent company. It was very damaging because it was $500 million targeted for equity on the offshore. We are not only minus the $500 million itself, but we are also minus the borrowing leverage which the $500 million could bring. If the parent company in turn lends the subsidiary in Canada millions of dollars, it would not be the same because the parent company would be borrowing from the head office. Unfortunately the delay has caused the loss of a potential $500 million in equity.

However, the potential remains. The Avalon Basin is tremendously rich in oil and gas. Unfortunately government programs have met a drastic cut-back in exploration. The uncertainty of the Government in terms of where it is going and the importance of developing the Avalon Basin area has meant that the industry has cooled and backed away from previous intense negotiations about bringing the reserves onstream. I ask the Government to bring this matter forward.

Bill C-6 was introduced and given first reading as Bill C-94 in the previous session on February 7. At least two months later it was given second reading. It was the end of June before it went to the legislative committee along with Bill C-92 for study. Because of the co-operation of the two opposition

Parties, Bill C-92 went through committee stage. Then Bill C-92 became Bill C-5 in the present session, was passed at report stage, given third reading, was subsequently passed in the other place, and has now become law. Because of time constraints we were unable to deal with Bill C-94, as it was then known, or Bill C-6 before us now. It went to committee not as soon as we returned but weeks later. Here we are today on March 2 dealing with report stage and third reading of the Bill.

• (1600)

This is a Bill that could potentially provide the Province of Newfoundland with $225 million in development funds. Months ago the Province of Newfoundland passed its companion legislation and it has been waiting for this House to pass its Bill. I think the Government has perpetrated a breach of trust. I think it is unfair to the people of Newfoundland and the Government of Newfoundland. However, it is not surprising when one considers the way the Government backed away from the potential economic value of Hibernia to the Province of Newfoundland.

I would ask the Government as I have asked it before to please proceed with Hibernia and to pass this legislation as quickly as possible, as I think the Government will do after today. I plead with the Government to get on immediately with the development of those very important oil reserves.

Mr. Ian Waddell (Vancouver—Kingsway): Madam Speaker, I have a few words to say on third reading stage of this very important Bill. Of course, I agree with the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan). The Government does have control of the agenda. I do not want the Hon. Member for Bonavista—Trinity—Conception (Mr. Johnson) to return to Newfoundland to say that either the Hon. Member for Cape Breton—The Sydneys, who is a Liberal, or the Hon. Member for Vancouver—Kingsway, who is a member of the NDP, was holding up this Bill. We are not holding up the Bill. We do not have control of the parliamentary agenda. The Government could have brought this Bill before the House at any time. Now it is before us. Let us deal with it.

I have some real concerns in the back of my mind. We could be setting up a strange creature we have not examined properly over which we may not have control. That creature is this dual management of the offshore resource. I know it is a way of trying to get around the problem of giving Newfoundland control without the requirement of a constitutional amendment. The Supreme Court of Canada says that the federal Government owns the offshore, so I know what the Government is trying to do. However, I think we may have created a rather strange creature that may be difficult to control.

During the second of the two committee hearings which were held, I tried to voice my concern. As reported at page 1:93 of the committee hearing of Tuesday, November 4, 1986, I put it this way:

> Let us say as a matter of national policy the government decides it wants to change the situation fairly dramatically in Hibernia to develop it to take Canadian control over the development. This is hypothetical. Mobil does not want to go ahead with it. They have things in other parts of the world they want to do. The Government of Canada decides we have to go with Hibernia and the board sides with Mobil. How locked in are we to an independent board as opposed to national policy set by a Minister?

This question has now come up again.

D. Paul Emond of Osgoode Hall Law School wrote an article in *Resources*, the newsletter of the Canadian Institute of Resources Law, an eminent Calgary group. In the *Resources* newsletter number 12 of August 1985, Professor Emond spoke of the problem involved with control over what we are setting up. He said:

> Offshore exploration activity is partly the result of massive federal subsidies. While costly, these expenditures have made good political and even economic sense. They have enabled us to learn more about the size and accessibility of frontier oil and gas. They have benefited have-not provinces such as Newfoundland. They have also benefited other Canadians, as owners of the frontier lands. How else can Canada justify paying such large subsidies for offshore exploration?

We have spent about $11 billion on offshore exploration subsidies since 1960. Professor Emond continues:

> One would have expected, therefore, that the federal government would be reluctant to give up almost all of the financial benefits that development of the Newfoundland offshore might bring.
>
> The Atlantic Accord expresses the federal interest in the Newfoundland offshore in terms of national self-sufficiency, security of supply and, to a lesser extent, Canadianization of the industry. This seriously understates the federal interest. In the past, Canadian energy policy has reflected a multiplicity of interests, including conservation, environmental protection, economic development, regional disparity, and consumer price protection.
>
> This apparent narrowing of federal policy interest would be less disturbing if the Accord provided for periodic review and mechanisms by which it could be adjusted. But, without Newfoundland's consent, that option is not available. Indeed, if Newfoundland achieves the requisite support from other provinces, clause 64 commits the federal Government to introduce a mutually agreeable resolution into Parliament to constitutionally entrench the Accord. If that should happen, the Accord and the Board would be effectively insulated from any government review.

Professor Emond also points out in this article that the board is almost completely divorced from government policy. That is what I meant when I described this hybrid we have created. Suppose there is another energy crisis in the 1990s and we have to develop Hibernia right away. Suppose the federal Government wants to be involved in it. There may be some difficulties over that with the board.

It has been put another way by Frances Russell, a very thoughtful journalist who writes for the Winnipeg *Free Press*. Her column in the Winnipeg *Free Press* of January 17 reads in part as follows:

> One sure way to achieve harmony, of course, is to give your opposite number everything he wants and more.
>
> The Mulroney government conceded without a murmur what the Liberals had fought, at great political cost, to achieve: that Ottawa, as the government of all Canadians, should have some access to the nation's resource wealth.
>
> Although Ottawa's constitutional ownership rights to Newfoundland's offshore resources were upheld by the Supreme Court of Canada, the Liberals planned to give the province a minority say in management and full revenues until it became one of Confederation's "haves."

The Mulroney government went a giant step further in Carney's Atlantic Accord. It provided for joint management of the resource, with Newfoundland having the exclusive right to set royalties and with disputes between the two governments to be resolved by a panel of appointed officials.

The following is the key paragraph in the column:

Fundamental matters of state involving the national interest are to be decided, not by the national government, but by a group of bureaucrats, half of whom represent a province.

Ms. Russell goes on to say:

The Western Accord, signed with Alberta, Saskatchewan and B.C., was a complete federal rout.

The dismantling of the Liberals' National Energy Policy meant a total repudiation of Ottawa's hard-won power back to provincial capitals, and a potentially massive flow of revenue from the federal government through the provinces back to the oil companies.

If I might put it another way, Frances Russell is really asking who is speaking for Canada. I must say that I am surprised that members of the Liberal Party have not put up more of a defence of its own National Energy Program rather than succumbing so easily to some of the Tory myths about the National Energy Program. That program had faults and it had some pluses. Conservatives just do not tell the truth about it and I think the Liberals have bought those myths too easily. They should have defended the program.

Let me return to the Bill that is before us. All of us in the House want to pass the Bill in order to help Newfoundland. We want Newfoundland to become a have province and to be like some of the western provinces that have used their resources for economic growth. We all believe in that. However, I am saying that there is a little niggling doubt in the back of my mind. Professor Emond and Frances Russell talked about it as well. That doubt is that in an energy crisis when we will need a national policy for Canada, will a future Government be stymied by the fact that we have set up this hybrid, strange creature that will manage the Newfoundland offshore, a board that will either be a creature of the provincial Government or a creature unto itself, removed from government policy? You should not on principle remove bureaucrats from the control of their political masters, so that when there is a concern over national policy you can act. While I hope we do not, I am afraid we might wake up in 10 years and regret that we did not give that closer scrutiny in this Bill.

• (1610)

As far as I can see, there is nothing happening in oil exploration off Newfoundland and Nova Scotia. In fact, exploration has collapsed. The Department of Regional Industrial Expansion review of capital investment reports that petroleum companies operating in Newfoundland, who cut their investment by 42 per cent in 1986, will pare off another 46 per cent this year. In dollar terms the investment declined from $443 million in 1985 to $356 million last year, and they anticipate a mere $270 million next year. In other words, as long as world oil prices are down and the Government does not give more grants, there is not going to be much exploration off Newfoundland. *The Globe and Mail* says that offshore exploration for oil and gas is expected to remain stagnant with only one or two rigs working off the Newfoundland coast.

While we all tried to support this Bill in that we thought it was an example of the new federal-provincial co-operation, we now know that the Premier of Newfoundland has had some fundamental differences over the fisheries question with the Prime Minister (Mr. Mulroney) and his Ministers. We have to contrast the urgency attached by the former Minister of Energy, Mines and Resources to speedy passage of Bill C-94 in the last session of Parliament with the lackadaisical approach by the present Minister in bringing this Bill forward. Newfoundlanders are now seeing the reality in a Government led by a Prime Minister who once said, in the course of the election campaign, that he was not afraid to inflict prosperity on Newfoundland.

In the course of committee deliberations on this Bill and Bill C-5 previously which dealt with frontier energy, concerns were expressed about encouraging balanced, sustainable, long-term regional development and the need to ensure that the development of the offshore petroleum industry in Newfoundland proceeds carefully so as not to harm the vital fishing industry on which so many Newfoundlanders depend for their livelihood. Now, however, the Prime Minister's Government has, in its own inimitable fashion, simplified matters by handing over the fishery to France. We need a regional development strategy. I was hoping the legislative committee would hold some hearings in Atlantic Canada, examine the development fund details and look at safety concerns. After all, we had the *Ocean Ranger* disaster involving a tragic loss of life. These rigs are going to go into Iceberg Alley, and we have not really looked at the danger there. I hoped we would look into preferential hiring of local people and the effect of development on other industries such as the forest and fishing industries of Newfoundland. I hoped we would look at Canadianization and who will benefit from it. Will it be Mobil Oil of New York or will it be Canadians? Finally, I hoped we would look at the role of Petro-Canada. Yet we did none of that. Quite frankly, the Conservative Members on the committee were not interested in examining these issues which have to be examined.

As someone who is not from Atlantic Canada, like some other speakers in this debate, I find that many of the Premiers in Atlantic Canada have sold a kind of bill of goods to the people there. "This great development is a pot of gold and you are going to be rich tomorrow". That is wrong. It is fraudulent in many ways. I know they have won elections like that, but I think politicians have to be honest with the people of Newfoundland about regional development. If I can put it as honestly as I would like to, I say to the people of Newfoundland that it is my observation that they should not forget their fishing industry. Do not forget the forest, mining and tourism industries. Do not just go for this pot of gold at the end of the rainbow. Do not think that Hibernia is somehow going to be a heaven and you will have a big surplus fund like Alberta has. I hope there is development.

I said in my speech in this House on second reading on May 26, 1986, that we need Hibernia in the 1990s. We are asleep now and we are going to have another energy crisis. Oil is a non-renewable resource and we are running out of cheap and easily obtainable oil. The National Energy Board told us we will be running out in about eight years. We will have to go to the frontier and it will cost Canadians a lot more. The price of gas could be double what it is today if we have to develop those resources. The world oil resources will then be concentrated in the Middle East, a very unstable area. We are looking at an energy crisis in the 1990s and we should wake up and realize it. That is why the development of Hibernia is important. That is why this Bill is important. It is flawed in many ways, it was a quick fix Atlantic energy Accord in the style of the Government. However, we will do our best to make it work, and that is why we are prepared to let it go through today.

Mr. Joe Price (Parliamentary Secretary to Minister of Labour): Madam Speaker, I would much prefer to discuss some of the more positive aspects of this legislation but I will succumb to the temptation to comment on a number of statements made by members from both opposition Parties with respect to delays. The Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) indicated a concern over the length of time the Government took to introduce this legislation. I simply ask him where he and his Government were prior to 1984 when the Government of Newfoundland approached his Liberal Government in Ottawa to try to resolve this dispute so we could get on with development. He knows and the country knows how many times the provincial Government made those approaches and how many times it was rebuked. I would also remind the Hon. Member that within six months of taking office, this Government went to Newfoundland and signed the Atlantic Accord. For the Hon. Member's information, the legislation was introduced and debated, and it could have been passed in a timely fashion concurrent with the legislation in the province. Why did it not get through all stages of this House? Because of the delaying tactics of the Opposition, in particular the NDP.

Mr. Waddell: Not true.

Mr. Price: Indeed it is true. My colleague from Bonavista—Trinity—Conception sat on both legislative committees which dealt with Bill C-94 and Bill C-6. He came out of those committees time and time again in frustration expressing concern because of the delays by the Hon. Member for Vancouver—Kingsway (Mr. Waddell).

• (1620)

Mr. Waddell: Would the Hon. Member not allow the native people to speak in committee?

Mr. Price: I am not suggesting that we should not allow the native people to speak. I am suggesting—

The Acting Speaker (Mrs. Champagne): Order, please. The Hon. Member for Burin—St. George's (Mr. Price) has the floor.

Mr. Price: Thank you, Madam Speaker. The delays were indeed unnecessary delays. I, being a member of the legislative committee on Bill C-6, do not mind saying in this House that I supported an extension of the committee sitting so that we could get on with the passage of this Bill. We indeed extended the sittings on that day and got through that Bill in a timely fashion because we, as Members from the Province of Newfoundland, were concerned that this Bill not be delayed any longer. We wanted to get the development under way.

The Hon. Member talks about a lack of research on iceberg movement. Has he not heard about the fine research efforts at the Memorial University of Newfoundland? The C-CORD Foundation is a world leader in marine research. It was the same Member, incidentally who said that the Atlantic Accord was only a piece of paper. I suggest that there are people in Newfoundland who think differently.

The spirit of this legislation marks a clean break from the Ottawa-dominated policies of the previous Government. Indeed, the Atlantic Accord is a milestone in the history of federal-provincial relations in Canada. We all remember the inability of the previous Government to reach an agreement with the Province of Newfoundland on the issue of offshore oil and gas resource management and revenue sharing. There were some who said it could not be done, that Newfoundland's demand for a shared management regime based on equality was unrealistic. Not only were their demands realistic, they are now realized because of the determination of the Government to do what is morally right for the Province of Newfoundland. Together this Government and the Province of Newfoundland showed that it could be done in a way that recognized our respective roles in Confederation and our joint commitment to energy self-sufficiency for Canada.

This legislation is based on the principle of federal-provincial sharing of decisions on important issues which affect the economic and social development of a province and the country as a whole. The Atlantic Accord reflected in Bill C-6 clearly established Newfoundland's right to have a significant say and degree of control over the management of its important offshore oil and gas resources. It protects Newfoundland from the kind of arrogant and uncaring actions demonstrated by the previous Liberal administration.

The principle of joint management has been ensured by the creation of a strong, independent Canada-Newfoundland Offshore Petroleum Board. This legislation empowers the board to make decisions on all matters related to the management of offshore oil and gas resources. There is a provision for joint policy direction to the board by both Governments on key issues such as industrial and employment benefits, public reviews, and decisions affecting the pace and mode of exploration and development. This will ensure the board remains responsive to both Governments.

In addition, certain fundamental decisions of the board will be subject to review by both Governments. In the event that the two Governments fail to reach a consensus on a fundamental board decision, the responsibility of approval will rest with one of the two Ministers depending on whether or not Canada is self-sufficient in crude oil. This legislation will be well received by the industry. It provides a stable regime within which industry can develop valuable offshore oil and gas resources in the interests of Newfoundland and Canada as a whole.

The important issue of revenue sharing has been resolved in a way consistent with the Government's belief that provinces should play the primary role in benefiting from wealth generated by our natural resources. The sharing of offshore revenues will be the same as it is between Canada and those provinces with petroleum activities on land. In this regard, the legislation adopts Newfoundland legislation related to the establishment and collection of provincial-type resource revenues and taxes of general application. This Bill also confers important powers on the province regarding resource management. These important measures are enacted through federal legislation in an area in which the federal Government has legislative jurisdiction.

The signing of the Atlantic Accord was itself more than ample proof of our respect for the rights of both Canada and Newfoundland in the offshore. That respect is enshrined in this legislation. The first benefits of this new partnership will occur with funding from the $300 million Offshore Development Fund. This fund will be used to put in place the infrastructure necessary to ensure Newfoundland receives maximum benefits from future petroleum development. The Newfoundland Government has shown foresight in its first proposals for projects under the fund. Already approximately $37 million has been committed to projects related to education and training. Through projects such as these, Newfoundlanders will be qualified and ready for the many jobs resulting from development of offshore oil and gas resources.

Bill C-6 provides protection for the Newfoundland economy by ensuring there will not be a dollar-for-dollar loss in equalization payments when the revenues begin to flow into the provincial treasury. Additionally, this legislation continues an oil spill compensation regime which, with respect to absolute liability for oil spill damages and debris, requires the oil industry to provide financial security. The new legislation includes the formation of a committee with representatives from both Governments and the petroleum and fishing industries. This committee will be required to review and monitor the effectiveness of the compensation regime.

In closing, Madam Speaker, I wish to say once again how proud I am of the achievements of the Government and the Government of Newfoundland which are reflected in this Bill. I am confident it will benefit future generations of Newfoundlanders as well as other Canadians. With this law we show all of Canada that the principles of social justice can be achieved through federal-provincial co-operation in a way which strengthens our country and ensures better lives for all Canadians by the sharing of responsibility and the wealth of our bountiful resources. On behalf of the House, I would like to thank the committee for its contribution in the study of this Bill. The proposed legislation deserves the unanimous support of the House and I ask all Members to support it accordingly.

Mr. George Baker (Gander—Twillingate): Mr. Speaker, I will not be very long. For just a moment I will refer to the last statement of the Hon. Member. He has called upon all Members of the House to support this legislation. I can assure him that I will say no to the passage of the legislation, but I will not hold it up, simply because I cannot.

• (1630)

While I have 20 minutes in which to speak, it may only take five minutes to explain why I do not like this legislation. The Bill gives the Newfoundland Government substantial funds immediately upon its passage, but I believe it will go down in Newfoundland history as being the biggest sell-out in the Province of Newfoundland, far surpassing the agreement made on the upper Churchill in Labrador that is sometimes referred to by politicians in Newfoundland and Ottawa.

It is the biggest sell-out in Newfoundland history because of a clause in the Bill that was briefly alluded to by some other Members. According to that clause, no new industry can be built in Newfoundland using offshore oil from Newfoundland unless every industry is fed by that oil in other provinces in eastern Canada. Not one petrochemical industry can be built in Newfoundland in order to utilize offshore oil unless the Irving refinery in Saint John, New Brunswick is satisfied, unless the Point Tupper refinery is reopened in Nova Scotia, and unless the petrochemical industry in Dartmouth and Halifax is satisfied.

The Newfoundland Bill that is the same as this Bill was passed unanimously by all Parties in the Newfoundland Legislature. It means that for all time petroleum resources taken from the offshore cannot be used to construct new industrial capacity in the poorer Province of Newfoundland.

Perhaps the only contribution I may make today is to put that proof on the record so that sometime in 20 or 30 years when there is a big row in Newfoundland about the big sell-out that took place in 1987, people may look back and say that at least it was pointed out in the House and is in the official record. I refer to Clause 41(1) under Regional Security of Supply. That clause states that the delivery of petroleum from the offshore in Newfoundland will go first to:

> (a) the end use consumption and feedstock requirements of industrial facilities that are in place in the Province on the day of the coming into force of this Act;

The clause mentions industrial facilities, but the only other refinery that was open in Newfoundland, other than Come-By-Chance, was torn down two years ago.

Mr. Shields: Build her up.

Mr. Baker: The Parliamentary Secretary says to build her up. That cannot be done because it is not allowed after this Bill is passed.

Clause 41(1)(b) states:

> The feedstock requirements of the refining facilities at Come-By-Chance on the day of the coming-into-force of this Act or any refining facility constructed in the Province to replace those facilities;

The facilities at Come-By-Chance are the only ones in existence in Newfoundland. Those two subclauses are not required. Those facilities are not operating at capacity, which is 100,000 barrels a day. They never operated at capacity and never will. Subclause (b) concludes "—or any refining facility constructed in the province to replace those facilities". Therein you are guaranteed 100,000 barrels of oil a day from the offshore for Newfoundland. The clause goes on to state:

> —or (c) the feedstock requirements of any refining facility located in the province that was not in place on the coming-into-force of this Act, other than a facility referred to in paragraph (b)—

Which is the facility at Come-By-Chance. It goes on to say where:

> —the feedstock requirements required to satisfy the demand of industrial capacity, on the day of the coming-into-force of this Act, in the Provinces of Nova Scotia, New Brunswick, Prince Edward Island—

have been met.

The Bill refers to existing industrial capacity in those three provinces on the day of coming into force of this Act. There is no industrial capacity in the Province of Newfoundland that wishes to use offshore oil. Yet Come-By-Chance is guaranteed 100,000 barrels a day. Yet in the same clause the Irving refinery in New Brunswick is guaranteed capacity which is about 290,000 barrels a day. It is operating at 40 per cent to 45 per cent capacity. It guarantees the refining capacity of Nova Scotia on the day of the coming into force of this Act.

Then there is Newfoundland, which is far behind, with no industrial requirements at all for offshore oil. There are no mothballed refineries in Newfoundland, no refineries operating on oil from Venezuela like others in Atlantic Canada, and no refineries operating at half capacity. This Bill stipulates that for all time offshore oil from Newfoundland cannot be used to construct any new industries there because it does not have those industrial requirements on the day of the coming into force of this Act. I was law clerk in the provincial Legislature of Newfoundland for three years. I know Newfoundland legislation probably better than anyone in this Chamber and perhaps am only matched by the Member for St. John's West, the Minister of Transport (Mr. Crosbie). I taught him when he was new to politics, and I suggest it is obvious that I taught him very well. He knows almost as much as I know about Newfoundland legislation. I do not know of any other piece of legislation in the Newfoundland Legislature that is so glaring in intent to do harm to the industrial future of Newfoundland than this legislation.

It states that for all time offshore oil off Newfoundland cannot be used to construct a petrochemical industry or anything other than what is presently at Come-By-Chance, which is really not operating to any capacity today. It is hard to believe that the legislation could be worse, but when one reads further, one sees that it refers to the time when there is a shortfall of petroleum deliveries in the province. This is after Nova Scotia is satisfied, after Prince Edward Island is satisfied and after New Brunswick is satisfied. Once everyone is satisfied and all the refineries of the Maritimes are blocked with oil, the Minister from Newfoundland might declare a shortfall in petroleum deliveries in that province. We are only talking about Newfoundland. The province gets the first option to acquire on commercial terms, protecting the big multinational oil companies, petroleum produced in the offshore area, unless—u-n-l-e-s-s—a sales contract with respect to the petroleum has been entered into prior to the giving of the notice.

• (1640)

In other words, not only is Newfoundland relegated to the position of being less than every other province on the eastern seaboard, but it is now relegated to the position of being less than the multinational oil companies which are drilling for the oil. Would it not be silly for a company to drill on Hibernia if it were not guaranteed a contract for sale of the oil? Why else would it drill? What Clause 41(2) does—as if Clause 41(1) were not bad enough—is to tell the oil companies that if they have a contract, they do not have to give it to anyone. If they have a contract in Venezuela, in the United States, in England or in France, they can take the oil to those countries. If Saudi Arabia wants to buy the oil, it can be given to them. They do not have to supply Newfoundland with anything. That is why I say that this is the biggest sell-out in Newfoundland history that I know of.

Imagine what would happen to the Parliamentary Secretary to the Minister if he stood in this Chamber and introduced a Bill which provided that oil found in the Province of Alberta from this time forth must go to satisfy the existing industrial capacity of Saskatchewan, Ontario and Quebec. Imagine if it would not be allowed to be used in Alberta to construct a petro-chemical complex. A separation would take place. Confederation would be no more. Alberta would not be a part of Confederation any longer. I know the Hon. Member is from Fort McMurray because there are a lot of Newfoundlanders up in Fort McMurray and when they have problems they have to telephone his office, so I know him fairly well. If the Hon. Member stood in this Chamber and supported such a Bill which told the people of Alberta that their oil can no longer be used to build a petro-chemical complex or oil refinery in Alberta, that it must be sent to Saskatchewan, Ontario and Quebec, he would not be allowed back into Calgary airport. He would not be allowed off the plane. Here we have an incredible situation. The Newfoundland Government is saying it wants this Bill. It wants the clauses passed and passed yesterday.

For the record, Madam Speaker, I think this is a bad Bill. I think the drafters of this legislation probably knew that when they were drafting the Bill. It is the worst Bill ever concocted

in the history of this place. I do not know why the Newfoundland Government agreed to it. I have to agree with some of the remarks made by some government Members of Parliament from Newfoundland when they said: "We want this Bill now because the payments can start and we need the money in Newfoundland. We need the $200 million". This guarantees that over $200 million could be passed to the provincial Government for projects with respect to much needed employment. Therefore, Madam Speaker, all I want to say for the record is that one of these days some student will be researching this Bill. He is going to think that there was a bunch of crazy Members of Parliament back in 1987. He will think that the Newfoundland Legislature must have been insane to have passed this particular piece of legislation. I want to be on the record as pointing out that I do not agree with this legislation at all and I certainly would not do anything to hurry its passage.

Mr. Hovdebo: Madam Speaker, Bill C-6 is supposed to give Newfoundland the same kind of control over its resources on land and in the sea around Newfoundland as the other provinces have who are land-locked. I wonder if the Hon. Member would comment if the legislation really does this? The fish resource of the sea is a resource which Newfoundland has depended on. It has thought, I am sure, that it owned that resource as much as it does the oil which could be developed from under-sea mining. Just lately the Government made an agreement with France which gave away a considerable amount of that fish resource which belongs to Newfoundland. Does the Hon. Member think that the people of Newfoundland have any assurance that this Bill will guarantee that this Government, or some other Government, will not do exactly the same thing later on and give away some of Newfoundland's oil in the same way as the Government has given away Newfoundland's fish?

Mr. Baker: Madam Speaker, with respect to the question of the resource being treated the same as if it were on land, there is in this Bill a section called The Security of Regional Supply. Certainly, if it were treated the same as if the oil were on land, then we would not have any guarantees under this Bill to support industrial capacity which lies outside the Province of Newfoundland. Therefore, it differs considerably from the situation if the oil were on land.

The question raised by the Hon. Member concerning the piece of territory which is off the coast of Newfoundland, in which St. Pierre and Miquelon is in the middle, and where we presently have a dispute, I would say that if any constitutional experts were sitting down and examining the position of the federal Government, they would think that the first thing which should be done is that the Secretary of State for External Affairs (Mr. Clark) should be removed from his position.

There is no case in history to even hint that France has any rights whatsoever beyond three miles to ten miles off St. Pierre and Miquelon when one looks at international law. France was in just the opposite position with respect to the Channel Islands where another country was claiming an extended zone. What happened there? We all know that it ended up to be 10 miles. It is absolutely insane for Canada to say to France: "This is a disputed zone", which is an admission by Canadian standards that France actually has a claim on that offshore area. There is not an example in the entire world where a colony of another country has rights to 200 miles. Nowhere in international law is there an example of that. One wonders where the advice in the Department of External Affairs came from. Or was it from the Department of External Affairs? Was it perhaps from the Department of External Affairs of France? Perhaps they got it mixed up. That is the way the Government has treated the Newfoundland fishery and even the Newfoundland resources which are off the coast of St. Pierre and Miquelon.

This Bill does not treat the resource as if it were on land because if it were on land, the oil would not be guaranteed to every other province except the Province of Newfoundland.

• (1650)

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

* * *

RADIO ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-3, an Act to amend the Radio Act, as reported (without amendment) from a legislative committee.

Hon. James Kelleher (for the Minister of Communications) moved that Bill C-3 be concurred in.

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

Some Hon. Members: Agreed.

Motion agreed to.

[*Translation*]

Hon. James Kelleher (for the Minister of Communications) moved that the Bill be read the third time and do pass.

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communications): Madam Speaker, I welcome this opportunity to introduce the third reading of Bill C-3, an Act to amend the Radio Act. As the Minister of Communications (Miss MacDonald) explained when appearing before the legislative committee that examined this Bill, it costs money to employ people to manage the radio frequency spectrum.

Most spectrum users have been contributing towards the cost of this service for years through their radio licence fees. However, federal and provincial departments as well as Crown corporations and Government agencies have never paid for a

service that ensures they can use their radio equipment interference-free.

These agencies have always been exempted from paying fees, pursuant to sub-section 2(2) regarding Her Majesty in right of Canada and each province. Currently, costs are paid for from the general tax revenues. In other words, not only have hundreds of thousands of licensees been contributing to these costs for years by paying their own fees but they also pay for those who do not through their individual and corporate income tax.

To provide for sensible and prudent administration of a vital resource, it is only fair to have the cost of such administration shared as widely as possible. We all tend to be more appreciative of what we pay for. Even if the fee is not considerable, the fact that there is one tends to enhance our interest in the service provided.

Madam Speaker, this would seem to be a very straightforward Bill. We heard a number of witnesses who said they were in favour of the Bill because it provided for a measure of fairness in paying for license fees, and there were of course other witnesses who will now have to pay license fees and who did not agree. There was one point which gave rise to quite a bit of discussion and which unfortunately resulted from a misunderstanding about the scope of this Bill. I am referring to fees collected for municipal radio licenses. These fees will not be increased as of April 1, 1987 as provided under Bill C-3, because the Bill does not affect fees for municipal radio licenses. The cause of all the confusion goes back to June 1986, when it was announced that preferential treatment for users of municipal radio services would come to an end. Municipal radio licensees were advised they would have to pay the same fees as private sector users. This proposal was part of a plan to apply the user-pay principle to all users of the radio frequency spectrum, as part of the Government's public finance administration program. The proposal was to become effective, as I said before, on April 1 and would have meant an increase in fees for most municipal radio licensees.

However, on January 21, 1987, the Minister advised all Members that these particular radio licence fees would not be increased. There will be no change, so that municipalities will continue to enjoy their preferential treatment. Madam Speaker, I think that is the essence of the Bill, and I would ask the House to adopt this legislation because we would like to see it become effective as of April 1, in order to establish an equitable system that will apply to all radio frequency users.

[*English*]

Mrs. Sheila Finestone (Mount Royal): Madam Speaker, I am pleased to have the opportunity to speak to Bill C-3, an Act to amend the Radio Act. Although this Bill is only a few lines in length it will have important financial consequences for those affected by it. The Bill, if passed, will have ramifications for those government institutions which utilize radio frequencies for communication purposes.

At present, the federal Department of Communications is charged with the responsibility of setting the rules for those who wish to use the radio spectrum in Canada for purposes other than broadcasting to the general public. The Department regulates these users by giving each of them a licence to operate at a certain frequency, at a certain power and at a certain place so that there is no interference in using the spectrum. In short, the Department of Communications is concerned with spectrum management at the local, provincial, national and international levels when spectrum service has to be negotiated.

Bill C-3 establishes a user-pay principle in the field of radio spectrum. Current provisions of the Radio Act exempt federal and provincial Governments, government Departments and agencies and certain Crown corporations from paying any radio licence fees to the Department of Communications. However, Bill C-3 will remove this exemption. As a result, provincial and federal government Departments and agencies will pay the same licence fees as would be charged to a user in the private sector. The Government calls this equity. The Government calls this fair usage. I say that it is just a transfer of burden from the federal taxpayer to the provincial taxpayer and that it has rather serious consequences.

The Radio Common Carriers Association of Canada informed the Legislative Committee on Bill C-3 that one positive feature of charging government Departments for radio licences is that those Departments may be forced to reconsider whether or not they really need to occupy a radio frequency. They stated that if one has to pay for something, then one has to take a look at what one is getting. I do not know that that is a good enough reason for having to take such a broad sweep at this area, including every agency and all provincial users, into the wide net that is being conceived by this Bill.

• (1700)

If one looks at the theory that charging an entity for a service which has previously been provided for free may force that entity to reconsider the need for the service in the first place, it is possible that some government agencies which currently hold licences, but make minimal use of radio frequencies, may decide to surrender them. As a result, a number of frequencies may be freed up for other users. If there is good management, that should have happened in the first place. Our provincial Governments are as capable and as concerned with good policy and management as is the federal Government.

[*Translation*]

The Acting Speaker (Mrs. Champagne): Order. I am sorry to have to interrupt the Hon. Member for Mount Royal (Mrs. Finestone).

It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS—PUBLIC BILLS

[*English*]

PARITY PRICES FOR FARM PRODUCTS ACT

MEASURE TO ENACT

Mr. Lorne Nystrom (Yorkton—Melville) moved that Bill C-221, an Act respecting parity prices for farm products, be read the second time and referred to a legislative committee.

He said: Madam Speaker, it is with pleasure that I rise today to propose Bill C-221, an Act respecting parity prices for farm products. For many years in the House I have said that the number one industry in Canada is agriculture, the production of food for Canadian people and other people around the world. I also believe that when the farmer is better off we are all better off. When the farmer is better off there is more money for the creation of jobs for young people in the towns and cities of Canada. We must do whatever we can to support the farmer who is going through some difficult times.

In essence, this particular Bill proposes the establishment of a floor price for agricultural products that has some reflection in the cost of production and a decent return for farmers. This Bill is proposing that, like workers who have a trade union or businessmen and professionals and their associations, farmers should have some guarantee that the price they receive will support them and their families in the production of food.

This Bill specifically deals with wheat, oats, and barley which are now marketed through the Canadian Wheat Board. It also deals with pork and beef. There is no marketing board for those two products. This Bill would establish a price that would reflect parity for what a farmer receives for grain with the costs of production and a decent return for his product. This applies only to domestic human consumption, because we can set a higher Canadian price without violating the GATT rules when dealing with the Canadian consumer, particularly in the case of these grains, because we do have the selling agency, the Canadian Wheat Board. That agency is the sole selling agency for Canadian grain. Therefore, we can have a domestic price different from the international price. Presently there is a $7 domestic price, while the international price is $3 to $3.50 a bushel. There is no technical difficulty in having a parity price for grain domestically consumed. We are talking here of about 9 or 10 per cent of the grain produced by our farmers. I believe that that can and should be done as soon as possible.

Some people ask what the cost of production is. We all know that the cost of production varies region to region, province to province, and product to product. There are cost of production formula for a number of commodities such as milk, with the milk marketing agencies; turkeys, chickens, and for other commodities. It is not impossible to devise an average cost of production formula that is relevant to grain producers, as we have one for other producers. So that can be done.

The second part of this Bill deals with pork and beef. That is a little more complicated because we do not have a national beef marketing board or pork marketing board. This Bill suggests that there should be marketing commissions in these two areas to lay the ground work for a parity pricing system. I strongly believe in economic democracy and political democracy. I propose in this Bill that we should only have these marketing agencies and commissions if the farmers choose to follow this particular route. In other words, if the beef producers wish to establish a national marketing board, that is their prerogative. If they choose not to, that is also their prerogative. If the farmers choose not to follow that route, we cannot have a different Canadian price, or a price based on the costs of production which are different from the international price. That would be a violation of GATT rules. That is why I put it in this manner. The same thing pertains to hog producers. If they wish to establish a national hog marketing agency, then we can do so, but only if they vote in a majority to follow that direction. If they do, we could then have a different Canadian price that is higher or lower than the international price without violating international trading rules. Those are the points that I wish to make on these particular products.

The third point that I wish to make is that this Bill deals with wheat, oats, barley, hogs, and beef, but it could be amended to include other products. I have received representation from corn growers in Ontario, and from soybean producers. They would like to have some marketing mechanism where their price is in accordance with a reflection of the cost of production and a decent return, and where they too would have a floor price or a guaranteed price for the commodity they are producing for the people of Canada.

The fourth point I wish to make, which may be of particular interest to my friend from Lethbridge, is that this Bill does not provide a subsidy. This Bill would take the higher price out of the market-place. I believe that, as a first priority, the farmers do not wish to have a subsidy from the taxpayer or the federal-provincial Governments. What the farmers want is a fair share from the Canadian market-place. If it costs $7, $9, $10, or $12 to produce a bushel of wheat with a decent return, then the people of Canada should be paying that price for products manufactured or produced from that bushel of wheat. Indeed, if those products are too expensive for low income people, then the federal or provincial Government should devise a plan where there is a subsidized price for that loaf of bread, litre of milk, or whatever the commodity may be. It should not be the farmer who subsidizes the consumer. If there is need of a subsidy, then it should be the Government that subsidizes the consumers who need that particular subsidization.

I make it very clear that this Bill would take the increased price from the market-place and not as a subsidy to the farmers.

The last point I wish to make is that this Bill does not deal with international pricing. For many commodities, for example, western wheat, the majority of our sales are made to

countries around the world. Under the regulations of the House of Commons, as a private Member I cannot produce a Bill that would call for a subsidy or a deficiency payment. That is an expenditure of public money, and in accordance with the rules I cannot do that. That is why this Bill is drafted only to provide a parity price for the food domestically consumed in this country.

On the other hand, I do believe that we will need a large deficiency payment for grain farmers for the following couple of years because of low international prices. Even with the billion dollars last year which worked out to 48 cents a bushel of wheat, the farmer is fortunate if he produces the best quality grain and has the correct weather to produce that grain to receive $3.50 a bushel for that grain. On the other hand, the Americans who are growing grain a few miles south of the border of Saskatchewan in Montana or North Dakota are guaranteed a floor price of $4.80 U.S. a bushel of grain. This converts to $6 Canadian a bushel for grain. It is not fair for Americans to receive $6 a bushel and Canadians to receive $3.50 a bushel. That cannot be covered by this Bill because of the regulations of the House.

The last point I wish to make is that many people say there is a surplus of food in the world. There is no surplus of food. People are dying of starvation. The problem is the distribution system for the food, and helping poorer countries afford to buy food from Canada.

This is a votable motion and I request that Members vote freely and support an idea that would provide farmers with a basic floor price based on the cost of production, and a decent profit for the work put into producing food for the people of Canada. That is not too much to ask. I hope that my colleagues in all Parties will support this particular idea.

• (1710)

Mr. Maurice Foster (Algoma): Madam Speaker, I am delighted to have an opportunity to speak on Bill C-221, an Act respecting parity prices for agricultural products. It especially zeroes in on the idea of having a parity price or a cost of production price related to wheat used for human consumption in Canada. It also provides for the establishment of commissions for the marketing of beef and pork. In the current national farm products marketing legislation those two commodities are not named. However, they would be included if this Bill were passed and adopted by the House.

I think it is important to take this opportunity to call the attention of the nation to the urgent problems facing Canadian agriculture. That urgency was brought home to all Canadians during the last 12 months, especially because of the United States Farm Bill. It has cost our grain producing industry some $2 billion to $3 billion and has resulted in a drop of some 10 per cent to 20 per cent in direct farm incomes without assistance in western Canada, as the Hon. Member outlined.

Recently I had the opportunity to look at the impact of low commodity prices which the Bill seeks to alter, at least for commodities consumed domestically, especially hogs, beef, and wheat. During the past 12 months we have seen a drop of 6.9 per cent or over $7 billion in the value of farm land. In the period from 1984 to 1986 we saw a drop of some 15 per cent in farm values across the board. In some areas of southwestern Ontario and western Canada those figures are minimum. They have experienced losses which may be two times or three times those averages. For well established farmers with 100 per cent equity it is not as urgent a problem as it is for young farmers. If we take away some $17 billion worth of farm asset value across the country, obviously we are taking away equity from many young farmers who are starting out or have been in the industry for the last four years or five years or even eight years or ten years. All they are left with is debt, and in many commodities the income is not adequate to service that debt.

Let us take a look at the Farm Credit Corporation figures. They are simply devastating. In the last 12 months alone, 18,000 of the 75,000 FCC loans were in arrears. The amount of money which is due, payable, and overdue has risen from $260 million as at January 1, 1986 to some $377 million as at January 1, 1987. Even more disturbing is the fact that these 18,000 FCC loans have been in arrears for more than two years. Experience has shown that when loans are in arrears for more than two years, it is almost impossible or extremely difficult for farmers to recoup. As at January there were some 2,600 applications before farm debt review boards. During the coming year thousands of young farmers will be facing a most difficult, painful, and terrible experience. The Bill before us really addresses the farm income problem, which is a major factor.

Let us look at the last Budget presented by the Minister of Finance (Mr. Wilson). He went into great detail about the $1 billion Special Canadian Grains Program announced by the Government in Saskatchewan during the election campaign. However, he did not make any commitment on how much the Government would provide under that program for the coming year. Farmers need to know whether the Government of Canada will stand behind them in the new crop year starting August 1, especially as it relates to grains in the western part of the country and throughout the Canadian agricultural community. If we look at the Budget we see no new commitments for the farm debt crisis. No new money was committed in that regard.

As a matter of fact the western agricultural caucus of the Liberal Party held hearings last week in Winnipeg, Saskatoon, Edmonton, and Vancouver. It was painfully apparent to the various agricultural groups which made presentations to our caucus that the Government had made no new commitments in the Budget with regard to the farm debt crisis or to the exact amount that would be provided for the new crop year.

According to the Estimates tabled today, the Department of Agriculture has had a reduction in staff of some 275 people. ARDA has been cut back from $21.9 million to $13.5 million. Research has been cut back from $240 million last year to $220 million this year. We see no indication in the Estimates

of how much will be paid out under the Western Grain Stabilization Act, to which farmers contributed a third and the Government of Canada contributed two-thirds. There was no commitment in the Estimates or in the Budget in terms of what assistance will be provided.

I should like to refer to what really concerns farmers most. This Bill talks about utilizing the mechanism of national marketing boards and agencies to try to reach a parity price or a price related to the cost of production. Nothing has caused greater concern in the controlled commodities of milk and other dairy products, feathers, poultry, eggs, and turkey than the ongoing free trade negotiations between Canada and the United States. A year ago the Secretary of State for External Affairs (Mr. Clark) told me in the House that marketing boards could not be taken off the table because they had never been on the table. In a leak from the Department last week it was made very clear that everything is on the table, that when Simon Reisman sits down with Peter Murphy, all items are on the table, contrary to what the Minister said.

• (1720)

The part of the whole free trade negotiations that concerns me the most is the comment made by Daniel Amstutz, the American Under-Secretary of State for Agriculture, in a radio interview on CBC a week ago last Sunday. In that interview, Mr. Amstutz, the chief adviser on agriculture for the United States trade representative, made it clear that in his opinion, there would be no free trade agreement without agriculture being on the table. He wanted to have major changes to the whole supply, management and marketing boards in any agreement Canada and the United States would sign. That is why many farmers will be very concerned with those negotiations and why we need to be concerned with the Bill before us today. Under a comprehensive free trade agreement, marketing boards would clearly be out of the question as far as the Americans are concerned.

Mr. Geoff Wilson (Swift Current—Maple Creek): Madam Speaker, I welcome the opportunity to join in this debate on a topic which was the subject of a set of parliamentary committee hearings. This committee toured the country during 1986 and I had the honour of being a part of it along with the two Hon. Members who spoke previously. Indeed, the committee was charged with the responsibility, among other things, of examining parity pricing. A number of witnesses raised the concept of parity pricing. However, given the variety of views expressed on such issues as the definition of parity pricing and its relation to the domestic price of wheat and since no consensus was reached, it was the conclusion of the committee that it would not make a recommendation with respect to parity pricing.

Virtually every group which appeared before the Special Committee on the Pricing of Domestic Wheat addressed the matter of parity pricing. Indeed, some individuals and organizations based their entire presentations on the concept of parity pricing and made little reference whatsoever to domestic wheat. It is therefore with some surprise that I see the matter here again.

I wish to take this opportunity to quote from a few of the presentations which were made before the committee with respect to parity pricing. I recall the presentation of Mr. David Ramsay, the provincial MP from the riding of Timiskaming. He said the following:

> If the main problem in agriculture today is overproduction, and I believe it is, then it is imperative that we take the initiative and formulate a strategy to deal with this problem.
>
> I believe the concept of parity pricing is the first step that needs to be taken on the road to a comprehensive supply management system for all our commodities in this country.
>
> Parity pricing would ensure a decent level of return on those commodities that have their prices determined by the international commodity markets. But I do feel that if any direct price supports are instituted, we must at the same time control the level of production. It would be more self-destructive in the long run if we followed the European example of high price supports without any production controls.

That was an interesting presentation made by someone who would appear to favour the five-year program which has been so successful in the Soviet Union. If memory serves me correctly, I believe this is the Member who has since bolted from the New Democrats and joined another Party in Ontario. Perhaps his conclusions would be different now.

It would be interesting to contrast what Mr. Ramsay had to say with the presentation of the Western Canadian Wheat Growers. In answer to a question concerning supply management or quotas which are inherent in this notion of parity, Mr. Esquirol said:

> To answer your question on supply management or quotas—I forget the word you used—you cannot have one without the other.
>
> I suppose if I can be a little bit bold or deviant and say that farmers like to produce, as a thoroughbred likes to run, as soon as you destroy this incentive, I think you have allowed or you have taken away the incentive or the energy and the contribution that Canadian farmers can make to this country.

I believe those are very interesting contrasting points of view which would fairly reflect the two sides of this question, a question which I hope is more one of theory than of practicality.

The fatal flaw in any sort of reference like this is the matter of cost of production. I think it was obvious from the presentations that were made to the domestic wheat committee hearings that inevitably the gravitation is toward the highest possible cost of production rather than the lowest possible cost of production, which surely should be the target. Representatives of the Canadian Cattlemen's Association correctly pointed out the problem in their presentation. They said the following:

> With or without public support, commodities will not sell above a price determined in the market place. Obviously, therefore, some surplus product would have to be taken off the market and stored—until the market improved. If the market did not improve, these stored products would accumulate to overhang the market much as they do now within the EEC.

The Leader of the Alberta New Democratic Party appeared at the hearings and was asked what he thought about parity pricing. He said the following:

As I look around the world in many agriculture commodities, they are subsidized by government, whether you want to call it parity pricing or whatever you want to call it. It is clear that subsidies are occurring in other parts of the world. We can talk about free trade and all the rest of it, but if they are doing it we have to do the same thing to protect our own producers.

I find myself in complete agreement with the statement made by the Leader of the Alberta New Democrats. I agree with his comments and I think we all do. The problem lies with the degree of subsidization that is going on in agriculture in the rest of the world. The answer clearly is the two-track policy which our Government, of which I am proud to be a member, has embarked upon. That involves two thrusts: one domestically to protect our farmers, and the other an international thrust to deal with the problems of international pricing.

Our producers, cattlemen and grain farmers are among the most efficient in the world. They are quite capable of competing on a level playing field with producers anywhere else. They do not want parity, they do not want subsidies and they do not want government intervention. What they would like is to be left alone. They would like to get all Governments world-wide out of agriculture so that they could compete head-on with producers from other countries. Were they able to do so, I suggest that our producers would do very well. I believe they can out-produce anyone, but they cannot compete against the Treasuries of western Europe and the United States.

On the domestic side, clearly we have undertaken to assist and shall continue to do so to the extent that our Treasury and our population will allow. We in this Government have acted, and I think actions speak louder than words. The Government has put forward some good, practical programs that put cash in the pockets of Canadian farmers, not vague notions. Our farmers are being squeezed right now because of the interventions of Governments elsewhere, because of parity and because of the programs and guarantees of other countries which lead to inefficient production and which have flooded the world with over-production. The lowest common denominator of efficiency has been utilized, particularly in the Common Market, with disastrous results for our own producers.

On the international side, the Minister of State for the Canadian Wheat Board (Mr. Mayer) has clearly been working in concert with the other grain exporting countries to do everything possible to bring an end to the grain subsidy wars we have been seeing. As well, under the Uruguay round of GATT talks, our statesmen succeeded in securing the inclusion of agriculture on the agenda for the upcoming GATT talks.

On the domestic side, the Government has done a lot of things. It has eliminated capital gains for the most part on farm lands. It has amended the Prairie Grain Advance Payments Act to double the level of interest-free cash advances. It has also straightened out some technical problems to enable tenants to apply for advances without the consent of landlords. We have enacted legislation rebating over 35 cents per gallon on fuel tax. In response to drought, over $150 million was paid out to western farmers. Under federal-provincial crop insurance programs which are contributed to dollar-for-dollar by the farmer and the federal Government, large amounts have been paid out. We amended the Western Grain Stabilization Act as promised to put forward timely interim payments each spring. Last year some $859 million was paid out under that program with more to come. The $201 million shortfall in Canadian Wheat Board sales was recently covered.

• (1730)

Finally, we have the Canada special grains program which has paid $1 billion to Canadian grain farmers. That to some people is not enough, but the net farm income in Saskatchewan for this year was estimated to be in the area of $400 million. Saskatchewan's share under the program I just referred to is $420 million. With a stroke of the pen this Government doubled net farm income in Saskatchewan. That is timely action and I suggest that is what counts.

I would like to close by quoting from the presentation of the Canadian Cattlemen's Association to the committee which dealt with grain and parity pricing. They closed with this comment:

Let us assume for one mad moment that parity pricing were the option of choice. Canadian agriculture earns 50% of its gross farm income in export markets. Who will buy our products at the parity price? Obviously, the answer is no one so long as other nations are prepared to meet the market. Then who will pay to make up the difference? Surely not the farmer. After struggling to achieve parity pricing, he is not about to give half of it back to move half of his product into world markets. And, if the Government pays the bill, how long will we avoid a successful countervail challenge?

The entire idea of parity pricing distills down to nonsense. It is not remotely a viable policy option for Canadian agriculture. It is, in fact, a cruel hoax upon the desperate hopes and aspirations of many financially distressed farmers.

I think Canadian farmers know that this Government's programs have put a lot more cash in their pockets than the moribund policies put forward in this Private Members' Bill.

Mr. Nelson A. Riis (Kamloops—Shuswap): Madam Speaker, I have always wondered what it meant to be a progressive person and a conservative person at the same time. I often felt it was a contradiction in terms. Having listened to the Hon. Member for Swift Current—Maple Creek (Mr. Wilson), I am absolutely convinced that this is the case. By definition Conservatives are contradictory. He went on for some time saying he was in favour of the free market-place, we should not give out subsidies, we should not support farmers, and we should not have all these different support programs, and in the last half of his speech he listed all the ways in which Government has helped farmers. You cannot have it both ways. I suppose as long as you send only part of your speech to your constituents you can cater to whatever group you want to at that point.

I want to say how pleased I am to have an opportunity to say a few words on Bill C-221 put forward by my friend and colleague from Yorkton—Melville. You will know that the NDP has been calling for this approach to agriculture for many, many years. I do not think anyone would argue that there does not appear to be a growing crisis in the farm community. If you look at the Farm Credit Corporation books

you will find that over the last 12 months there were in excess of 18,000 farm loans in arrears, to say nothing about all the farmers who deal with other lending institutions. Of course this farm crisis has many causes, including such things as poor debt-equity ratios, the high cost of farm credit, the fact that young people cannot afford to get into farming, the increasing cost of doing business, market stability, and the ongoing problems of storage, process and marketing, as well as transportation costs. The list goes on and on. This sector of our economy is experiencing very difficult times and, as my colleague indicated, this is perhaps the most critical sector of the Canadian economy. Not only does it provide us with the very essence of life itself, food in its various forms, but it represents something which has always been Canadian, the farm and ranch. I think they stand high among the ideals and goals we have for our country. I feel we should do whatever we can to preserve the family farm and ranch.

The fundamental problem, of course, is that the prices many producers receive simply do not cover their costs. This Bill attempts to match the cost of doing business with the price the producer receives for his or her product. A lot of people came to this country from oppressive countries where a modern-type of feudalism was a reality. Large land owners, corporations or state farms dominated the agricultural landscape. People came to Canada so they could start their own farm or ranch. I suspect that unless something along the lines suggested by Bill C-221 is done we will have the 21st century version of feudalism in Canada where the corporate farm is the major food producer. I think all of us who are fortunate enough to represent the rural part of Canada see with a heavy heart every time we visit our constituency that more and more agricultural land is falling into the hands of the banks and the corporate sector. This is not good for the long-term stability of agriculture in Canada.

Granted, if we are going to ensure that our food producers receive adequate prices, it will cost Canadians in a variety of ways. However, perhaps a more important question is not what it will cost to keep the family farm and ranch in business but what it will cost if we do not. What will be the cost of rural depopulation as the small towns of Canada pack up and move away? Where will all those people go? We also have to start asking ourselves whether we want to see control of our food supply concentrated in the hands of a few corporations. In the long run that would result in a food pricing cartel and significant price increases for the consumer.

When you look at the alternatives and the fact that the Governments of our competitors are helping their farm sectors in one way or another, then we have come to a time when we have to, as the old Newfoundland saying goes, fish or cut bait. We have to decide whether we are going to support the family farm and ranch or not. That is why Bill C-221 takes a step and indicates to the farm community that we are serious.

There are steps which can be taken and legislation which can be introduced to guarantee a fair return for the producer. I do not think that is unreasonable when you consider how we support utilities, pipelines, port facilities and all sorts of other things which are critical to our economy. We are prepared to say that if it costs this much to operate that particular venture or enterprise we will have to guarantee a fair return. That is all we are saying in this Bill. If it costs x number of dollars to produce a bushel of wheat or to raise a healthy steer, then that is the price the farmer or rancher should receive in return. This Bill refers to wheat, oats and barley used for human consumption. It includes beef and pork as well. There is no reason that, if Parliament felt it could support this Bill, we could not expand it to include all food products.

In closing let me say again that I appreciate this opportunity to speak to the Bill and support the notion that this is one way in which we could act as a unified and co-operative Parliament to ensure that food production in Canada stays in the hands of family farms and ranches and does not go the way of corporate agricultural business.

• (1740)

Mr. Elliott Hardey (Kent): Madam Speaker, as my hon. colleague, the Member for Swift Current—Maple Creek (Mr. Wilson), has indicated, the matter of parity prices for farm products has been discussed in this House before as it has certainly been in my riding of Kent and around countless kitchen tables in rural Canada. The goal of the Bill put forward by the Hon. Member for Yorkton—Melville (Mr. Nystrom) is commendable. Surely every Member of this House would agree that our farmers deserve a fair return for their investment and labour. However, I do not believe for a moment that any one Bill can ensure adequate returns for all the farmers of Canada at all times. The reality is that no single program will achieve that goal, least of all the mammoth bureaucracy proposed by Bill C-221. Surely the parity pricing experience in the United States has taught us that lesson.

For the purpose of this debate, I think it would be valuable to review the U.S. system of parity prices and its consequences. The first parity formula in the U.S. was established by the Agricultural Adjustment Act. The purpose of the Act was to "re-establish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period".

This concept of equivalent purchasing power for farmers over time is quite appealing. However, in order for purchasing power to be maintained over time it must also be true that equality is reflected in the base period. Clearly, in the United States it has become apparent that there were substantial income differences in the base period. No matter what base period one uses, that is going to be true. Basically, the intended purpose of the original parity pricing Act in the U.S. was similar to the intended purpose of the Bill put forward by the Hon. Member for Yorkton—Melville, that is, prices of farm commodities should reflect changes in the prices of the articles that farmers buy.

Thus, the two original parts of the U.S. parity formula were, one, prices farmers received for products they sold and, two, prices they paid for the articles they bought. Legislative changes were periodically made to the formula as inevitable problems arose. I am relating established facts and am not looking into a crystal ball.

A major new wrinkle appeared when the Commodity Credit Corporation was established in order to stabilize supplies and prices of certain farm products. The corporation, in effect, was to act as a storage agency, making loans to farmers for their products, selling what they could, and storing the rest. The loan rate was, in effect, a support price.

At first the corporation set its own loan rates to farmers. Then, in 1938 the Agricultural Adjustment Act took over and incorporated parity prices into the loan rate formula. In the case of corn, for example, the loan rates varied with the size of the corn crop. This had incredible consequences. Agricultural production in the U.S. had already been increasing faster than demand due to rapid technological advancements. The setting of price supports and percentages of parity worsened the over-production problems considerably. As a result, huge stocks of wheat, cotton, and feed grains were accumulated by the Commodity Credit Corporation. Attempts to deal with the oversupply problem were costly to taxpayers and not entirely effective. By the 1960s emergency programs to reduce production were required. Obviously, the investment in price support programs had become very expensive.

It is also interesting to note that although costs associated with the parity formula grew dramatically, farmers were often not at the receiving end. Much of the money went to storage agencies and indirectly to construction companies for building storage space. For example, in 1958 the realized cost of the corn program was $271 million. Of that, $110 million went to the grain trade and transportation agency. That is nearly one-half.

As the U.S. experience vividly illustrates, parity prices are not suitable to the purpose of price support. Their use for this purpose has cost billions of dollars, only part of which has gone to farmers. Let us look specifically at the U.S. dairy sector. The Act which established parity pricing, and under which the Commodity Credit Corporation operates, are the basic laws under which U.S. dairy prices are supported through government offers to purchase. Manufacturing grade milk prices are supported at 75 to 90 per cent of parity.

Again, the aim of the program is to establish a parity price that will give milk the same purchasing power, in terms of things that farmers generally buy to produce farm products, as milk had during a five-year base period. The corporation tries to ensure that the support price will be reflected in the market by offering to buy butter, milk powder, and cheese at specified support prices.

Today we see the practical results of this policy: vast oversupplies of dairy products in the United States. A herd buy-out program is the United States' current expensive attempt to deal with the oversupply. The parity policy on its own is not taking into account the demand side of the milk market in the United States which creates a serious problem in terms of farmers' individual production decisions. That is because farmers look to the level of Commodity Credit Corporation purchases in order to judge current supply and demand. They know that if purchases are high then probably supplies are too high relative to demand. They know that if purchases are low and market prices are above the support price, then supply is probably low relative to demand.

The problem with this system is that the response of dairy farmers to the changes in support prices are delayed. As you see, Madam Speaker, if prices rise as a result of an increase in the support price, farmers will increase their production, although not by much initially. Production will increase in larger amounts later until a peak is reached. Then production will increase more slowly until the stimulus of the support price has no further effect.

The policy is based on what has turned out to be an incorrect analysis of the agricultural problem in the first place. It is not simply a price problem. Production, changing technology, fluctuating input costs, and the many variables in the international market-place all come into play.

Therefore, I reiterate my earlier statement that the way to deal with the many factors that affect returns for our farmers is not by introducing one sweeping Bill as proposed by the Hon. Member for Yorkton—Melville. Rather, the solution rests on consistent, ongoing initiatives to lower production costs and to increase the competitiveness and efficiency of our farm sector. That is, and I hope will continue to be, the policy of this Government.

[*Translation*]

Mr. Don Boudria (Glengarry—Prescott—Russell): Madam Speaker, I am pleased this afternoon to take part in this debate on Bill C-221, introduced in the House by the Hon. Member for Yorkton—Melville (Mr. Nystrom). I can say that generally speaking, I support some of the views contained in this bill. However, I must say that although I support this bill entitled "An Act respecting parity prices for farm products", I am not convinced that it would provide parity pricing for those commodities, except for wheat of course since this bill contains a specific section about this matter.

[*English*]

As I was saying, Madam Speaker, in terms of red meat as proposed in the Bill before us, I still do not think that this Bill would give Canada parity pricing in the area of red meat, particularly beef and pork. The Bill addresses the question of establishing a marketing board for those two products. I do not believe it would provide parity pricing for those commodities because I think parity pricing or something close to it in the red meat sector would be achieved under a supply management system.

• (1750)

I suggest that this should be the issue being discussed today. That is the only effective means I know to arrive at anything close to parity pricing which is the relation of the cost of producing something to what it is really worth, in comparison to the same amount of time invested in other areas.

It is interesting to have this conversation today, and particularly informative to hear Conservative Members, in view of the current Canada-U.S. free trade negotiations. We know that there would be very little opportunity for supply management in any new commodities under such a free trade agreement. In fact, we would be hard pressed to maintain supply management in the areas where it already exists.

I want to draw to the attention of the House a brief that we received recently from chicken producers. They sent a very impressive memo to the Minister of Agriculture (Mr. Wise) in which they state very clearly that supply management is totally irreconcilable with free trade. When I hear chicken producers and the dairy farmers of Canada who have made similar presentations in the past, I am greatly concerned about the direction these negotiations are taking.

I recall the Minister of Agriculture initially saying that agriculture will not be on the bargaining table. Later, he said that if agriculture is on the table in the beginning, we can be assured that it will be removed almost immediately. These negotiations have taken place for almost a year, but there is still no talk of removing the supply managed agricultural sector from the discussions.

I recognize the good intentions of the Hon. Member for Yorkton-Melville (Mr. Nystrom) in his proposal to move toward parity pricing in the area of beef and pork. I favour that, but I wish pork producers in this country would be more willing to have a supply management system for hogs. They must make their own decision and, as far as I am concerned, I would not want to be party to any suggestion that would impose a forced system of supply management on hog and beef producers. There must be an agreement among the majority of producers in all provinces where there is a significant amount of production.

[*Translation*]

This is why, Madam Speaker, I should like to end my remarks by saying that I am pleased to support the Bill of the Hon. Member for Yorkton—Melville (Mr. Nystrom). I acknowledge that this measure has been introduced in this House on several occasions in the past. As a matter of fact, about a year ago I had the opportunity to take part in the debate and offer my support. Although I am not in full agreement with the Hon. Member when I say that I do not believe his Bill would lead to parity prices for all farm products, or even for the products mentioned in the Bill itself, I do think that the intention is good and, in addition, as he suggests, we ought to promote the establishment of pork and beef marketing boards. In the case of pork there are such boards in a number of provinces, especially mine, and undoubtedly it is the same thing in your province, Madam Speaker.

In any event, I support this Bill. I do hope the House will adopt it and that we will convey two messages at the same time. First, we want to continue to protect our agricultural sector which has been so hard hit since the Conservative Government took office, if I may put it this way. Second, we should use this opportunity to send a clear message to the Ministers by telling them that we want to make sure that supply management, that quotas will be protected in the free trade negotiations between Canada and the United States. This is why I ask my colleagues on either side of the House who represent agricultural ridings, including the Hon. Member for Argenteuil—Papineau (Mrs. Bourgault), to support this Bill because it is good for my riding, for hers, and for those of other Members who represent agricultural ridings.

Mrs. Lise Bourgault (Argenteuil—Papineau): Madam Speaker, I am pleased to rise this evening to speak on Bill C-221 introduced by my colleague from the New Democratic Party. What gives me even greater pleasure is the fact that, every time I have the opportunity to address this House, the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) opposite seems to be there. I do not know whether this is a coincidence or not, but he is always there.

Madam Speaker, I had prepared some interesting comments which might not have been quite in agreement with the views of my colleague directly opposite or of my colleague from the New Democratic Party, but I would like to suggest that we call it 6 o'clock and that I be recognized the next time this bill is debated rather than beginning my speech only to have it interrupted. Could I have the agreement of the House?

[*English*]

The Acting Speaker (Mrs. Champagne): Is there unanimous consent to call it six o'clock?

Some Hon. Members: Agreed.

[*Translation*]

The Acting Speaker (Mrs. Champagne): The hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 36(2), this order shall be dropped to the bottom of the order of precedence on the Order Paper.

* * *

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, February 20, consideration of the motion of Mr. Wilson (Etobicoke Centre) that this

House approve in general the budgetary policy of the Government, and the amendment of Mr. Garneau (p. 3594), and the amendment to the amendment of Mr. Cassidy (p. 3604).

The Acting Speaker (Mrs. Champagne): It being six o'clock, pursuant to Standing Order 13(4)(a), the House will now proceed with the deferred division on the amendment to the amendment of Mr. Cassidy. The question is as follows. Mr. Cassidy, seconded by Mr. Murphy, moved:

That the amendment be amended by adding immediately thereafter the following words:

and this House further condemns the Government for introducing a budget that tolerates the existence of 1,250,000 unemployed Canadians and fails to show fairness to the average Canadian family and regions that continue to feel the burden of economic recession with respect to employment and income;

-for failing to introduce a system of universal childcare that would assist families and create jobs;

-for failing to demonstrate to the average Canadian taxpayer a genuine commitment to tax reform by eliminating in this budget some of the worst excesses in the tax system, such as the erosion of the corporate tax base begun by the Liberals in 1983;

-for failing to even give mention in the budget to the tragedy of 4,000,000 Canadians living in poverty; and

-for failing to make full employment the first priority of the federal government.

The House divided on the amendment, which was negatived on the following division:

• (1800)

(*Division No. 67*)

YEAS

Members

Allmand
Althouse
Angus
Axworthy
Baker
Benjamin
Blaikie
Boudria
Broadbent
Caccia
Cassidy
Copps
de Jong
Epp
(Thunder Bay—Nipigon)
Finestone
Foster
Fulton
Garneau
Gauthier
Gray
(Windsor West)
Hopkins
Hovdebo
Isabelle
Jewett
Kaplan
Langdon
MacLellan
Manly
Marchi
McCurdy
McDonald
(Broadview—Greenwood)
Mitchell
Murphy
Nicholson
(Trinity)
Nystrom
Orlikow
Ouellet
Parry
Penner
Pépin
Prud'homme
Riis
Robichaud
Robinson
Rodriguez
Waddell
Young —47

NAYS

Members

Andre
Belsher
Bernier
Binns
Blackburn
(Jonquière)
Blenkarn
Blouin
Bourgault
Cadieux
Cardiff
Comeau
Cook
Côté
(Lac-Saint-Jean)
Darling
Daubney
de Cotret
Desjardins
Dick
Domm
Dorin
Duguay
Ellis
Fennell
Ferland
Fraleigh
Gagnon
Gass
Gérin
Gottselig
Gray
(Bonaventure—Îles-de-la-Madeleine)
Greenaway
Grisé
Gustafson
Halliday
Hardey
Hawkes
Hees
Hnatyshyn
Holtmann
Horner
Howie
Hudon
Jardine
Jelinek
Johnson
(Bonavista—Trinity—Conception)
Kelleher
Kempling
Ladouceur
Landry
Lawrence
Layton
Lesick
Lewis
MacDougall
(Timiskaming)
MacKay
Mailly
Malone
Mantha
Marin
Martin
Mayer
McCain
McCrossan
McDougall
(St. Paul's)
McKenzie
McKnight
McLean
McMillan
Merrithew
Minaker
Mulroney
Nicholson
(Niagara Falls)
Nickerson
Nowlan
Oberle
Oostrom
Pennock
Peterson
Plourde
Price
Ravis
Redway
Reid
St-Julien
Schellenberger
(Wetaskiwin)
Scott
(Hamilton—Wentworth)
Scowen
Shields
Stackhouse
Stevens
Stewart
Suluk
Taylor
Thacker
Towers
Tupper
Turner
(Ottawa—Carleton)
Van De Walle
Vézina
White
Wilson
(Swift Current—Maple Creek)
Wilson
(Etobicoke Centre)
Winegard
Wise
Witer—105

[*Translation*]

The Acting Speaker (Mrs. Champagne): I declare the sub-amendment defeated.

• (1820)

[*English*]

Mr. Gray (Windsor West): Madam Speaker, I rise on a point of order. I wonder if the Acting Government House Leader could tell us the business to be called tomorrow.

Mr. Lewis: Madam Speaker, it is the intention of the Government to call the third day of the Budget debate tomorrow.

[*Translation*]

The Acting Speaker (Mrs. Champagne): It being 6.28 p.m., this House stands adjourned until tomorrow at 11 a.m., persuant to Standing Order 3(1).

The House adjourned at 6.28 p.m.

HOUSE OF COMMONS

Tuesday, March 3, 1987

The House met at 11 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Rod Murphy (Churchill): Mr. Speaker, pursuant to Standing Order 106, I have the honour to present petitions signed by residents of my riding in the communities of Flin Flon, Nelson House, Lynn Lake, Thompson and The Pas?

The petitioners point out their concern with the federal Government's attempt to change the Patent Act. They believe this will increase prescription drug prices and restrict the ability of average Canadians to buy necessary prescription drugs. It will unfairly hurt those whose health needs requires the purchase of prescription drugs on an ongoing basis. They say this is yet another example of the Canadian Government's concessions to the U.S. in an attempt to resolve the free trade negotiations at the expense of ordinary Canadians. The petitioners humbly pray and call upon Parliament to reject those proposals.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, under the provisions of Standing Order 106, it is my honour and pleasure to present a petition on behalf of a number of western Canadians. They suggest that the federal Government's proposals to change the Patent Act with respect to prescription drugs will increase drug prices and severely restrict the ability of average Canadians to buy necessary prescription drugs. They point out that this will unfairly hurt those Canadians whose health requires the purchase of prescription drugs on an ongoing basis and they call upon the Government to stop this Bill.

* * *

FINANCIAL INSTITUTIONS AND DEPOSIT INSURANCE SYSTEM AMENDMENT ACT

MEASURE TO ENACT

Hon. Barbara McDougall (for the Minister of State for Finance) moved for leave to introduce Bill C-42, an Act respecting financial institutions and the deposit insurance system.

Mr. Speaker: Is it the pleasure of the House that the Hon. Minister shall have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

* * *

• (1110)

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, question No. 72 will be answered today.

[*Text*]

FEDERAL TAX PAID BY CABLE TELEVISION SUBSCRIBERS

Question No. 72—**Mrs. Finestone:**

1. For each year 1985-86, 1986 to date, what was the total sum of money raised from the 8 per cent federal tax paid by cable television subscribers across Canada?

2. Was the total sum paid to the Government and, if not, to whom was it paid and what were the amounts?

3. For the same years, what amount was paid by the Government to (*a*) the Broadcast Program Development Fund (*b*) Telefilm Canada?

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): I am informed by the Department of National Revenue, Customs and Excise and the Department of Communications as follows:

1. The 8 per cent federal tax on telecommunication programming services is levied on cable television and related companies, not directly on the cable television subscribers in Canada.

April 1, 1985 to March 31, 1986	$52,361,582.31
April 1, 1986 to December 31, 1986	$53,899,261.06

2. This revenue was paid by cable television and related companies under the Excise Tax Act, directly to the federal Government.

3. The following amounts were paid by the Government, in thousands of dollars:

	1985-86	1986-87 (as of Dec. 31/86)
(a) to the Canadian Broadcast Program Development Fund:	$64,418	$36,602
(b) to Telefilm Canada:	$73,185	$59,216

[*Translation*]

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

Mr. Speaker: The question enumerated by the Parliamentary Secretary has been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, March 2, consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approve in general the budgetary policy of the Government, and the amendment of Mr. Garneau (p. 3594).

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I welcome this opportunity to speak to the amendment moved by the Hon. Member for Laval-des-Rapides (Mr. Garneau).

[*English*]

During the parliamentary break last week I and several of my colleagues from the Upper House had the occasion to tour the four provinces of western Canada as part of a caucus investigation into the economic problems and opportunities for development there. That opportunity to visit, immediately upon the heels of the Budget, revealed clearly to us the very serious gap between the hard economic reality of western Canada and the total lack of commitment or response by the Government of Canada to those new realities.

We began by meeting with groups of farmers in the Province of Manitoba. These people, who had been in the farm business for 30 or 40 years, had one basic message, that they had to leave their farms. They can no longer make money. Their sons and daughters do not want to take over the land. A farmer who has 900 to 1,000 acres of good production land was talking about walking away from it this fall because each year he experiences a shortfall of $12,000, $15,000 or $20,000. Although the grain payment has been loudly trumpeted in this House as the solution to the problem, the farm community of western Canada sees no solution in sight. Farmers are terrified by the changes in the international market, the lack of security for the future, and the escalation in costs.

We also spoke to a number of university students. They are facing quotas, for the first time in the history of public universities in western Canada; controls on the number of students able to attend. As the restrictions grow, due to budget restraints, universities will no longer be a channel for mobility for working class young men and women. They will in fact become elitist organizations because of the restrictions. That is to say nothing of the cut-backs in research. The faculty of engineering at the University of Manitoba, a well respected major faculty which is trying to be at the forefront of research and development, has an operating budget of $1 million a year.

We met with people from the oil industry in Alberta who perhaps presented the most glum and most desperate set of circumstances that one could possibly imagine. In 1985 there were 12,564 wells drilled. In 1987 they expect just a few more than 3,000 to be drilled. Their message was that Canada, under the present low level of investment in the oil and gas sector, will no longer be able to maintain its reserves. It will increasingly be forced into a position of dependency on imported oil and gas because no capital investment is going into the oil and gas sector, even to maintain our level of reserves.

We talked to the business community of British Columbia. Mr. Makin came before us. He said that in 1981 capital investment in British Columbia was at $12 billion. By 1986 it had fallen to $8 billion and was decreasing even more.

These people basically suggested that the economy of western Canada is not in a healthy state. Commodity resources are suffering from the depression of world-wide prices. The business community is not getting the investment it needs to generate new production. The universities and research centres are being cut back from opportunities to develop new products and innovation. We kept being asked where the leadership of the federal Government is to provide answers to these problems. When they read the Budget papers they found no answer. The Budget was not a document, economic blueprint or agenda for change. At best, it was a chartered accountant's tote sheet and, at worst, simply a public relations exercise. There was nothing in there which would provide basic political decisions upon which economic decisions could be made.

I believe this demonstrates that the Government has lost the fundamental Canadian requirement to have a political economy recognizing the interchange between political decision-making and economic decision-making. This country was not built by the free flow of market forces, but by a series of political decisions setting out investments, guidelines and directions in which the market-place could operate.

We no longer have a Government which believes in a political economy. We no longer have a Government which recognizes that it shares the responsibility to provide signals to the market-place, to compensate where the market-place is not operational, and to provide a direction and thrust to the

economy, whether by building a railroad, providing signals in the energy area, or attempting to deal with incredible changes on the international market-place. There is nothing in the document, absolutely no reflection that there is a hard, tough economic reality facing Canadians and that the federal Government must accept some responsibility for providing leadership in that area.

We received close to 100 representations from a wide variety of interest groups. Through those, certain messages began to come through about the structural changes taking place in the Canadian economy. Perhaps the most frightening for western Canadians, as it would be in other parts of Canada, is the decoupling between the resource economy, the commodity markets of Canada, and industrial production.

• (1120)

According to all the economic textbooks, there used to be an interrelationship between prices, growth, employment and between commodity markets and industrial markets. That is no longer the case because it has been severed. The depression in commodity prices, the slow-down in production and the retardation in employment in those areas that are based on the resource economy has not affected the industrial economy. We know that at least one part of the economy, southern Ontario, is experiencing some growth, but it is somewhat of a condemnation of the theory that a coupling of the national economy is taking place. There is no effort to stitch that national economy back together and provide for the stability or the investment in the resource economy to respond to that growth.

It is also clear from the representations we have received that there is a greater gap between new production and investment, and employment. Perhaps the harshest judgment that must be levelled against the Budget is that after four years of a growing economy the unemployment rate in this country is still near 10 per cent. In spite of the ability to recover from the world-wide recession that affected this country in the early 1980s, Canada has been one of the slowest countries to recover its employment base. There are still many people unemployed even though there have been four years of economic growth above 3 per cent or 4 per cent.

I suggest something is fundamentally wrong when the Government has only increased employment by 1 per cent or 2 per cent after four years of recovery. This problem is most directly impacting the regions of Canada rather than the central heartland, as shown by the pathos we see in places which had a booming economy but are now facing 15 per cent unemployment. Again, the Budget provides no answer to this situation.

In fact, the Estimates that were tabled yesterday reveal that there is close to $200 million in cut-backs in the job-creation programs of the Government, including cut-backs on programs for student hiring, DRIE grants of investment in those regions and even cut-backs in the commitments of the previous Government for development in those areas. This is at a time when the economies of the regions are experiencing a serious downfall.

That fact alone should warn the Government that the unemployment rate is not responding to the growth rate, but is responding unevenly by decreasing in one region, at best, while increasing in other regions during a time of so-called recovery and economic growth. Surely the Minister of Finance (Mr. Wilson) and his colleagues should have given Canadians answers to those questions, but the Budget was silent on that matter.

Another example we learned from the weeks of hearings we held is that the international economy is directly affecting the Canadian economic reality, with debt crises in third world countries, increasing prices of commodities, loss of capital flows, and other serious influences. Yet, there is no ability to respond to those influences because the Government is too obsessed with the Canada-U.S. free trade talks. One would be led to believe from reading the document carefully that we are not part of an international economy, because it did not take into account the incredible fluctuations taking place in capital markets, the fact that our trade balances in all other parts of the world are declining, and that we are losing markets in Asia, Latin America and Europe.

There has been no effort to develop new markets and new products for those areas. Western Canadians who are involved in agriculture and industry believe they can do so, but being small business people, they do not have the huge corporate budgets for those new markets and product development. They tell us that they need assistance to transfer technology, that they need science centres to test new products and develop and open new markets, and need to increase value added products in order to respond to that demand. Yet again, the Budget provides no response to that. It is no wonder that western Canadians are deeply frustrated and disappointed with this Budget.

I am sure Conservative Members have had an opportunity to read recent public opinion polls. They know that one of the important political stories in Canada today is the incredible crumbling of the Tories in western Canada. In my Province of Manitoba, for example, the Conservatives have fallen from 50 per cent support of voters to 20 per cent in a matter of a year. While I should be happy that we are leading with 44 per cent of support, the fact is that it does not reflect the fumbling performance of the Prime Minister (Mr. Mulroney) or the scandals involving the Government. The Conservatives are losing support because western Canadians are seriously disappointed that the Government is not responding to the economic crisis in western Canada. It has been unable to provide economic leadership to the problems facing Canadians.

Westerners want some assistance to meet the affects of the U.S. Farm Bill that has driven agricultural prices down 25 per cent in the last year. The Minister of State for the Canadian Wheat Board (Mr. Mayer), the Minister of Agriculture (Mr. Wise) and the Minister for International Trade (Miss Carney) only say that the problem will be solved seven or eight years

from now. Those producers want a clear signal that there will be a program of deficiency payments to keep our farmers in business and, at the same time, tell the Americans and Europeans that they cannot force us out of markets.

Western Canadians want a clear commitment to research and development in western Canada, rather than its withdrawal. Let me give an example from yesterday's Estimates. An ERDA agreement in the Province of Manitoba was signed in 1983, designating that province as the centre of development for urban bus research and development and manufacturing. This was identified by the province and the federal Government as an area of potential export markets. The agreement was signed for $21 million over a five-year period, but, according to the Estimates, the Government spent $17,000 in the first three years of that agreement. In other words, the Government had an opportunity to give a western province the potential to develop a new technology in an export market that is growing around the world by assisting manufacturers in that area to develop new products. Instead of using that agreement, the Government snuffed it out.

Similarly, another agreement on communications and culture was signed with Manitoba. It was designed to develop that area as a potential export market for that province. The agreement represented a $22-million commitment, but only $6 million has been spent with one year left in the agreement.

It is clear that the Minister of Finance and his colleagues are cutting back on cash flow in order to meet their deficit targets. They are cutting back on investment, jobs and potential economic development that would create new tax dollars and new revenues which would be far more productive in reducing the deficit than these mealy-mouthed, niggardly and cheap reductions we see now.

The fundamental problem facing the Government is that there is no sense of political economy which reflects the philosophy that the driving force in the economy should be full employment. We hear these great panegyric and rhetorical displays about lowering the deficit. Rather, the Government should be aiming at full employment which is the best answer to deficit reduction. The best way to deal with the fiscal framework in this country is to employ far more people. The difference between a 9.7 per cent unemployment rate and a 5 per cent unemployment rate is a 50 per cent reduction in the Government deficits and a substantial increase in opportunities for Canadians. The fact is that the Government does not have a commitment to full employment. It has not built into its decision-making process any concept that full employment must be the primary objective and goal and, therefore, the economic decisions it makes are not geared or driven by that particular purpose or judgment. That is the fundamental flaw of its whole budgetary process.

• (1130)

There is no concept of political economy in this case and no sense that political decisions will make a difference, just a reliance upon this kind of *laissez-faire* market-place, the end result being that growth takes place only in one region and the rest of the regions suffer a serious recession to the point where they are in danger of losing their fundamental ways of making a living. That is our objection and the reason we have introduced a non-confidence motion with respect to this Budget. It is not an economic blueprint. It provides no economic leadership. It does not deal with the problems of structural change. In fact, it has no sense of goal or purpose which will give a direction to those parts of our national economy which are looking for some kind of assistance.

As long as we continue in this way, the disparity and gaps will grow wider and the sense of desperation and frustration will grow even more extreme. We can only hope that within the next 18 months to two years the Government has left to continue this absence of economic leadership, conditions will not get so bad that when we become government we will not be able to rescue it.

Mr. Fred King (Okanagan—Similkameen): Mr. Speaker, I was rather interested in the Hon. Member's comments about agriculture in the west and deficiency payments, and so on. Not too long ago the Hon. Member sat on this side of the House. His Government had a Minister of Agriculture who refused to honour an application for assistance under the Stabilization Act for Okanagan fruit farmers for 1983-84 soft-fruit crops and the 1984 apple crop. I wonder why the Hon. Member has chosen to change his tune now that he sits on the other side of the House? The Minister of Agriculture at that time told me as a result of my questions in the House: "We are not going to pay the Okanagan farmers any stabilization payment. Let them go to the province or some other place. We are not going to help them out". The Hon. Member has now a great heart for Canadian farmers. Is it just Manitoban farmers he is interested in? How does the Hon. Member account for this sudden change in attitude? It certainly was not demonstrated when he sat on this side of the House and had the ability to do things for farmers. He slammed the door in their faces.

Mr. Axworthy: Mr. Speaker, I welcome the question because, as the Hon. Member might know, I had the occasion last Thursday to be in the Okanagan and to speak at a public meeting in Kelowna, very close to his home town. We had occasion at that time to engage in some interesting debate about the comparative interest in the Okanagan of the Hon. Member's Government and the Government I represented. I would suggest to the Hon. Member that he would be much better to spend his time doing something to get his Government to change its mind about its decision with respect to the West Kootenay Power and Light Company rather than listening to past history, because there are 12,000 consumers in that district who are just about ready to skin the Hon. Member alive because his Government, through Investment Canada, has approved a decision to sell out a public utility which the consumers of that region think is fundamental to their growth.

They do not believe they are receiving the kind of representation from their existing Member of Parliament to get that decision changed.

I would also point out that at the same meeting it was brought to my attention that the Government the Hon. Member represents is also engaged in negotiation on free trade which puts at risk the entire horticultural industry of the Okanagan.

I would like to finish because the Hon. Member asked me a question and I am very happy to answer it. I want to tell him what the people in his riding are saying. I spent some very interesting evenings there.

Mr. King: You do not need to do that. I know what they are saying.

Mr. Axworthy: What they are saying is that the Hon. Member and his Government are selling them out through that negotiation. As we know from the announcement last Friday, the Government has put those things on the negotiating table and is going to wipe out a triple million dollar industry because, once again, the Government is flying in the face of economic reality. It does not realize that the horticultural industry in British Columbia, Ontario and the Maritimes cannot withstand that kind of across-the-board level playing field negotiation that the Prime Minister has got us into. It seems to me that that is a far more terrifying prospect for the farmers, as they spoke to me last Thursday evening, than some past history the Hon. Member is trying to gouge up. The Hon. Member would be far better advised to deal with the present and the harsh reality the farmers are facing now than try once again, in typical Tory fashion, to live in the past, because I will tell you, Mr. Speaker, that is what is going to defeat them.

Mr. King: Mr. Speaker, I was very interested in the Hon. Member's comment. I happened to fly to Toronto last night with the president of the British Columbia Fruit Growers' Association. We had to spend an hour and a half in Toronto because our plane to Ottawa was delayed. We sat with a member of the other place, a Liberal Senator from British Columbia, who asked the president of the British Columbia Fruitgrowers' Association if he had any concerns about the free trade talks which are ongoing in Washington. The answer was: "No, we already have free trade in apples back and forth. There will be no difference whatsoever". I do not know who the Hon. Member was talking to, but I would imagine it was the fringe element of the fruit industry who share the convictions of the Hon. Member opposite that anything which has any element of contact with the United States should be avoided.

I am not impressed by the visit of the Hon. Member to Kelowna. I read the news items. In fact, I was able to use the accounts of the Kelowna meeting in four of my townhall meetings and received great response. I refuted the evidence the Hon. Member raised in Kelowna. It is a very easy matter to counter arguments which are sort of light weight.

Mr. Axworthy: Mr. Speaker, talking about light weight arguments, I think we have had the model set for us by the Hon. Member. All I can say is that it is not only the Premier of British Columbia who lives in fantasy land, several Conservative Members of Parliament occupy that same space. The fact is that I am surprised that a Member of Parliament who represents an area so vital to the national economy, which has major vineyards and a large horticultural industry, is so totally oblivious to the impact which an across-the-board comprehensive trade arrangement will have. If the Hon. member is castigating those people I met with as somehow "fringe elements", I would say to him very clearly that it is time for him to get back to his constituents. They represent farmers who have been in the business for 30 or 40 years, several generations, and they have all said without any equivocation that they are deeply concerned about the possibility of agriculture being negotiated as part of those deals, because they realize the kind of cost-cutting and competition it will generate.

• (1140)

The Hon. Member has alluded to the President of the British Columbia Fruit Growers' Association. If the Hon. Member is so confident, will he get up in the House and say that he recommends that the seasonal quotas be taken off? Is that the position he will now take in the House? That measure was brought in as a way of ensuring that the horticultural industry, and others, would be able to withstand that type of competition. Is that the Hon. Member's position? If so, I would like to know, and I am sure the people of the Okanagan would like to know. If he has any guts, and if he says that his arguments are so weighty, then he should get up in the House right now and say that that is his position.

• (1150)

[*Translation*]

Mr. Deputy Speaker: Resuming debate. The Hon. Member for Lac-Saint-Jean (Mr. Côté).

Mr. Clément M. Côté (Lac-Saint-Jean): Mr. Speaker, it is an honour for me to take part in the debate on this budget, because once again, our Government has shown that it knows how to keep its promises and that our desire to put the economy on a sound basis is not wishful thinking. About two weeks ago, the Minister of Finance (Mr. Wilson) brought down a budget that augured well for Canada. He has shown once again that the determination and firm attitude of this Government has helped to put the economy back on the right track. The message has been clear and consistent since September 1984. We must restore this country's fiscal responsibility and good fiscal management. The national debt must be taken in hand, the deficit brought down and Government spending brought under control.

In the third budget brought down since this Government was sworn in, these objectives have been achieved once again. For the third consecutive year, the deficit is down. We must

not forget why this politically suicidal decision to reduce the deficit was made and why we were not afraid to implement that decision. The reason was that Government involvement in the economy was about to paralyze our economic growth. Layers of regulations distorted investment decisions and business practices. Fifteen straight years of budget deficits had swollen the national debt to $200 billion. The rapid increase in the public debt made Canada's future economic prospects increasingly uncertain. It was a malaise that fed on itself. The more distortions the Government produced, the more it had to produce. The more it subsidized, the more it had to subsidize. The more it regulated, the more it had to regulate. The more it spent, the more it was given to spend, in an unceasing spiral that was making our industry inefficient and non-competitive and undermining our prospects for economic prosperity.

Mr. Speaker, Canadians know perfectly well, and it doesn't take a degree in economics to realize, that it doesn't really pay to get a subsidy of $1,000 if the subsidy has to generate $1,500 in taxes for the same year. Taxpayers know their arithmetic, and that is why in the last election they did not ask the Liberals to help them out of the economic mess we were in. When it came to power, the Government was firmly resolved to put an end to these destructive policies.

We made a clear statement of our objectives in November 1984 in our agenda for economic renewal. And now, two years later, we have made substantial progress in achieving these objectives. The results are eloquent proof that good management pays.

Mr. Speaker, good management means good government, and good government means that a government, instead of being part of the economic problem, starts solving that problem. At this point, perhaps I could illustrate the Government's emphasis on controlling operating and administration costs, always with a view to bringing down the deficit. Just to indicate how effective the Government's measures have been, in 1987-88, net operating costs will be essentially the same as in 1984-85. Now that, Mr. Speaker, is good management.

By reducing the deficit, which is not an end in itself, we increase employment, stimulate economic growth and expand the opportunities available for all Canadian men and women. The results are impressive. Since our Government came to power, the Canadian economy has produced 675,000 new jobs, because we created an economic climate favourable to economic growth and job creation. This record number of new jobs represents, for Quebec alone, 163,000 jobs created in less than 30 months, whereas the Liberals took 55 months to create 40,000 jobs. Since we first came into office we have therefore created four times as many jobs a month as did the Liberals. These are the figures which our forgetful colleagues opposite are trying to hide from the people. But I am confident, Mr. Speaker. And if one of the provinces so proudly displays the motto "Je me souviens", it is to remind members opposite that it was not born yesterday.

In addition, inflation has levelled at around 4 per cent. Real growth in the economy has averaged out at about 3.5 per cent, a better achievement than that of the United States, second only to Japan among major industrialized nations. Interest rates have never been so low in almost ten years. Canadians would never have been able to enjoy such economic prosperity had the Conservatives not been at the helm. What this means is that a $50,000 five-year mortgage now costs $1,500 less a year than in 1984, a saving of about $125 a month. We are rightfully proud of these results, for they show that the less the Government interferes and the more it acts as an economic lever, the better private sector interests can achieve the goals they have set for themselves.

For instance, before we took office my riding, like so many others in Quebec, was in the doldrums. Unemployment was at an all-time high, prospects for improvement were dim, and the few small businesses which managed to survive were finally forced to close down after years of sustained efforts because nothing had been provided to help them. Thousands of new businesses have opened their doors and created new jobs, a fact which reflects growing confidence among both Canadians and foreigners alike. People know that Canada is again open for business. Statistics attest to that. Our national debt is a mortgage on future generations and we are successfully getting a handle on it. In terms of the economy, the deficit has dropped from 7.4 per cent a year when we took over to 5.1 per cent this year. Where it used to represent one and a half times the American deficit, on a proportional basis, both are now practically the same.

These are no longer projections or promises but facts, Mr. Speaker, and the world community has acknowledged that these results are the best posted by an industrialized nation. In addition, they were achieved without losing sight of our sense of responsibility and discernment.

Sixty-three per cent of our declining deficit with respect to the Gross National Product can be traced back to lower expenditures and sound management, but too often our friends opposite would rather forget that.

Rather than seeking only public political popularity and playing to the gallery, our Government preferred to emphasize good management even though this approach may antagonize some people. When we took over we decided to act responsibly and learn to live within our means. The Speech from the Throne delivered last October made it clear what the priorities of the Government would be in this parliamentary session and, within the constraints of our financial plan, they will be implemented over the coming months.

Unlike the previous Government, we have shown we can set our priorities and responsibly allot our resources to achieve these objectives. We have increased the agricultural gas tax rebate, something which the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) conveniently forgot to mention earlier today. Finally, we have implemented a $1 billion special assistance program for Canadian grain producers. Moreover, we have done so without exceeding the expenditure objectives set in the 1986 budget.

There are hundreds of farmers in my constituency, so I find these measures particularly interesting and important. They are not aimed at helping small groups, but major sectors which are often put at a disadvantage. We shall pursue this disciplined and responsible action within the limits of the financial framework outlined in the budget.

The new refundable sales tax credit implemented in 1986 will provide assistance to lower income Canadians. We have also improved the child tax credit and developed a new benefit system to allow the neediest taxpayers to obtain prepayment of the credit each November.

A complete reform of pension mechanisms will promote retirement savings while improving pensions for all Canadians. Part-time workers and women will benefit particularly from the changes in pension standards.

As far as new initiatives are concerned, this budget represents a pause before we introduce our comprehensive tax reform proposals this spring. Mr. Speaker, we are continuing to work at the initiatives announced in the Speech from the Throne, including tax reform, and I know that you will find our proposals consistent with our program and good for Canada. Indeed, we have already initiated the reform process by introducing a minimum tax for high income Canadians. I wish to emphasize that we, the Conservatives, were the ones to introduce this tax.

Even my socialist friends opposite lacked the wisdom to support it, on the grounds that Bill C-23 was not strong enough. But the fact remains that the NDP, that third party, that champion of the widow and the orphan, has refused to support a minimum income tax provision for the rich.

We have gone a long way these last two and a half years. This budget shows our economic renewal program is bearing fruit and remains effective. We are on the right track. We must go on building a stronger, more aggressive, more flexible economy, for the benefit of every Canadian.

Mrs. Pépin: I have a question for the Hon. Member. I listened to him earlier as he praised the favourable repercussions of the budget, and I would like him to state where he thinks his Government will get the money for women-targeted programs, especially child care? Where is that money in the budget?

Mr. Côté (Lac-Saint-Jean): Mr. Speaker, I thank the Hon. Member for Outremont (Mrs. Pépin) for her excellent question. She listened to one part of my speech, as she just indicated. As you know, Mr. Speaker, when we came into office in 1984, we took over a business whose economic vehicles had nothing but flat tires. We had to repair several of them and change others, within our means. So, if this can reassure the Hon. Member for Outremont, she probably had an opportunity last night to see our Prime Minister (Mr. Mulroney) before a women's group. He repeated that child care would be a priority for this Government. But as I said earlier, you know what little flexibility we had in reducing the deficit. And the results, as I described them, are ample proof that Canadians made the right choice in 1984.

We remain convinced that as soon as the Liberals have finished digging into what I would like to call—and if my language is unparliamentary Mr. Speaker, you will certainly call me to order—I mean, into sceptic tanks, they will return to a somewhat more reasonable policy and will think more about Canadian men and women, including mothers—I say that to please the Hon. Member for Outremont—who need a more adequate child care system, as she had clearly demonstrated and as was previously stated. As soon as they realize the economic reality of this country, I am convinced that Canadian men and women will maintain these Hon. Members and this Government in their positions, Mr. Speaker.

Mr. Deputy Speaker: The Hon. Member for Outremont (Mrs. Pépin) on a supplementary question.

Mrs. Pépin: I should like to reply to my Hon. Conservative friend and ask him to explain to me why Canadian women were right to support a Government such as his. I should like to know also, because we are talking about the economic contribution of all Canadians, why we are not mentioning the significant contribution of Canadian women to the Canadian economy. When dealing with the overall impact of a budget, this is an aspect which we may have overlooked. I simply want to give him another opportunity to say what Canadian women have contributed to the economy and why they were right to support his government.

Mr. Côté (Lac-Saint-Jean): Mr. Speaker, I think that the question itself provides the answer. Why were Canadians, particularly women, right to get rid of the former Government and have confidence in ours? Quite simply because the former Government was not leading them anywhere but towards a deficit and out-of-control indebtedness.

Mrs. Pépin: Tell me about women. You have cut several programs.

Mr. Côté (Lac-Saint-Jean): As much as men, Mr. Speaker, women were aware of this unbearable situation, and why? Because they simply could no longer have confidence in them.

Mr. Prud'homme: I must say that I listened very carefully to the excellent speech made by the Hon. Member, certainly more so in form than in substance. I can see the speech was very well prepared, but I must admit that I am less enthusiastic about the answers to the questions. These must be made directly and off the cuff, and the Hon. Member attempted to lower the debate by suggesting that Liberal Members ought to be less concerned about septic tanks. That gave me a clear idea of where he wanted to drag us.

The only question I have for him is that, first he did not answer the questions asked by my colleague from Outremont (Mrs. Pépin) concerning all those cut-backs in retraining centres and so on. She expressed her own views. I would like to ask the Hon. Member who again made a speech that was very

well prepared—I don't agree with the substance but I certainly admire the form, and you can tell there must be something new going around, when we have all these polished speeches, and we all know how the system operates in the House—but in any case, I would like to ask the Hon. Member whether he thought it was really necessary to have a budget at this time, since aside from a few additional taxes, the budget contains absolutely nothing. Couldn't this have been done in the form of a statement by the Minister, leaving the real budget until later this spring? Now we have to waste six full days on a Budget Speech we cannot really consider as such. Would the Hon. Member care to explain why he thinks it was really necessary to have a budget at this time?

Mr. Côté (Lac-Saint-Jean): Mr. Speaker, I want to thank the Hon. Member for his good words about the style and preparation of my speech. I would like to take this opportunity to give him a few words of encouragement, and his party as well, since as he said just now, he knows how the system operates. Since that is the case, and the Hon. Member has been able to see for himself that in addition to having good speeches, we can also have good policies and a good program and act on that program, I would urge the Hon. Member to get his colleagues and his leader to use the same system to give us a good set of alternative policies that is, if they have any, because they have been doing nothing but criticize.

To get back to the kind of answers I gave, Mr. Speaker, I would like to say that my answers were as good as the questions, which means that the quality of the answers was in direct proportion to the quality of the questions.

• (1200)

[*English*]

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, I appreciate the opportunity to take part in the debate on the Budget presented by the Minister of Finance (Mr. Wilson) on February 18. The Budget presented that day was a sorry disappointment. One cannot, in debating it, but speak critically of what the Government put before us and speak with regret at the opportunities which are being lost.

The Minister of Finance spoke of the Budget from the standpoint of new initiatives, as representing a breathing space. I am far from the only person in the country who saw the Budget as a "do-nothing" Budget, as a Budget of lost opportunities, as a failure to recognize that there still were very serious problems facing Canadians in many regions of the country. The Minister of Finance was prepared to allow the forces that have favoured him up to this point to carry the country onward, in the hope that there would be a continuing gradual improvement of the sort which some regions of Canada have known.

Being realistic about the situation, I recognize that there has been one very happy feature of the situation over the last few years, though it is not a feature for which I think the Government deserves any credit at all. I am referring to the fact that interest rates have fallen from the incredible levels which we knew in the early 1980s. Interest rates were at outrageous levels at the time, thanks to international action, chiefly by the Federal Reserve Board of the United States, which drove interest rates beyond 20 per cent and taught us all a useful lesson. If people thought before then that we could no longer have a depression, we all know these days that if we maintained interest rates at that point for a year or 18 months the globe would in fact experience a depression. There is no assurance these days that we are out of the woods at all as far as that is concerned.

The action taken by the Brazilian Government just last week in indicating a three-month moratorium on interest payments to the large banks which have lent so much to that country was an indication of how deeply we are still in the morass. However, I recognize that interest rates in Canada have fallen to more sensible levels, thanks to the good sense which has prevailed in other countries. As a result we have seen an increase in housing which has had the usual effect upon unemployment, with construction workers happily employed, paying taxes and no longer requiring unemployment insurance. That has represented some improvement in the economic situation.

In Thunder Bay in the last couple of weeks we have had the problem of variable entrance requirements being affected by some decline in interest rates resulting in people previously eligible for unemployment insurance at 10 weeks finding themselves out of luck because 16 weeks is now the requirement. In northwestern Ontario that seems to be a highly ironic thing to do at a time of still significant levels of unemployment above 10 per cent, and at a time when it is difficult to get work in the depths of winter. That kind of action should not be taken. It reflects the kinds of policies the Government carries on which were inherited from the previous Government and which the Conservative Government has done nothing at all to improve. I am speaking particularly of the variable entrance requirements which were designed to reduce the draw on the unemployment insurance fund in the late 1970s, but produced hardship for many Canadians.

The fact remains if there has been some improvement in a few places, but in many parts of Canada there remains much to be done. If we consider the unemployment insurance figures as they existed in January of this year we find Ontario's rate generally is set at 6.6 per cent. I have already indicated that we in northwestern Ontario are looking at 10 per cent plus. That is one indication, within a large province, of regional disparity.

• (1210)

Let us look at some of the other provinces. In British Columbia the unemployment rate is 13.6 per cent, on the Prairies, 9.4 per cent, Quebec, 10.8 per cent and in Atlantic Canada, 15.3 per cent. That was not a situation on which a Finance Minister should have been resting on his oars.

The Finance Minister does not just rest on his oars in these budgets, he socks it to Canadians in the way of increased taxation. We got some of it in this Budget. The decision to lay still more taxes on Canadians should provoke an outcry, a tax revolt, and I think it will as we approach the next election when Canadians recognize what is being done to them.

The Toronto Star published a story which appeared in *Quorum* yesterday. The figures it provides are fascinating. The Executive Director of the Social Planning Council in Toronto, Mr. Pennington points to two studies. The one noted at greater length is the one provided by the National Council on Welfare. As it happens the Fraser Institute in Vancouver, a very conservative think tank, has been providing figures that fit right in. What does Mr. Pennington tell us:

—he was astonished to learn that two such radically different groups as the National Council on Welfare and the Fraser Institute—reached the same conclusion in studies released last month.

The studies show that individual Canadians face federal tax bills in the next fiscal year that will be 48 per cent higher than those they paid in 1984-85—

That is, when the Government obtained its mandate.

—while corporations will face only a 4.3 per cent increase over the same period.

And they show that an urban family of four living on the poverty line with a $20,812 annual income faces a 35 per cent tax hike over what they paid in 1985, while a couple earning $100,000 will see only a 2 per cent increase.

That is fairness in taxation from a Conservative Government, Mr. Speaker? The article goes on:

The National Welfare Council study shows that a two-income family of four, earning a total of $15,000,—

Clearly below the poverty line.

—faces a 90 per cent increase over what they paid in 1985.

"I'm jolted," said Barb Couchman, Executive Director of the Family Services Association—

I would think that Conservative back-benchers might also feel jolted by what their colleague, the Minister of Finance has done to the Canadian people. What we have here is the most rank unfairness in taxation, laying the burden of Government on the people. It is fine to talk about assisting those most in need, as the Minister of Finance and the Minister of National Health and Welfare (Mr. Epp) likes to do, but after you lay taxes like this on Canadians, on the poor, it will be very, very difficult to recover.

The result of these actions, which for the average Canadian family of four means a tax increase since the Government came into office of about $1,380, has had one very important economic effect. It transfers money to the Government which the people of Canada should have to spend at a time of high unemployment in most of the country and at a time of very real need to support economic activity, production and sales. Because disposable income has been lost to Canadians, demand has been very weak.

Economic depression begins to affect other parts of the country other than the resource industries which have been battered in case after case. Just look at the mining, the oil and gas and the farming sectors which are disaster areas of the Canadian economy. This is an important reason why unemployment rates are at the present level, that they are and yet we have a Minister of Finance refusing to recognize it. Sure, he says in the Budget speech, the benefits of our strong economic performance have not been evenly shared across the country. Some regions are hurting. My God, most of the regions of Canada are hurting, Mr. Speaker. Only southern Ontario has anything to be very happy about in these circumstances. Of course, a Finance Minister from Bay Street may be quite content with that, but most Canadians are not, and it is a situation with which the Minister of Finance has refused to come to grips.

In the area of regional disparity spending, about which the Minister should be doing something, he has reduced spending significantly. Three years ago the regional development spending totalled $14.85 billion. By the coming fiscal year that will have dropped almost $3 billion to $11.95 billion. With that kind of decline of over one-fifth, it is not surprising that very little happens in the various regions of Canada.

I want to focus on one particular aspect of the Minister's taxation principles to underscore how he is refusing to take opportunities to improve the situation of the Canadian people and create employment. This Minister of Finance in his very first Budget reduced the capital gains tax for those who are lucky enough to have the money to get in on it. This was a $500,000 tax holiday. That tax holiday was interesting to some people but, of course, Canadians who have $15,000 or $20,000 in annual income will not be able to make use of it. In the same *Toronto Star* report to which I have referred we are told people are spending $12,000 of their annual income in Toronto just covering rent. People like that will not be able to take advantage of that $500,000 capital gains tax holiday. The Minister of Finance thinks he is going to lose $850 million this coming year in taxes as a result. That is very interesting, Mr. Speaker, because he admits the loss.

The Government talks about child care. The Prime Minister (Mr. Mulroney) yesterday was promising again that there would be some activity in this area. If the Finance Minister had not given this money away and instead spent less than one-half of it, namely, $320 million on improved child care he would have helped all those middle-income families who desperately need it. At the moment they are forced to spend their own hard-earned money, which they would like to put to other uses, ensuring that their children are properly cared for. This would have provided about 25,000 additional spaces for children and could well have created 5,000 jobs. There is money which the Minister of Finance could have taken in, which may not create a single job in Canada. But, after all, one can have condominiums in Florida or other places, buy art works or deal in antiques or whatever.

• (1220)

There is no assurance of any improvement in employment. The Minister of Finance passed up a splendid opportunity to create additional employment. That failure is a splendid

example of the short-sightedness of the Minister and his Government in giving away money to the wealthy, taxing corporations only a little bit more, while socking the poor and middle-income earner with an incredible burden.

As a Member of Parliament from northwestern Ontario, I want to address the issue of regional development. I have already made reference to the decline in total spending on regional development from almost $15 billion three years ago to under $12 billion today. That points out that there is less concern about regions today, although Lord knows it was bad enough before that Government was elected.

When the Department of Regional Industrial Expansion was considering the assistance it might provide, we in Thunder Bay found ourselves in the odd position of being lumped in with the City of Toronto. I suppose it is nice to be included in the prosperous half of the country statistically, but the people in my region do not think of it as having anything like the economic strength which characterizes the area known as The Golden Horseshoe, where Asian companies are building automobile assembly plants these days. We just do not have the resources or attractiveness of southern Ontario. Yet the staff at our DRIE office has been cut back and there is precious little taking place in the way of regional development.

There were of course other programs and the Government, by reducing spending, has damaged regional development in that way as well. I can cite several examples. When I visited the Canadian Forestry Service Centre in Sault Ste. Marie last fall I was told that reforestation spending through the Canada Employment Commission was being cut and likely to disappear entirely. The Government is proud of the Canadian Jobs Strategy. I am sorry to say that in our region there is concern among those who are trying to assist women in obtaining training because the Canadian Jobs Strategy has weakened those programs almost fatally.

Another example is that of our local advisory council. We considered Challenge '87, another program the Government is proud of. Quite frankly, I found it shameful that in the third season of a summer employment experience development program organized by the Government the situation of deadlines, late release of application forms, and so on, was just about as bad as it was the first year. I could understand it happening in the first year when changes were being made in order to produce a better plan. However, it seems to me completely shameful that this continues in 1987. In particular, I cannot understand how the Government can do this to the private sector, the small businesses it wants to take part in the program. It is simply not fair to give people just a couple of weeks to come up with projects, fill in and file the applications. It is most certainly not fair to students to receive approval as late as the middle of April, and only then be able to hire other students.

Those are only some of the shortcomings of the Government in regional development. We very badly need the Government to recognize the action it needs to take. We need to recognize that resources have to be provided. I have watched the Government fail in its efforts at co-operative development for months now. It has worked quietly, we are told, on a response to the task force on co-operative development. We still have not had any public statement. Here we have a report which has been before the Government from the beginning of its mandate and there has not been a response.

As well, we in the NDP are very critical of an economy which is shot full of government incentives. However, I can understand the co-operative financial institutions, such as credit unions, seeking something of the same sort for themselves. Yet again the Minister of Finance has refused to do anything. Here is a potential for community-based economic development to be encouraged, yet the Government has blown it entirely. It is playing around with things like community futures committees. However, I do not see any substantial assistance or support for community-based development. People talk about potential for some special kind of training. I expect there will be consideration of relocation in some communities. However, there will not be the kind of financial assistance which is not seen as a subsidy. The Minister of Finance always thinks in terms of subsidies but it ought to be seen as an investment in the community. The Government is incapable of seeing things that way, and that is why it will be turfed out in the next election, and why the people of Canada are going to turn to the NDP which wants to encourage community-based economic development in order to produce prosperity and employment from coast to coast.

Mr. Deputy Speaker: Questions or comments. Debate.

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, my remarks in this budget debate will focus on the announcement by the Minister of Finance (Mr. Wilson) that we can soon expect major reform of the income tax system. He certainly deserves the congratulations of every Member of this House for having the vision, courage and foresight to see that the jerry-built, ramshackle, out-moded system he and the rest of us inherited can soon be replaced by a rational, planned, contemporary system.

In his budget address the Minister committed himself to reform which would reduce income tax rates, achieve greater equity for taxpayers, and inspire economic growth. In my remarks I want to focus on one reform which can contribute to all those objectives. For half a century income tax has been administered as a kind of legal larceny. I say that without reflection on the integrity of any Minister or public servant. They have all operated within the law. The fault lies with the law itself and what it has legitimized. It lies with a system which has permitted Governments to reach in the pockets of all income taxpayers and seize what has rightfully belonged to them for themselves.

• (1230)

I make that claim on a premise that a democracy should not make the assumptions of a totalitarian state. By that I refer to the opinion advanced half a century ago by Harold Joseph

Laski who wrote that in the 20th century governments have extended their power over more and more of life to a point where governments assume that they have a right to control all of it and should they refrain from controlling some area, it is because they have chosen to refrain. At no point does a government today, Laski suggested, recognize that it has no right to extend its control over that area.

My remarks are based on the conviction that a democracy does not make that assumption as a totalitarian government does, that in a democracy there are recognized limits to the legitimate authority of governments, that there are areas of life which belong to people on their own without intrusion by government. I ask the House today to focus on what that belief can mean for tax reform.

I submit that it means that governments will respect that a person has a responsibility to provide for himself and his dependents and, consequently, has a right to the income required to fulfil that responsibility. My thesis is that a person has what can be regarded as a human right to the income required to fulfil the natural responsibility to support oneself and one's dependants.

If we agree on that principle, I ask the House to go one step more with me and agree that persons should have that basic income free from tax. It should be respected as the person's basic income and should, therefore, be free from any trespass by a government.

I recognize that some Members might see that as a radically innovative and radically unpractical point of view. However, I submit it has already been recognized in principle by the personal exemption granted taxpayers, spouses and dependants. I am aware that many understand such exemptions simply as being tax deductions, that is tax avoidance provisions which governments have allowed and which governments can take away. However, I am arguing that that is precisely what they are not. They are essentially different from what are called deductions, should not be considered tax avoidance, and should not be subject to the changes and chances of government policy.

The term "exemption" itself suggests another meaning. It can mean that part of a person's income is respected as rightly exempt or free from taxation because it is income which the person needs to fulfil this natural responsibility to provide for himself and his dependants. I submit that income tax should be collected only on the surplus income, that being surplus in the sense of being what remains after a person has earned and retained what is needed for human existence.

If that can be recognized, or at least implied, in the present tax system, why speak of it today? I have two reasons. One is that the current exemption is too small to meet the need. The other is that as small as the exemption is there are those who want to take it away. The present exemption can be defended if it is no more than an arbitrary figure chosen to give the taxpayer another way of reducing taxable income. It is, however, indefensible if the exemption means that the tax collector respects this natural right to a basic income free from the tax collector's eager grasp. The current exemption would not provide for the existence of any human in today's Canada. It does not even keep pace with inflation. The 1986 exemption, for example, was $4,180, up only $40 over the previous year, even though that meant an increase of less than 1 per cent to cope with inflation of 4 per cent.

Canadians need a personal exemption which more approximates what they need for basic human existence; not for luxury, not for comfort, not even for security, just for existence. I submit that that amount should be seen as exempt from the tax collector. It should be respected as the natural right of the person, upon which the Government has no right to intrude. I would like to think that tax reform would bring us a system in which we might conceive of an invisible sign on an invisible fence around a very visible income. The sign would read, "Personal, Private, Tax Collectors Keep Out". This belongs to the person as a natural right for his natural existence.

I said that there are those who would eliminate this personal exemption, small and inadequate as it is. I understand the motives and respect the arguments. One argument is that the exemption offers more tax benefit to the middle and upper income earners than it does to the lower income earners. With respect, I can argue that that critique shows that such persons insist on equating the personal exemption with any other deduction and with any other tax avoidance provision. I ask them to see that the exemption respects that all of us, regardless of income level, have a common humanity for which each of us must provide. We all have a common humanity which requires each of us to accept the responsibility to provide for our own existence and those who depend on us. Therefore, each of us should have a basic income which is exempt from taxation.

I recognize, as does every Member of this House, that low income persons and families need assistance which others do not. Justice demands that they receive it. However, I submit that the income tax system is not the way to provide it. That system should be seen for what it is, a method of raising revenue. It should not be a program for redistributing the wealth. The strong should assist the weak, but the income tax system is not the way to do it. That should be the work of the Department of National Health and Welfare, not the work of the Department of Finance.

I therefore urge that the forthcoming income tax reform retain personal exemptions and make them adequate to meet a rising cost of living. We ought to take very seriously the great pressure on individuals and families, certainly in large cities such as Scarborough from which I come, to cope with the rising cost of living, so frequently on limited resources. An individual trying to be self-supporting on $12,000 a year today is a person who is struggling. A family of four trying to maintain themselves on an income of $20,000 a year today is certainly struggling. We must ask ourselves whether the income tax system should put another burden upon those

people. Should we demand of them yet another challenge to be faced? Can we think in terms of lifting at least some of that burden, removing some of that challenge, so that they can have the dignity of self support, the self worth of maintaining themselves without the country making that almost impossible for them?

I recognize that whenever we talk about raising exemptions or improving benefits we are talking about either a loss of revenue or an increase of government expenditure. We must address ourselves to the question of how to meet the need. The fact is that although there is an amazingly large number of Canadians earning $12,000 a year or less, the amount of tax revenue coming out of that large number is proportionately small, about $650 million. The number of individuals and families coping with the cost of living on incomes of $20,000 or less is larger and the tax burden is correspondingly larger. It is about $4.5 billion. We are now beginning to talk about big money.

• (1240)

As we contemplate the forthcoming tax reform we must keep in mind the possibility and, indeed, the absolute requirement that the corporate sector contribute a much more just and rational portion of the income tax revenue of the Government. It is shocking to read the report entitled "Road Map to Tax Reform" issued by the Economic Council of Canada and to learn, according to this document, that the corporate income tax is riddled with a variety of tax credits, allowances and deductions. In any recent year, about one-half of all corporations paid no tax at all. In some cases, the report states, this was because the corporation had experienced real losses. We must not fly with flights of fancy to think that all the needs of the country can be made up from the corporate sector, but the report goes on to say that in other cases the fact they paid no tax was due to the provision of the corporate income tax legislation and to the competence of the accountants and legal experts.

When we are talking about a corporate sector which pays income tax just under $10 billion and we learn that that represents taxation paid by no more than half the corporations of this country, we see that one dimension that our forthcoming income tax reform must explore is the possibility of a more rational and more just contribution by that sector to the life and well-being of this country.

I submit that by that reform, along with others, it will be possible to give some further respect to individuals and families who are trying to cope with their natural responsibility to support themselves and their dependants on very limited incomes. I submit that for years they have been unjustly, irrationally, and unnecessarily forced to suffer further by the Government intruding upon that which should be regarded as theirs.

What I have described today can be called tax reform from below, in contrast to what I will label tax reform from above. The kind of tax reform that we read about in the United States can be fairly described as tax reform from above, for one of its priorities has been the reduction of income tax brackets, and the reduction of income tax rates very often at the top level of income. There is an argument to be said in favour of that, but I would plead for some further recognition in this country for a tax reform that will do justice to those who are striving to meet the challenge of human existence with limited resources.

I would plead that this Parliament, in undertaking this historic reform which can be before us within the next few months, will give a priority to tax reform from below and that we will try for a tax reform that will bring justice from the bottom up, rather than privilege from the top down. That alone will satisfy the demands of democracy.

The reason I have asked for the attention of the House today is that, more than anything else, a tax system expresses the values of a society and expresses the real principles upon which a society is based. We can see in the kind of tax reform to which I have referred the opportunity for a democratic system such as Canada has not enjoyed for many days.

Mr. Epp (Thunder Bay—Nipigon): Mr. Speaker, I am always interested in listening to a radical in the Conservative ranks discussing what might be the best of all possible worlds, but not of course, as it is made by the present Minister of Finance. The Hon. Member referred to a tax system as a means of expressing the values of a society. Will he clearly characterize the values that prevail in the Budget of the Minister of Finance who increases taxation on the poor so sharply while guarding the corporations? In light of the Hon. Member's vision of society, it is strange that one can have such a sound and democratic vision which has not been achieved by the Government.

Mr. Stackhouse: Mr. Speaker, I thank the Hon. Member for this opportunity to extol further the merits of the Budget and the virtues of the Minister who presented it. Let me add a few ways in which the needs of lower income people have been met by the Government and this Budget.

When we took office, one of the problems which confronted many Members, including myself, was the spectre of widespread unemployment. In the community I represent, I find more frequently that there are signs saying "Help Wanted".

Mr. Epp (Thunder Bay—Nipigon): That is Toronto.

Mr. Stackhouse: The Hon. Member says Toronto. I remind the spokesman for the NDP that Toronto is part of Canada and I am shocked that the NDP is not aware of that.

A second way in which the Government and its Minister of Finance have contributed to the well-being of ordinary Canadians has been by slashing interest rates. It has been decades since we have seen such a home building boom in this country as we have witnessed in recent years. This is primarily because of the lower interest rate policy.

An Hon. Member: He is building a new house.

Mr. Stackhouse: I congratulate him. He will know what Government to credit for it. These are indications of the way in which our Government is progressive and conservative at the same time. We are progressive in opening opportunities for people as a way of conserving the fundamental values upon which this country is based.

Mr. McCrossan: Mr. Speaker, the Hon. Member made a very good point about trying to have an effective layer of tax exempt income which would be very much higher than the basic $4,000 that exists now. He also suggested that this layer could be as high as $12,000.

However, if there was a $12,000 tax exemption, over three-quarters of the benefit would flow to the very highest income Canadians. Does he not believe that a better way to proceed would be to have a tax credit so that the tax paid by the first $12,000 for someone who is earning $12,000 would be refunded or credited to them, rather than increasing the exemption, so that the money went to the people who need it most?

Mr. Stackhouse: Mr. Speaker, I thank my friend and neighbour for this significant question. It gives us an opportunity for an all too brief debate on the issue raised in my remarks and in his question. It is a fundamental issue which requires more debate than we can afford today, and I hope we can return to it.

We are not talking only about benefiting the low-income person. We are talking about respecting the right of every human being to a basic income to meet the needs of a human existence, which the middle-income person has and the upper-income person has. We are saying that each of us, having a common humanity, has a need for a basic income which is common to us all. That is the first point.

Second, if we had a larger exemption similar to what I have described we would be able to totally remove many people from the income tax rolls who are now on those rolls. Some of the income they are now paying to the Government would be returned to them.

Third, many people who are unable to cope with their needs because of low income or family responsibilities, regardless of how they manage their income, require some supplementation by society. I do not see the income tax system as a way of doing that. I would rather see that coming through forms of payment which Parliament would authorize and the Government would administer. That is my approach to the issue. I recognize that the Hon. Member has raised a valid and important question and I hope he and I can debate it again at a later time.

• (1250)

Mr. Nystrom: Mr. Speaker, I have both a comment and a question. First, I commend the Hon. Member for Scarborough West (Mr. Stackhouse) for the positive mention in *The Toronto Star* this morning. I think it shows he is a dogged Member of Parliament who pursues his ideas and sees them through to fruition. I would like to solicit his support on another idea.

Mr. Stackhouse: I was hoping for your support.

Mr. Nystrom: That is no problem at all in terms of credit cards and interest rates, so we can do a trade off here. The Hon. Member mentioned that some Members of the New Democratic Party do not realize Toronto is part of Canada. Toronto has done very well. In fact, about 90 per cent of the jobs created in this country in the last year have been in Toronto, primarily because of the auto industry. Does the Hon. Member have some ideas on how we can spread some of that affluence across the country? I look at western Canada and I see tremendously high unemployment rates. I see Albertans who are very discouraged about what is happening. I look at northern Ontario and see an unemployment rate around 15 per cent. In some places in Atlantic Canada unemployment rates are as high as 20 per cent.

I look at western Canada in terms of the farm economy and find that our farmers are receiving prices now which in some cases are worse than they received in the 1930s. Even with the $1 billion deficiency payment, the maximum price a farmer can now receive for his bushel of wheat is $3.50. The Minister of Indian Affairs and Northern Development (Mr. McKnight) knows well of what I speak because he is a farmer in western Canada. The deficiency payment is 48 cents a bushel and the maximum price is $3.50 for a bushel of wheat for the Canadian farmer. The American farmer meanwhile, because of subsidies, receives a minimum of $4.80 U.S., which is about $6 Canadian.

What do we do to spread some of this wealth around? I am very happy for Toronto. Toronto is very much part of Canada. We are not all Torontonians and we all deserve to receive a fair shake. The Hon. Member did say that there should be a minimum amount of Government. I am paraphrasing him, but he said that sometimes there is too much government. However, is it not one of the roles of Government to try to divide more equally the national pie so that the Saskatchewan farmer and the Newfoundland cod fisherman can receive a more fair share? I wonder if I have the support of the Hon. Member opposite to help us in this very worthy cause of getting more money into regional development, more money for people like fishermen and farmers in order to give them a better chance to be competitive in terms of having a fair share of the national pie? We do not all want to be Torontonians, but we all want the same opportunity which Torontonians now have. We all want to ensure that there are jobs for people regardless of whether they live in Toronto, Yorkton, St. John's, or even Calgary, where my friend to my left knows there is considerable unrest because of growing unemployment.

Mr. Stackhouse: Mr. Speaker, I appreciate once again the New Democratic Party giving me the opportunity to review the positive achievements of the Government in addressing the kind of problem he identifies. In terms of regional disparity, I

remind him of the $1 billion award for prairie farmer assistance and the announcement made just yesterday in Vancouver by the Minister of Transport (Mr. Crosbie) of a major ship construction contract. I also remind him of the announcement a few weeks ago of a major undertaking by the Government to make possible continuing the steel industry in Cape Breton Island. Those are positive initiatives across the country, from one region to another. We find positive and constructive actions taken by the Government to address the very problem the Hon. Member identifies.

What I would say to the Hon. Member, as he asks us to do more, is that he consider supporting the general financial policies of the Government which have as an objective, among others, the increase of wealth in this country. One of the things the New Democratic Party must be realistic about is that we cannot spend what we do not have. We have been doing that as a country to our detriment and disaster. If we are going to spend more to lift the level of life in this region or that region, we have to increase the production of wealth. This wealth generation has to come by stimulating the economy and businesses which have an opportunity for growth. The Hon. Member mentioned the auto industry. That is one. I wish he would be conscious of the house construction industry which is another. It has a tremendous spin-off effect in making work for so many. Therefore, I would suggest to the Hon. Member that he take very seriously what the record around the world shows, that the needs of people are best met when a private enterprise economy is given adequate stimulation.

Mr. Deputy Speaker: Resuming debate.

Mr. Johnston: Mr. Speaker, I am in your hands but, in view of the time, I would suggest we call it one o'clock and resume debate after Question Period.

Mr. Deputy Speaker: Is that agreeable?

Some Hon. Members: Agreed.

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until 2 p.m. this day.

At 12.55 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

NATIONAL PARKS

PRESERVATION OF SOUTH MORESBY—PRIME MINISTER'S FORTHCOMING MEETING WITH BRITISH COLUMBIA PREMIER

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, in exactly two days the Prime Minister (Mr. Mulroney) will meet with Premier Vander Zalm while loggers are beginning to cut timber in Windy Bay on Lyell Island. This is a unique forest ecosystem with beautiful spruce and cedar trees, the streams are filled with salmon and trout, and the sky is criss-crossed by all kinds of birds.

Canadians from coast to coast recognize the immense value of the South Moresby archipelago, and of Lyell Island in particular, and want this heritage protected for the enjoyment of this and future generations. We urge the Prime Minister to impress on Premier Vander Zalm that the preservation of South Moresby is of national and international importance. The Prime Minister should ask the Premier to stop the logging, avoid further confrontation between the Haida Nation and the loggers, and negotiate a national park that would cover only 0.2 per cent of B.C.'s forests. This is the kind of leadership Canadians expect from their Prime Minister.

* * *

ADMINISTRATION OF JUSTICE

SYSTEM TO MONITOR SPOUSES DEFAULTING ON SUPPORT PAYMENTS

Mr. Léo Duguay (St. Boniface): Mr. Speaker, 60 per cent of single-parent families headed by women live in poverty. This is not only the result of low incomes earned by female family heads, but also because enforcement orders are often not enforced. Poor single parents and their children often receive no support from the other financially secure parent.

The Family Orders Enforcement Assistance Act which the Government passed in June, 1986, will allow the attachment of moneys under federal jurisdiction. Yesterday's Estimates gave Revenue Canada $627,000 to implement a computer system to nab spouses who are defaulting on support payments. Their refunds will be withheld until they meet their support obligations. Some 30,000 Canadians who last year ripped off their spouses, their families and their children, will find that this callous disregard for their families will not go unchecked. The Government intends to ensure that they live up to their obligations.

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POLITICAL PARTIES

LIBERAL MEMBERS' STATEMENTS ON CRUISE MISSILE TESTING

Mr. Derek Blackburn (Brant): Mr. Speaker, I was very interested to read a press release from the Liberal external affairs critic that called on the Government to stop testing the Cruise missile. After all, it was the Liberal Government that signed the Cruise testing agreement to begin with. He was obviously following the example of the Liberal defence critic. He is also practising that fine Liberal tradition of saying one thing to get elected and doing the opposite in office.

But wait, Mr. Speaker, it seems that these two gentlemen forgot to check with their leader. He says that these critics do not speak for the Party—another contradiction! The Hon. Member for Saint-Henri—Westmount (Mr. Johnston) says: "I'm the critic, you know." But is he? After yesterday's fiasco maybe he should check that with his Leader, too.

Will these critics find a Party? Will the Liberals ever agree on a policy? Will the Leader of the Opposition (Mr. Turner) get his house in order in time for the next election? Stay tuned. "As the Liberals Turn" appears daily—right next to Mary Worth and Rex Morgan in the comics section of *The Globe and Mail*.

* * *

HEALTH

FUNDING OF AIDS DISEASE RESEARCH AND EDUCATION

Mr. William G. Lesick (Edmonton East): Mr. Speaker, recent reports have stated that an estimated 1,200 people in Edmonton are infected with the deadly AIDS virus. AIDS is spreading at such an alarmingly rapid rate in Canada that it is time for all Canadians to become serious about AIDS education. Our Government has scheduled an AIDS education program to begin this March and has pledged $3.7 million toward that goal. This is only part of a total of $39 million for AIDS research and education.

We must all accept the reality of AIDS in our society and educate all Canadians, both young and old, on the far-reaching effects of this disease. We should support full public information in the communities, in the school systems and through the media. It is only through such measures that we will be able to combat this disease in a realistic manner.

I commend the Department of National Health and Welfare for its commitment of funds and its dedication to conquering this plague.

* * *

[*Translation*]

CANADA POST CORPORATION

INTRODUCTION OF INTERCHANGEABILITY CLAUSE AND ITS EFFECTS ON BILINGUALISM

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): In Quebec City, Mr. Speaker, Canada Post Corporation has introduced the polyvalence or interchangeability clause whereby French unilingual technical representative positions will be replaced by positions identified as being bilingual imperative, and people who have been doing this work for years will be declared surplus.

If Canada Post management are really anxious to promote bilingualism in Canada, Quebec City is the wrong place to begin because the need and urgency are definitely not a priority.

Would it be that Canada Post is intent on cutting jobs to the detriment of bilingualism?

If the Crown corporation believes in bilingualism, why not make it possible for its employees to become bilingual, and why not offer them adequate training instead of declaring them surplus?

This provoking approach on the part of Canada Post management certainly does not help improve working conditions and service to the public.

* * *

KNIGHTS OF COLUMBUS

ALTRUISM

Mr. Guy St. Julien (Abitibi): Mr. Speaker, we have in Canada an organization which is doing outstanding work in our contemporary society. I am referring to the Knights of Columbus in all provinces.

In Abitibi the 10,000 members are under the direction of district 08 representative Yvon Marchand of Val-d'Or. Barraute, Rochebaucourt, Champneuf and Lamorandière Local 3490 can be cited as an example. It is under the direction of Mr. Jean-Claude Chevalier, great knight third degree, and Messrs. Denis Collins, Robert Lefebvre, Roger Jobin, Marcel Piché, Onésime Boucher.

Every year these 300 members put in thousands of hours of volunteer work to help young people and senior citizens. Their major achievement in 1987 will be the purchase of an ambulance for the region.

Mr. Speaker, Canada's Knights of Columbus draw inspiration from four great principles: unity, fraternity, charity, and patriotism.

* * *

• (1405)

[*English*]

RAILWAYS

SELECTION OF BRANCH LINES FOR REHABILITATION ON PRAIRIES

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, some time ago the Technical Committee of the Senior Transportation Committee made recommendations to the Minister of Transport (Mr. Crosbie) regarding the rehabilitation of branch lines on the Prairies. The committee gave number one priority to putting heavy steel rails on the Blaine Lake subdivision.

The answer came back from the Minister's office deleting and downgrading the Blaine Lake subdivision, and instead putting in the Bromhead subdivision from the Assiniboine District. The lines do not compare in the amount of grain that they move. The grain companies, the railways, and the farmers are objecting.

I call upon the Minister of Transport to reinstate the technical committee's recommendations, and to assure the House and the people of the Prairies that political intervention and interference will not be the basis upon which future rehabilitation will be established.

* * *

STATUS OF WOMEN

GOVERNMENT MEASURES TO IMPROVE POSITION OF WOMEN

Mr. Don Ravis (Saskatoon East): Mr. Speaker, at the First Ministers' Conference last November, the Prime Minister tabled "Dimensions of Equality: A Federal Government Work Plan for Women". This document specifies the measures our Government is undertaking to promote women's achievement of equality.

As we approach International Women's Day it is appropriate to review the many initiatives that our Government is pursuing to improve the status of women. These include work in the area of pensions, family violence, child care, women's health, sports and fitness, and issues related to women's employment. The Government is committed to addressing the particular needs of farm women, aboriginal women, disabled women, immigrant women, and visible minority women.

In short, we are determined to create the conditions that will enable all Canadian women to pursue their ambitions on an equal footing with men, and to realize their full potential in society.

* * *

[*Translation*]

THE BUDGET

FISCAL MANAGEMENT—POSITION OF QUEBEC

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, yesterday, the Main Estimates tabled by the President of the Treasury Board (Mr. de Cotret) were one more indication that Quebec is being penalized by this Conservative Government.

Despite an unemployment rate of 11 per cent, Quebec has seen no change in the level of its transfer payments. Ontario, on the other hand, with an unemployment rate of 6.6 per cent, will receive $550 million more in transfer payments, an increase of 7 per cent. As for the social welfare component, Quebec's share of transfer payments will go down 7.6 per cent, from $1.26 billion to $1.16 billion for this year.

Mr. Speaker, when we get to the point where a provincial Minister of Finance threatens to sue the federal Government because of its fiscal management, we can assume the province in question is not getting fair treatment. It should come as no surprise today that the Progressive Conservative Party enjoys only 10 per cent of the public support among Quebec voters.

This morning, the newspaper *La Presse* contains an article on the Estimates, under a headline that speaks for itself: "Quebec feels the pinch".

Mr. Speaker, I urge all Conservative Members from Quebec to wake up and make sure their Conservative Government is giving Quebecers a fair deal.

* * *

• (1410)

[*English*]

HARBOURS AND PORTS

MAINTENANCE OF HARBOURS AND WHARFS

Mr. George Henderson (Egmont): Mr. Speaker, once again the federal Government has ignored the worsening state of our harbours and wharfs. The budget for small craft harbours is simply a drop in the bucket. Dependable and well maintained harbours and wharfs are absolutely essential.

The Government's neglect is a threat to the safety of Canadian fishermen and boaters. While the Government bails out banks and squeezes low and middle-income taxpayers for every last cent, the real needs of Canadians are ignored. In my own constituency fishermen in West Point, Tignish, Fishing Cove, and Alberton are kept waiting and waiting.

I urge the Government to fulfil its responsibilities and to allocate some badly needed assistance to our harbours and wharfs.

* * *

SHIPBUILDING

NEGOTIATION OF CONTRACT WITH VANCOUVER SHIPYARD TO BUILD POLAR 8 ICE-BREAKER

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, I rise in the House today to commend our Prime Minister (Mr. Mulroney) for once again demonstrating his commitment to improving the economy of western Canada and to creating jobs in every region of our great country.

Yesterday, in Vancouver, the Minister of Transport (Mr. Crosbie) announced our Government's intention to negotiate a contract with Versatile Pacific Shipyards to construct a Polar

8 ice-breaker. This ice-breaker, which will be the largest of its type in the world, will be vital to preserving our sovereignty in the northern reaches of our country.

The Polar 8 project is worth hundreds of millions of dollars and will create 1,000 person-years of employment for the British Columbia shipbuilding industry. This means prosperity not only for B.C. but for all of Canada.

On behalf of all British Columbians, I must tell the Prime Minister how pleased we are with this clear and decisive action to address the issue of regional disparity. The future of western Canada is a top priority with our Prime Minister and our Government.

* * *

INDIAN AFFAIRS

FUNDING OF SCHOOL CONSTRUCTION ON RESERVES

Mr. Rod Murphy (Churchill): Mr. Speaker, I am sure the previous Conservative Member who spoke on behalf of western Canada did not speak on behalf of the Province of Manitoba.

The Budget presented a week and a half ago and the Estimates tabled yesterday have one glaring omission, that is, there is no significant increase in capital funding for the building of schools on reserves.

My own riding is a great example of the problem which exists across the country. We have schools in terrible and deplorable condition. People cannot even obtain a feasibility study for the next five years to see whether or not they can build a new school. The condition of federal reserve schools is deplorable. The education received by students is inadequate. The Government's neglect is shameful.

I call upon Parliament, in the study of the Estimates, to ensure that there is adequate funding so that native children have a chance and opportunity our the country.

* * *

SHIPBUILDING

CONSTRUCTION OF POLAR 8 ICE-BREAKER—ANNOUNCEMENT OF NEGOTIATIONS WITH VANCOUVER SHIPYARD

Mrs. Mary Collins (Capilano): Mr. Speaker, yesterday was a very special day in British Columbia, particularly in North Vancouver and Victoria. As the Minister of Transport (Mr. Crosbie) announced that the Government of Canada intends to proceed with the design and construction of the Polar 8 ice-breaker at the Versatile Pacific Shipyards, at a total cost of $328 million in 1985 dollars, he provided a new and a secure future for the shipbuilding industry of British Columbia.

Many people were involved in making this decision. I appreciate the support of cabinet colleagues and members from across the country who supported the bid from British Columbia for this most important project.

Some Hon. Members: Oh, oh!

Mrs. Collins: I am sorry the Liberals and New Democrats do not seem to support it.

I also want to mention, particularly, the work of the Greater Vancouver Shipbuilding Coalition, a unique coalition of industry representatives, union representatives, and municipal politicians who made the case clearly and persistently about the expertise and capability of British Columbia shipyards.

The impact of the project means a certain future for West Coast shipyards for many years to come and, most important, certain employment for hundreds of shipyard workers.

I also anticipate a renewed sense of pride and international recognition which the workers and all those involved will receive as they build the biggest, the most powerful, and the best ice-breaker in the world.

I have on occasion been accused of being a cheer-leader for the Government. On this occasion I want to give three cheers for the Government.

* * *

• (1415)

HOUSING

REDUCTION IN FIVE-YEAR MORTGAGE RATES

Mr. Alex Kindy (Calgary East): Mr. Speaker, for the first time in 20 years Canadian homeowners are offered a five-year mortgage for less than 10 per cent. This will not only allow people to afford their own homes but will further stimulate the lumber, construction, and housing industries. The Government's achievements in economic growth brought the inflation rate from a high of 12.9 per cent in the summer of 1981 to 3.9 per cent today.

Interest rates in 1981 reached an ultimate high of 21 per cent. We have not seen a five-year mortgage of 9.8 per cent since 1973. This, Mr. Speaker, is further proof that the Government's strategy for increased economic development is really working.

* * *

THE ADMINISTRATION

STATUS IN PUBLIC OPINION

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, in August, 1985, the Tories had problems. Boy, did they ever have problems. So they called upon super Dalton

Camp to the rescue at a cost, so the Estimates tell us yesterday, of $250,000 a year for an aide to the Government to get it out of trouble. What has happened since, Mr. Speaker? The Government has taken a virtual nosedive since the day Dalton Camp set foot on Parliament Hill.

What is the Prime Minister (Mr. Mulroney) going to do now? Is he going to call upon the big blue machine? Is he going to call upon super Norman Atkins, or is he going to call upon someone's chauffeur to help him? Nobody knows for sure. The ship is sinking fast and soon it will be gone, completely submerged. Who will help the battered Tories next, Mr. Speaker? Certainly not I.

* * *

STATUS OF WOMEN

FEDERAL FUNDING OF VARIOUS ORGANIZATIONS

Mr. John Oostrom (Willowdale): Mr. Speaker, Ottawa is hosting the International Women's Week, a conference designed to focus on the role of women in society. The conference which has received government funding of $15,000 annually for the past four years has applied for a $20,000 grant this year to help defray costs. There is no reason whatsoever for these moneys not to be granted except that the conference does not represent all the views found in Canadian society.

The conference will have seminars conducted by Norma Scarborough, President of the Canadian Abortion Rights Action League, and over 10 lesbian groups will be sponsoring seminars. Yet the Secretary of State (Mr. Crombie) stopped payment of an $8,000 cheque for the Alberta Federation of Women United for Families, which is an anti-abortion group, and the conference has excluded REAL Women who represent a pro-family viewpoint. Why is a double standard being applied by the Secretary of State? The views of pro-life groups are far more important than the anti-life lesbian rights. Pro-life deals with life and this fact supersedes all others. To paraphrase George Orwell in *Animal Farm*, it seems some people are more equal than others.

ORAL QUESTIONS PERIOD

[*English*]

SHIPBUILDING

CONSTRUCTION OF POLAR 8 ICE-BREAKER—STATUS OF CONTRACT AWARD

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, yesterday the Secretary of State for External Affairs announced that the Polar 8 ice-breaking contract would be granted to Versatile Shipyards of British Columbia. I have long been a supporter of that ice-breaker being built in British Columbia, and I welcome the announcement. But the announcement was tentative at best. It was an announcement, as I read the document, of an intent to negotiate.

If I might quote from the proposed letter of intent issued yesterday by the Government, it reads:

> This letter is not to be construed under any circumstances as creating:—(b) any obligation to proceed with any aspect of the Polar 8 project; (c) any agreement to award any contract—

Will the Secretary of State be good enough to clear up the confusion? Does Versatile have a contract or not?

Hon. John C. Crosbie (Minister of Transport): I hope, Mr. Speaker, the hon. gentleman will not mind if I attempt to clear up his confusion rather than the Secretary of State for External Affairs. In the first place the document and the proposition presented to Versatile yesterday are certainly far more firm than anything that was done by our predecessors who let 20 years go by without taking any action on the Polar 8 ice-breaker.

Some Hon. Members: Hear, hear!

Mr. Riis: Big deal. So what?

Some Hon. Members: Oh, oh!

Mr. Crosbie: I will come to you. If you have guts enough to ask a question—

• (1420)

Mr. Speaker: Order, please. The Hon. Minister.

Mr. Crosbie: Mr. Speaker, there has been a process under way for five months in which the Minister responsible for DRIE made the necessary arrangements to assist the parent company Versatile in connection with its Quebec operations which have now been sold, and where he helped resolve the situation in western Canada with their farm implement company. Yesterday we gave them a firm proposal. So long as they are able to meet the financial and technical requirements, it is a firm proposal under which they will have a contract to build the new world class Polar 8 ice-breaker. It is not tentative but is quite firm so long as they can meet conditions which protect the Canadian public and taxpayer.

Mr. Turner (Vancouver Quadra): I am glad we finally got the Minister's attention. His interpretation of that document, the proposed letter of intent, is a little more generous than he would have given it had he still been Minister of Justice.

CANADIAN DESIGN INQUIRY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I want to direct a further question to the Minister, since he responded. He suppressed the Bruneau task force report which unanimously recommended that a Canadian design be used for the ice-breaker. The reason was obvious. This would ensure Canada's leadership in ice-breaker technology. Will the Minister or the Prime Minister order that the

report be made public so we can see its terms in full, and will they assure the House that the Canadian design group will be used for the ice-breaker?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Leader of the Opposition, who represents a district in Vancouver although he has given up his residence there now—

Some Hon. Members: Oh, oh!

Mr. Crosbie: I am glad to see he is concerned about the design group. This is going to be a Canadian design with the design done in Canada. There are a number of Canadian designers and design companies located in Canada to do this design who are interested in doing the design work. We have asked Versatile to put together a design team which will be subject to our approval. Construction will involve $320 million in 1985 dollars, which means the dollar of 1985 with inflation protection. The Hon. Leader of the Opposition might not grasp what that concept means. It is 1985 dollars. Some $8 million will be spent on the design—

Mr. Speaker: Order, please.

CANADIAN TECHNOLOGY AND SOVEREIGNTY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, if we can peer through the bombast, the Minister has told us there is no contract, just a proposal. As well, he has not confirmed that the Canadian design is going to be used.

Yesterday, his colleague, the Secretary of State for External Affairs, said in the House that one of the purposes of building the ice-breaker was to protect and enhance Canadian sovereignty. Is the Minister of Transport suggesting he will allow our lead in ice-breaker technology to go to our competitors, including countries not currently members of NATO? Is that what he is telling us?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, one wonders whether the Leader of the Opposition is supporting the Polar 8 ice-breaker at all. By the way, he should read the book "Two Years Before the Bombast".

The original design of this ice-breaker was done by German & Milne. As a result of the Bruneau committee it will be redesigned to save $100 million as the committee recommended could be done. That is what the next design team will have to do. It will be a Canadian design and the work will be done in Canada. I can assure the House of that. We will all be proud in 1993 when we sail through any part of the Arctic archipelago on this new Polar 8 Conservative ice-breaker.

[*Translation*]

FINANCE

FEDERAL PAYMENTS TO PROVINCES—GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, my question is directed to the Minister of Finance. This morning, the Quebec Minister of Finance released a letter to his federal counterpart on the subject of equalization payments and established programs financing. In the letter, the Minister said, and I quote:

> Finally, the Government of Quebec cannot accept your Government's decision to let health and post-secondary education programs deteriorate and refrain from correcting the substantial deficiencies pointed out in the equalization program. Nor can it tolerate the unfair way it is being treated in this respect.

My question to the Minister of Finance is as follows: Why, in an attempt to balance its Budget, did the federal Government decide to transfer part of its deficit to the provinces by refusing to pay them the amounts provided under the agreements, which in Quebec's case, according to the Minister's letter, means $857 million in foregone revenue for the period from 1986 to 1990?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the equalization programs and established programs financing are among the federal Government's biggest programs. We have increased funding for the two programs by more than 5 per cent. I think that in a period of restraint for the federal Government, we have treated the provinces quite well if we consider all the Government's other programs.

• (1425)

[*English*]

FUNDING OF POST-SECONDARY EDUCATION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, as a result of the 1986 mid-decade census, the federal Government will recuperate a windfall gain of nearly $600 million from its equalization payments to the provinces, and for post-secondary education and health care. Is the Minister prepared to use part of the federal Government windfall to compensate for the heavy losses the Maritimes, Quebec, and Manitoba will suffer?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I would like to point out to the Hon. Member that there was a misuse of figures in Question Period yesterday. The figures which were used by his colleague were only cash payments. They omitted tax transfers. The Hon. Member is shaking his head, but his colleague did use those figures incorrectly. The increases in both cases are in excess of 5 per cent when the tax transfers are included. That is the correct way of looking at this, as the Hon. Member knows.

Mr. Broadbent: Oh!

Mr. Wilson (Etobicoke Centre): I would be very happy to debate this at any time with the Leader of the New Democratic Party.

* * *

FEDERAL-PROVINCIAL FISCAL ARRANGEMENTS

SIZE OF FEDERAL PAYMENTS TO PROVINCES

Hon. Edward Broadbent (Oshawa): Mr. Speaker, since the Government is supposed to be introducing new legislation on equalization soon, the Minister will have the opportunity to have that debate.

Will the Minister now confirm that when the Government gets around to publishing the figures they will show that many of Canada's poorer provinces will have a net reduction next year in the amount of money they are getting through equalization payments? Specifically, will he confirm today that Newfoundland will get $28 million less, Manitoba will get $40 million less, and the Province of Quebec will get $97 million less?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I do not know where the Hon. Member got those figures. If he cares to give me their source, I may be able to respond to the question accurately.

[*Translation*]

INQUIRY WHETHER GOVERNMENT IS LISTENING TO CANADIANS

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I put the question to the Minister and his responsibility is to answer yes or no. If he has the figures it is his responsibility to give them to the House of Commons today. Here is my question: The Governments of the poorer provinces are not alone in expressing their opposition to this new approach of the Conservative Government, so do other people like Chambers of Commerce in the Province of Quebec, as well as union members in Quebec and the Maritime Provinces. My question is simply this: Does the Government listen to the people of this country?

Hon. Michael Wilson (Minister of Finance): Yes, Mr. Speaker, I heard quite clearly. Under the equalization program last year we made additional payments to all provinces, although the federal Government was not legally bound to do so, but we did give due consideration to the difficulties experienced by the poorer provinces. This year and next year we will have increased the payments twice each year through technical changes in the equalization payment program.

• (1430)

[*English*]

CONSTITUTIONAL POSITION

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my last question is directed to the Prime Minister. The Minister of Finance knows very well that when he produces the equalization legislation many of Canada's poorer provinces will have a net reduction in equalization payments. Since the Constitution makes provision for equalization, is it the view of the Government that equalization must be achieved through means now being pursued by the Government of Quebec and some Governments in Atlantic Canada which have indicated that they may take the federal Government to court? Does the Prime Minister believe that the way to obtain national reconciliation is to force the poorer provinces to get just equalization by taking the federal Government to court?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, last year, without obligation, the Government of Canada proceeded to pay supplementary equalization payments to the provinces that were less well off because we strongly believe in the concept of fairness and ensuring equalization in real terms to all regions of the country. Clearly Canada has been unsuccessful not only in the last decades but over the last number of months. We are working very hard to correct the areas of serious economic imbalance and, of course, equalization is one of the main instruments to achieve this. However, that process has a formula and a series of criteria that have been agreed upon historically and reinforced by Members of the House.

Mr. Murphy: Imposed by the Liberals.

Mr. Mulroney: I invite my hon. friend to reflect upon the action taken unilaterally by the Government last year which I think brought very considerable benefit to the provinces he has mentioned. That is our track record. We hope to continue working with the provinces and being helpful in these areas.

FEDERAL FUNDING OF POST-SECONDARY EDUCATION

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is directed to the Minister of Finance. It concerns the Government's plan to cut $14 million this year from its support to provinces for post-secondary education. Does the Minister agree that well trained and educated young Canadians have the best chance of getting jobs in our society, and if so, how does he justify this kind of cut which removes access to post-secondary education?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member did not hear my response to her colleague. She is on misusing those figures and she knows it. She knows that the EPF formula includes both cash transfers and transfers of tax points. If she does not know that, she should go back and do her homework. If you include the post-secondary education tax transfers you will see that there is a 10.9 per

cent increase, for a total increase in transfers on post-secondary education from $4.803 billion to $5.053 billion. That is a total increase of 5.2 per cent. Those figures are from the Estimates and it is very—I am not quite sure of the word I should use, Mr. Speaker—

Some Hon. Members: Oh, oh!

Mr. Speaker: Order. I am very grateful to the Hon. Minister for indicating that he was not sure of the word he might have used. If other Hon. Members would follow suit, it would make the task of the Chair much easier.

GOVERNMENT POLICY

Miss Aideen Nicholson (Trinity): Mr. Speaker, the Government's Budget and spending estimates indeed paint a very discouraging picture for Canadian families. There are escalating taxes, cuts in job-training, cuts in funding for education, and no response to the crisis in child care. How does the Minister expect a regime such as this to produce a better life for Canadians?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, let me remind the Hon. Member of what the Government has done in the past two and one-half years. We have seen the creation of 677,000 jobs, we have increased the Child Tax Credit, we have accelerated the payment of the Child Tax Credit, we have introduced a refundable low-income Sales Tax Credit, we have increased the pensions to veterans, the spouse's allowance has been increased, there has been $100 million a year for programs that will be provided to those people who are on welfare to help provide training to get them back in the job market. I can go on, Mr. Speaker, but I see you are signalling that I complete my answer. That is the record.

Some Hon. Members: Hear, hear!

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PETRO-CANADA

PRICE OF GASOLINE—REQUEST THAT CORPORATION BE DIRECTED ON PRICING POLICY

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. He will know that motorists from Halifax to Victoria are fed up with the way oil companies, including Petro-Canada, are gouging the consumers at the pumps. My question relates to the Minister's comment yesterday when he said that the Petro-Canada Act states quite specifically that the Government may give policy direction to Petro-Canada. Will the Minister or his colleague, the Minister of Energy, Mines and Resources, issue a directive to Petro-Canada insisting that the new policy of Petro-Canada be that it act to bring down to as low a price as possible the cost of gasoline at the pumps for Canadian consumers?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Hon. Member is correct. In fact, it is Clause 7(2) of the Petro-Canada Act, which makes it very clear that policy direction is only in writing from the Governor in Council. This implies very clearly that there should not be political interference in the day-to-day operations of Petro-Canada. If the New Democratic Party is suggesting that the Government should get involved in the day-to-day operations, perhaps we should consider whether Petro-Canada should be a Crown corporation at all, which implies arm's length, but should be brought in as a Department of Government. I am sure that will satisfy the socialists, but it is contrary to good sense.

REQUEST FOR MINISTERIAL ACTION

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, the Minister should be aware that Petro-Canada is not Exxon, Texaco or Mobil. It is a Canadian oil company owned by the people of Canada to serve the people of Canada directly. We are not suggesting day-to-day interference. Price-setting is a policy decision and the Minister has identified that the Government, through Order in Council, may set policy for Petro-Canada. Why does the Minister not stop being an apologist for the oil companies and begin taking action to protect the consumers and motorists of Canada?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I think I am probably the last person in the House to be accused of apologizing for Petro-Canada. The fact is that constitutionally the federal Government cannot get involved in price-setting. It is in the Constitution. I did not write it. The Hon. Member is suggesting that we do indirectly what we are precluded from doing in the Constitution.

Mr. Broadbent: Utter nonsense. You don't know what you are talking about.

Mr. Andre: The Leader of the New Democratic Party would hear better if he kept his mouth closed.

Some Hon. Members: Hear, hear!

Mr. Speaker: I think the Hon. Minister has answered and has done his best to make his point.

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SCIENCE AND TECHNOLOGY

POLAR CLASS 8 ICE-BREAKER—INCLUSION OF RESEARCH PLATFORM

Mr. Don Ravis (Saskatoon East): Mr. Speaker, my question is directed to the Minister of State for Science and Technology. The Polar Class 8 ice-breaker announcement yesterday by the Secretary of State for External Affairs is welcome news for millions of Canadians who want to see the reaffirmation of our sovereignty over Arctic waters and islands. Is the Minister

prepared to convince his cabinet colleagues that there should be an allocation of sufficient resources in order to establish a research platform on that particular vessel?

Hon. Frank Oberle (Minister of State for Science and Technology): Mr. Speaker, I am pleased to tell the Hon. Member that the decision is already made. Science and research development activities will be a very important part of the vessel's mission. In fact, there will be a research platform for the Government's hydrographic and oceanographic research. It will help us to develop agreements with foreign countries. It will be a very important component of the mission.

* * *

● (1440)

REFUGEES

ADMINISTRATIVE REVIEW—MEDIA REPORTS

Mr. Sergio Marchi (York West): Mr. Speaker, my question is directed to the Minister of State for Immigration. The Government's refugee policy is drowning in a sea of confusion. It has an outdated system, a special administration review initiated last May, temporary changes made two weeks ago, pending new legislation promised, and now we have media reports suggesting that the Government has approved a second administrative review or amnesty. Will the Minister tell the House and Canadians whether in fact the Government has approved or is planning a second administrative review? And when will the bureaucratic nightmare come to an end so that Canadians can have one clear, comprehensive policy which they can understand and in which they can have some degree of confidence?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, this Government has not granted an amnesty to refugee claimants. It is not the intention of this Government to grant an amnesty. Those cases which were in the backlog prior to May 21 have been handled in an administrative case-by-case review based on humanitarian and compassionate guidelines and family, social, and economic criteria. That is not an amnesty. Very soon we will be bringing forward the new refugee determination process, the amendments to the Immigration Act.

Mr. Marchi: Mr. Speaker, the Minister's policy is beginning to resemble a train with two cabooses on either end going nowhere. That is what it looks like to Canadians.

Some Hon. Members: Oh, oh!

Mr. Speaker: The Hon. Member is seeking to ask a question and certainly, I am sure, all Hon. Members would want to hear it.

CABINET POLICY

Mr. Sergio Marchi (York West): Mr. Speaker, in documents advancing an administrative review—not an amnesty—why did the Cabinet issue specific written orders not to keep this in the public domain? Was it the strategy to have a back-door policy for refugees while promoting a front-door get-tough policy for all Canadians? Was that the strategy?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, our policy is very clear that real refugees who come to our door will always be provided with a haven and settled here. We have not caved in and we will not cave in to what the Hon. Member is trying to indicate. With respect to the administrative review of the people in the backlog which is under way, there has been an approval rate of 80 per cent or 85 per cent. Fifteen per cent to 20 per cent are being refused. That is not an amnesty, in my opinion.

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TRADE

POTASH EXPORTS TO UNITED STATES—ANTI-DUMPING INVESTIGATIONS

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Yesterday the U.S. Department of Commerce decided to begin anti-dumping investigations against Canadian potash producers. This morning the U.S. International Trade Commission held hearings regarding injury to U.S. potash producers. I would like to know whether or not the Secretary of State for External Affairs can tell us exactly what the Canadian Government is doing now, and what it plans to do in the future, to fight these outrageous allegations by the U.S. potash industry against the Canadian potash industry and to protect jobs here in Canada, particularly in Saskatchewan and New Brunswick.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the answer to that question was given yesterday. We have been meeting with the industry involved. We have offered to do all we can to aid the industry against this claim. We have also made our views known to the American administration, that we consider this inappropriate.

CANADIAN POSITION

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, my supplementary question is directed to the Right Hon. Prime Minister. Because of the importance of this issue in Saskatchewan and New Brunswick, and the fact that President Reagan will be visiting Canada on April 4 and April 5, I wonder if the Prime Minister can assure the House that he will raise this issue with the President of the United States and will argue the Canadian position forcefully with the President in order to protect jobs here in Canada.

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, we will not wait that long. I will raise it when I meet with Secretary Shultz next week.

* * *

EMPLOYMENT

FUNDING OF JOB-CREATION PROGRAMS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the President of the Treasury Board. In the Estimates tabled yesterday, expenditures for job creation were cut by $153 million. This is at a time when unemployment has increased to 9.7 per cent nationally and is over 11 per cent in six provinces, all with serious difficulties. Why will the Minister not recognize that the so-called recovery is not happening in these provinces, cancel these cuts, and authorize new employment programs for these hard hit regions?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, we have restored confidence in our community. Real jobs have been and are being created in industry. Look at the figures in the youth sector in particular where unemployment is down 4 per cent in January, 1987, versus January, 1986. To me, that is a commitment to real jobs.

Mr. Allmand: Mr. Speaker, what he says may be true in Ontario but—

Some Hon. Members: Oh, oh!

Some Hon. Members: More, more.

Mr. Gauthier: He said "may be".

Mr. Speaker: The Hon. Member started off his question by saying to the Minister that what he says may be true, and that is a considerable improvement on the preface to some questions.

Mr. Allmand: Mr. Speaker, I said what he says may be true about Ontario but it is not true in six or seven provinces of this country.

PUBLIC CONCERN ABOUT UNEMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): In a Gallup poll published yesterday, 41 per cent of Canadians—60 per cent in Atlantic Canada—said that unemployment was their greatest concern. How can the Minister ignore this cry for help from so many Canadians? Why does the Government not show some political will and do something about it?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, mortgages are at a 20-year low. Interest rates are down again. Jobs created since September, 1984 are; 34,000 in Atlantic Canada; 164,000 in Quebec; 356,000 in Ontario, and 119,000 in the West, and more can still be done.

* * *

NARCOTICS

DRUG ENFORCEMENT AND EDUCATION

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, my question is directed to the Right Hon. Prime Minister. The Prime Minister will recall that last September he indicated that in his judgment there was an epidemic of drug abuse in Canada. If there is indeed an epidemic as the Prime Minister described it, could the Prime Minister tell us why, in the Estimates which were tabled in this House yesterday, there are no new resources or moneys allocated for drug enforcement, education, or other drug related initiatives on the part of the Government?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I am glad the Hon. Member asked the question because it gives me an opportunity to indicate to him—

Mr. Broadbent: What about the epidemic?

Mr. Epp (Provencher): Drug use is not very funny, Mr. Broadbent.

Some Hon. Members: Oh, oh!

An Hon. Member: Answer the question.

Mr. Epp (Provencher): Many Canadians take drug abuse very seriously. The Prime Minister takes it very seriously. The Cabinet takes it seriously. What we are saying in terms of the Estimates, coming directly to the Hon. Member's question, is that one does not have to put an issue which is still under discussion within the Government and with the provinces into the Estimates which were tabled by the President of the Treasury Board. What it can be, very clearly, is a policy announced as a stand-alone within the fiscal framework.

Mr. Blaikie: It seems to me, Mr. Speaker, if something is an epidemic, that at least within six months of declaring it to be an epidemic, some action might be forthcoming on the part of the Government.

PRIME MINISTER'S REFERENCE TO EPIDEMIC

Mr. Bill Blaikie (Winnipeg—Birds Hill): Does the Prime Minister still think we have an epidemic? If he does, why is there no action forthcoming right here and now on this issue? Or was the Prime Minister just doing one of his more famous imitations of his friend south of the border?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I am surprised that my hon. friend, who constantly asks us to run down south of the border to solve environmental

problems, now chooses to trivialize what we view as a very important matter.

• (1450)

In September I indicated that in my judgment the abuse of drugs in the country had reached epidemic proportions. That view was sustained, although I know people disagreed with it. But I remember the Chief of Police of Edmonton and the Chief of Police of Metro Toronto, and many other leading authorities in Canada, saying that drug abuse had indeed reached epidemic proportions. As a result, we have begun intensive consultations—

Ms. Jewett: So do something.

Mr. Mulroney: —and I realize the NDP seems to choose to trivialize this very important issue—

Ms. Jewett: Don't be silly.

Mr. Mulroney: —that is so debilitating of our families and the young people of Canada. We began intensive consultations with all of the police authorities throughout the country, with international authorities, with all agencies of the federal Government and with leading groups across the country. We will be introducing a policy which reflects our determination to be helpful to the people in the families of Canada in ridding the country of this scourge for all of us.

Some Hon. Members: Hear, hear!

* * *

FERRIES

NEWFOUNDLAND-NOVA SCOTIA—CANCELLATION OF NIGHT FERRY

Mr. George Baker (Gander—Twillingate): Mr. Speaker, three days ago, on Saturday, CN Marine, a branch of Transport Canada, announced the cancellation of the night ferry crossing from Newfoundland to Nova Scotia. For the first time since Confederation, and for this entire month, it will take three days from the time one gets off the bus at Port aux Basques until one gets on the train at North Sydney. I ask the Minister of Transport what he has done about this. He was informed of it on Friday. Has he been too busy boasting about his big Polar 8 that he claims will run over the Americans if they get in the way? Has he had a chance to run over his own Department, and CN Marine which is responsible for this schedule change?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Hon. Member is living in the past. There is no CN Marine. That company is now known as Marine Atlantic.

Some Hon. Members: Oh, oh!

Mr. Crosbie: The Hon. Member has sown confusion throughout Newfoundland and Labrador on this matter. What happened is this. The *Sir Robert Bond*, which is on the crossing now, is unable to do very well in ice and has had considerable delays. Thus a decision was made to carry passengers only on the *Cariboo*. The *Cariboo* is doing very well in ice. There is early ice this year. In fact, it is two weeks early. The hon. gentleman would not understand that, I suppose.

What happened was that there had to be some changes because the *Sir Robert Bond* was doing better than it had been scheduled to do so the lay-offs were cancelled. The *Atlantic Freighter* was brought on and 18 more people were hired. The result is that six more people are employed today—

Mr. Broadbent: Six?

Mr. Crosbie: —12 more employees are employed today than were employed last week. The hon. gentleman is completely wrong. He has cooked up confusion.

With respect to what I propose to do with Marine Atlantic, if it cannot keep this situation clarified for the Hon. Member I will make them tingly.

Some Hon. Members: Hear, hear!

Mr. Speaker: I know that all Hon. Members are anxiously awaiting the conclusion of this difficult exchange. The Hon. Member for Gander—Twillingate.

ICE CONDITIONS—CANADIAN SOVEREIGNTY

Mr. George Baker (Gander—Twillingate): Mr. Speaker, ice-bound Canadians are wondering now, after listening to the Minister, whether it is worth it to have to construct the world's largest ice-breaker to make up for the incompetence of the Government to protect our sovereignty. Does the Minister of Transport not agree that what we do need are more ice-breakers to break the ice, to end the isolation of tens of thousands of Canadians at this time of the year and not just one big daddy up north? Send up the Minister of Transport. He has enough hot air to melt the entire Arctic.

Some Hon. Members: Hear, hear!

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I cannot be expected to match a geyser like that. Too many bakers spoil the broth.

Some Hon. Members: Hear, hear!

Mr. Crosbie: The new Polar 8 is a new super world-class ice-breaker. In addition to the construction of the Polar 8 to establish our sovereignty even more firmly in the Arctic—which nobody else had done anything about in the last 20 years—we have established baselines around the outer perimeter. We have enhanced military surveillance. There are more over-flights and there is increased naval activity. The Secretary of State for External Affairs is *mano a mano* with the United States. We introduced the new Canadian Laws

Offshore Application Act last April, which I hope the House will pass soon to show that it is backing us up.

Some Hon. Members: Hear, hear!

* * *

FISHERIES

REQUEST THAT MINISTER MEET REPRESENTATIVES OF STAR-KIST PLANT WORKERS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. This week representatives of fisheries workers from across Canada are in Ottawa. They want to meet with the Minister. Will he commit himself now to meet with these representatives? In particular, will he commit himself to meet with representatives of the Star-Kist plant and of the community of St. Stephen, New Brunswick, where 400 workers are unemployed and have no prospects? Will the Minister meet with these people?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, the Hon. Member need not have asked that question in the House. He might have asked my staff to determine that, of course, we are very concerned with respect to the situation of those workers from the Star-Kist plant who will be arriving in Ottawa tomorrow. I certainly do intend to meet them.

Mr. Manly: Mr. Speaker, I am sure that they will be glad to meet with the Minister and have an important agenda.

HERRING-ROE FISHERY—LEASING OF LICENCES

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my supplementary question is this. When the Minister has known for four years about the problems and hardships caused by double-licensing and leasing of licences in the herring-roe fishery in British Columbia why has he not acted already? Will he commit himself to stop this unjust practice immediately?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, again, the Hon. Member should know, or could have found out from my office, that I did meet with representatives of the United Fishermen & Allied Workers' Union on Sunday to hear their concerns about this matter which affects some 400 fishermen. These fishermen are particularly anxious to fish this year because of the much larger quotas and the higher prices being paid for herring-roe. However, this represents only one-tenth of the people who will be engaged in that fishery. The Herring Industry Advisory Board did not recommend changes for this year. The fishery is already under way and I have promised changes for next year.

ENVIRONMENTAL AFFAIRS

USE OF LOW-SULPHUR WESTERN COAL BY ONTARIO HYDRO

Mr. Alan Redway (York East): Mr. Speaker, I have a question for the Deputy Prime Minister. Yesterday the Deputy Prime Minister met with Premier Peterson to discuss the use of low-sulphur western coal to cut acid rain emissions in Ontario. Will the Deputy Prime Minister advise the House if the Premier is now prepared to order the provincial Crown corporation, Ontario Hydro, to cut acid rain emissions immediately in the same way that he would be prepared to do with private industry?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would like to advise my hon. colleague that I did have a very productive meeting with the Premier yesterday. He clearly expressed the desire, along with the co-operation of the federal Government and the producing provinces, to increase the utilization of western coal in Ontario.

He assured me that for additional capacity requirements that would be forthcoming after 1990 coal would be considered as a viable feedstock for the generation of future electricity. To that end, we agreed to establish a committee composed of himself, myself, and representatives of the producing provinces, the Premiers of the producing provinces, in an effort to facilitate and to encourage its utilization in a combined, co-ordinated, and co-operative fashion. I think this is an excellent example of federal-provincial co-operation that will assist in cleaning up the environment and provide tremendous spinoff benefits both in Ontario and in western Canada.

* * *

• (1500)

CAPE BRETON DEVELOPMENT CORPORATION

SIZE OF FEDERAL FUNDING

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is directed to the Minister of Regional Industrial Expansion. I wish to thank the Minister for taking the opportunity yesterday to meet with members of the United Mine Workers of America to discuss the deplorable unemployment situation in Cape Breton. The Minister will know that they are operating without a collective agreement. Negotiations have come to a halt. Four hundred and eighty jobs are in the process of being terminated. Yesterday we learned that $40 million had been slashed from the capital expenditure program of the Cape Breton Development Corporation. Will the Minister explain the fairness of this particular action, and what he is prepared to do to rectify the situation for one of Nova Scotia's most important resource industries?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): First of all, Mr. Speaker, I should like to correct the statements of my colleague. First, there is no cut-back in the regional industrial expansion estimates, indeed the increase is close to 4 per cent, which goes to show that the Government is aware of regional disparities.

Second, Mr. Speaker, funds had been set aside last year for certain programs related to Devco operations, mainly with respect to projected losses of about $18 million and to new capital expenditures of about $33 million. Since these funds were not used, they no longer appear in this year's estimates. That, Mr. Speaker, is an example of sound management and good administration.

* * *

[*English*]

REGIONAL DEVELOPMENT

UTILIZATION OF NOVA SCOTIA AND NEW BRUNSWICK COAL

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. Several months ago I asked the Deputy Prime Minister a question with regard to the utilization of coal from eastern Nova Scotia and New Brunswick. At that time the Deputy Prime Minister took it as an advisement. Will the Deputy Prime Minister explain to the House what discussions he has had with the Premier of Nova Scotia and the Premier of New Brunswick with regard to the utilization of coal from that region in the Province of Ontario? Are we in Atlantic Canada going to receive the same treatment as you are trying to bestow upon the people of western Canada?

Mr. Speaker: I hesitate to interrupt the Hon. Member. In the last few days there has been a tendency to use the word "you". I know it is involuntary and Hon. Members do not mean to do it, but I would ask that Hon. Members put their questions through the Chair.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am sure that the Hon. Member knows that at the present time Ontario Hydro is purchasing something in the order of three million tonnes of coal from western Canada. Ontario Hydro is an ongoing customer. As a matter of fact, in discussions yesterday with the Premier, we did raise the prospect of using coal from other sources. It will certainly be a matter for consideration.

I should indicate to the Hon. Member that with the nuclear generating facilities that are currently coming on stream, the additional capacity will not be required until some time after 1990. It is the considered view of Ontario Hydro and of the Government of Ontario that coal can be utilized as a feed stock for the generation of future electricity as their demands increase. I can only indicate to the Hon. Member that yes, the matter was raised, and I would also be glad to discuss it with the Premiers of the Atlantic provinces.

Mr. Speaker: The Hon. Member for Vancouver East, one question, please.

* * *

CHILD CARE

REQUEST FOR FEDERAL FUNDING

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Prime Minister. Government Estimates show that there is a $301 million reserve fund in the social development envelope. Will the Prime Minister designate these funds now for the first stage of the development of a comprehensive, flexible, affordable system of quality child care? Will he make his promises real with federal bucks for kids?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, yesterday I indicated that the Government was awaiting the report of the parliamentary task force in regard to child care. I have also indicated on past occasions that the commitment of the Government, and I hope Parliament, to the establishment of a national comprehensive child care program is real. The Government of Canada shall, even in difficult circumstances, find the resources necessary to do our share in making a child care program a national reality. If we believe in economic equality for women, we must believe in this type of proposal, and this Government shall support it.

* * *

CANADIAN WHEAT BOARD

GRAIN TRANSPORTATION AND HANDLING COSTS

Mr. Arnold Malone (Crowfoot): Mr. Speaker, my question is directed to the Minister of State for the Canadian Wheat Board. I wish to ask him if he will give consideration to advising individual farm producers, at the time of the receipt of their final payment, of the costs that were deducted from world price, such as demurrage charges, transportation, handling, and port charges, so that they, on an individual basis will be able to help rationalize the transportation and handling system to lead toward a more orderly manner in which we can market grain in the tough competition of the international market?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, this issue has been raised many times in the past. The Hon. Member has taken a specific interest in it. Everybody should have as much information as possible on which to base decisions. We will certainly look with interest at that suggestion, as far as information going out from the

Canadian Wheat Board is concerned. It would also be useful to encourage grain companies to put that information on cash tickets, so that producers can then have a look at it. I thank the Hon. Member for his suggestion. We will look into it, and see what can be done in a year from now when the final payment is made.

Mr. Speaker: The Hon. Member for Algoma, one question, please.

* * *

REVENUE CANADA

AUDIT OF FARM MACHINERY TRANSACTIONS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Minister of National Revenue. In his absence, I will direct it to the Deputy Prime Minister. At a time when western farmers are facing the worst crop and grain prices since the 1930s, why is the Government revaluing the regular commercial transactions on farm machinery that were made by thousands of farmers in Manitoba and Saskatchewan in 1983 and 1984? Why has the Government embarked on this witch-hunt or harassment of farmers?

Can the Deputy Prime Minister tell us if the 403 extra investigators and auditors outlined in the Estimates yesterday will be used to go through the income tax files of thousands of Canadian farmers?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I have seldom heard a question from a member whom I respect so highly filled with so many fallacies and inaccuracies. First, it is not a witch-hunt that the Hon. Member refers to. It is a very orderly and necessary audit that is being done in many sectors across the country only to correct the more blatant abuses of capital cost allowance and investment tax credit utilization. For the most part, the extra investigators to which my friend refers are used to provide services for taxpayers, not to audit. For example, they assist with services such as tracking down maintenance evaders, and things of that nature. Again, Revenue Canada is being miscast in a role that was never intended.

Mr. Speaker: The Hon. Member for Nickel Belt, one short question, please.

* * *

NATIONAL DEFENCE

LOW LEVEL FLIGHTS BY UNITED STATES AIR FORCE PLANES OVER NORTHERN ONTARIO

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Minister of Defence. Last week the United States Air Force announced that high speed and low level B-52 jet bombers will start flying in a corridor between Sault Ste. Marie and North Bay. Will the Minister tell the House why an environmental impact study was not undertaken before permission was given by the Government for these low-level flights to take place?

Hon. Perrin Beatty (Minister of National Defence): Because it is simply the reactivation of a route which has been in place for some 14 years.

Mr. Speaker: The Hon. Member for Mackenzie with the last question.

* * *

FARM CREDIT CORPORATION

INTEREST RATE LEVELS

Mr. Jack Scowen (Mackenzie): Mr. Speaker, this pertinent question is directed to the Minister of Agriculture. My constituents and I wish to know what is happening in the Farm Credit Corporation regarding reducing interest rates. What contingency plans are in place to help save young farmers, so that the Government does not end up owning all the land?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): The Minister of Agriculture has just stepped out. I will certainly take the Hon. Member's question as notice and see that he is provided with an adequate answer from the Minister.

* * *

BUSINESS OF THE HOUSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I rise on a point of order. I wish to take this opportunity formally to advise the House that the Government is designating tomorrow as an allotted day.

GOVERNMENT ORDERS

[*Translation*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approve in general the budgetary policy of the Government, and the amendment of Mr. Garneau (p. 3594).

Mr. Speaker: When the House took recess at one o'clock, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) had the floor.

[*English*]

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I welcome this occasion to speak in the Budget debate. This is the first opportunity that I have had since the Minister delivered his quite extraordinary Budget. My reaction to the Budget was one of surprise. Perhaps one could even say astonishment or as we say in Quebec—

[*Translation*]

—I was speechless when I read the document.

• (1510)

[*English*]

I asked myself in the lock-up which preceded the delivery of the Budget why we needed to be locked up all afternoon to look at such a skimpy proposal. Why a Budget or, more important, why call the document delivered by the Minister of Finance (Mr. Wilson) a Budget?

[*Translation*]

Granted, they had to introduce a few taxes, and I will have a word to say about that this afternoon. He said it was necessary to reduce his deficit. I will have a word to say about that as well.

[*English*]

In a few moments I will come to the shameful exercise, how he attempted to get the deficit down. A simple statement by the Minister and a tabling of a Notice of Ways and Means in the House would have been sufficient. It would have been the appropriate thing to do, given the kinds of proposals the Minister brought to us that evening a week and a half ago.

Apart from the rhetoric in the document, which I think can be best described as self-congratulatory claptrap, what has the exercise we witnessed accomplished and what was it intended to accomplish? Was it simply to tell us once again, for the third time, that we would have tax reform in the future? Was that the purpose of the exercise? I will also have a word to say about tax reform.

I would admit—and I think most Hon. Members would agree—that the Minister by and large has enjoyed a reputation as a straightshooter, or perhaps as one of a few stars in a galaxy of black holes, or perhaps as a beacon of hope shining across a sea of incompetence if not corruption. I fear that with the Budget the Minister has set about to destroy that reputation by engaging in fiscal flimflam at best. He has allowed himself to be used as a decoy, probably to draw fire away from the flock of wild turkeys which surrounds him on the government benches.

Why has the Prime Minister (Mr. Mulroney) done this to the Minister of Finance? Why has the Minister of Finance permitted this to be done to himself? I suspect that some public relations genius—perhaps Dalton Camp or probably Dalton Camp—saw a Budget, even a Budget totally devoid of substance, as a good diversionary tactic to get the Opposition and the media off the problems of scandals, incompetence, and corruption which have plagued the Government. In fact, they have hobbled the Government and have brought the Government to the lowest level of public support or public esteem since Gallup began taking polls on popular support in 1942. Indeed that is a deserving mark of historic achievement.

[*Translation*]

But what a public relations disaster, Mr. Speaker. What is particularly clear from the speech by my hon. friend, the Hon. Member for Laval-des-Rapides (Mr. Garneau), who responded to the Minister's Budget speech, is the Government's and the Minister's record on the economy and especially on taxation. That is crystal clear.

[*English*]

Not only did the Minister act as a decoy, as I suggested, but he has quite properly added himself to that flock of turkeys and has become a prime target, and deservedly so. He is guilty of complicity in this public relations exercise scheme because he in fact did not have a bona fide Budget to deliver.

The Government simply rolled out the Minister to the centre of the national stage. He is their own Mr. Clean. They regard him as a white knight, a Sir Galahad, but he had nothing with which to defend himself. He had no Budget. He had no real proposals. His attire was skimpy and resembled more that of Lady Godiva than that of Sir Galahad. Like her, he has been totally exposed in the course of this exercise. For example, his budget documents show us in stark terms the failures of his policies to date.

[*Translation*]

To recall a few highlights of this record, Mr. Speaker, I suggest we look at the direct taxes paid by Canadian taxpayers since this Government came to power and since the present Minister of Finance was appointed.

I am referring, Mr. Speaker, to the Minister's own "Budget papers". On page 21, we find table 3.6, "Budgetary Revenue Projections". We see that between 1984-85 and 1987-88, there was an increase of $14 billion in personal income tax collected under the Income Tax Act, an increase of 48 per cent. Shame! If we look at sales and excise taxes and duties, which are also paid by Canadians, by individuals, by consumers and their families, all these taxes have increased from $14 billion to $22 billion, which means $7.5 billion more or an increase of 53 per cent.

However, despite these increases, this year's deficit, that is, the deficit for 1986-87, will be the same as at the end of 1983-84. What a record. I may remind you, Mr. Speaker, that 1983-84 was the last full year under this country's previous Liberal administration.

[*English*]

Next year the Minister can do no better. He is forecasting a deficit of $29.3 billion which is only $200 million less than he forecast last year for the current year. So much for the Minister's projections! More important—and this is where I say the Minister has engaged in fiscal flimflam or in a shell

game—he has achieved this reduction in a manner which, in my judgment, leaves his credibility in tatters. The single major revenue initiative found in the Budget is to require employers to remit twice monthly instead of once monthly the taxes which are held from employees.

The Minister calls this, accelerated remittances of source deductions. For me it is a transparent example of very creative bookkeeping. It creates a false impression and is intended to create a false indication of the true deficit position.

Let me explain, Mr. Speaker. This additional burden which is being imposed upon Canadian employers has the effect, in terms of the deficit, of moving one payroll date back from April of 1988 to March of 1988. That is estimated to bring an additional $1.2 billion into the 1987-1988 year. Of course, it removes $1.2 billion from the immediate following months in the 1988-1989 year. What kind of image of sound financial management does that project, Mr. Speaker? Does the Minister seriously think that borrowing from Paul in 1988-89 to pay Peter in 1987-88 fools anyone? Frankly, I regard it as an irresponsible manipulation of the Government's cash flows to meet a deficit objective. Imposing that additional paper burden, additional hardship and additional loss of interest on small Canadian businesses, municipalities and employers right across the country simply to meet an artificially established deficit objective is irresponsible, and I say shame! I expected much more from this Minister of Finance than that kind of fancy bookkeeping footwork. If he puts the amount where it should be, without this change and accelerated cash flow in 1988-89, the deficit becomes $30.5 billion.

• (1520)

I never thought that we would have to scrutinize the Minister's actions on issues of this kind. Previously I must admit I did see the Minister as a tinkerer in many respects. Now he has become "Wilson the accelerator". How far will he carry that acceleration, Mr. Speaker? Now that he has discovered this magic recipe to accelerate payments, can we count on him to limit the damage or are we going to find more distortions in future budgets? I hope we can count on the Minister to limit the distortion to this one exercise. Even then I say it is totally improper.

The Minister of Finance may have discovered a recipe and in future demand prepayment of future years taxes. Who knows? I understand that that practice has been followed in some other countries. Prepaying taxes for future years would quickly reduce the deficit but give a totally false perception and create a false reality in the country's financial condition.

I know that you suffered through the Budget speech yourself, Mr. Speaker. You know that it devoted a great deal of time to the issue of tax reform and what wonderful tax reform is planned. As I said, this is the third time we have been told about tax reform, which we have yet to see.

[*Translation*]

What is interesting, however, Mr. Speaker, is the fact that all his initiatives as Minister of Finance to this date and the tax increases which I have just mentioned are in direct conflict with the objective of the tax reform he is now proposing. Such a reform would be in conflict with the tax measures he has taken to date, including the most substantial increase of individual taxes in Canadian history. Now, the Minister wants to initiate a tax reform to correct his own mistakes. In his paper, he points out that the key to tax reform is to reduce the tax rate of individual taxpayers, even though he has just increased individual taxes for all Canadians.

[*English*]

Having created this extraordinary burden, this mess in terms of the fiscal system, not the least of which was the capital gains tax exemption which he stubbornly refuses to recognize is an error and should correct, he now seeks the way out of this dilemma through tax reform. This would be humorous I suppose if it were not so serious for Canadians.

Let me return to my point. There is no Budget here. There is no fiscal plan. How can one have a Budget in this country without a fiscal plan? It was the Royal Commission on Financial Management and Accountability, the so-called Lambert Commission report, that told Government that one should have a five-year fiscal plan. To give the Minister of Transport (Mr. Crosbie) credit, when he was Minister of Finance briefly, rightfully, back in 1979, one good thing he did was to include a five-year fiscal plan which was continued by the successive Liberal Government. This Government has refused to deliver a proper fiscal plan since it has been in office. It has delivered no fiscal plan at all, just simply projections for the next year. The public and parliamentarians are entitled to know what the fiscal plan is that the Government has in its own possession in the Department of Finance. We know that the information exists. We are entitled to see it and the Government should be obliged to give it to us.

If the Minister is not going to produce a fiscal plan, and if there is no more than this self congratulatory clap-trap that I have described, and there is no more than the imposition of a few taxes, again I say why a Budget? He did remove the ill-conceived taxes on Christmas trees.

Mrs. Finestone: And books.

Mr. Johnston: You will recall the tax we placed on ourselves, Mr. Speaker, to get back at the Americans for the tax they imposed on shakes and shingles. We told the Minister at the time that it was fiscal suicide by self-immolation. He did not agree. Finally the Minister has accepted our advice and has wisely withdrawn that tax. He did not do it with humility. He said the circumstances had changed. Of course, the circumstances have not changed at all and the other tax is still in place. He simply recognized the stupidity of his own actions and those of his Government, but he incorporated it in his speech as if it were some quite remarkable achievement that

had been brought about by the imposition of those taxes in the first instance.

Then the Minister puts a tax on airline tickets, Mr. Speaker, which hurts the regions of this country. The Minister tells us that that particular tax was recommended by his colleague, the Minister of Transport, which I thought was indeed remarkable. Nonetheless, again we have this marked insensitivity to the distant regions of Canada.

In that same vein, the Minister has imposed a fuel tax which once again, apart from the hardship on individuals and the increased tax at the pump, is a tax on distance. It hurts tourism, trucking and it hurts the consumer, especially the consumers in the regions. The tax has to be passed on. It has been passed on before and it will be passed on again. This is a direct tax on distance, a direct slap, as I say, at the regions.

In an address last fall in Toronto I noted the Minister stated that one of the difficulties in trying to match U.S. tax rates in Canada would be due to the higher cost in our economy as a result of geography and demographics. If he believed that, why would he simply turn around and again add to those costs in his Budget by putting a tax on transportation fuel?

We do need a Budget. We now need a real Budget, not this public relations exercise, not this self-congratulatory statement with taxes that are not neutral but harmful. We need a Budget that deals with the problems facing the country:

[*Translation*]

the environment, employment, the regions, senior citizens, women, housing, research and development, education, small businesses, transport and tourism. All those issues are forgotten in the budget recently tabled in this House.

[*English*]

Where is it? Where are the solutions to these problems? When will we see them? After this exercise that, as I say, we suffered through with great anticipation, and the media from all over the country gathered in Ottawa to listen to the great pronouncements from our Minister of Finance, I am not convinced that this Minister can deliver the goods with respect to this list of problems which I raised, this list of concerns which haunt Canadians in every walk of life from coast to coast, in every region, hamlet and village. These are the real problems. When is the Minister going to address them?

[*Translation*]

When is the Minister going to deliver? When will he address the real problems of Canadians? When will he give us something concrete about the tax reform, which is supposed to improve our tax system, to provide equity, to stimulate economic development, to encourage the regions and to protect the neediest members of our society? When are we going to have this tax reform?

Mr. Speaker, we in the Opposition are very disappointed at the performance of this minister. He has really ruined his reputation with his little game. He has played a dirty trick on us.

Mr. Deputy Speaker: Questions or comments. Debate. The Hon. Member for Bonavista—Trinity—Conception (Mr. Johnson).

• (1530)

[*English*]

Resuming debate with the Hon. Member for Bonavista—Trinity—Conception.

Mr. Morrissey Johnson (Bonavista—Trinity—Conception): Mr. Speaker, it is a great pleasure to take part in this debate and support the third Budget my colleague, the Minister of Finance (Mr. Wilson), has produced. It is a Budget which clearly demonstrates that the Government has successfully met the challenge of maintaining a sound and steady management of both the fiscal and economic situation of Canada since assuming office two and a half years ago this week.

Last week at home in my riding of Bonavista—Trinity—Conception most of the constituents I met expressed to me their satisfaction with the way the economy has been managed. While they are of course unhappy that unemployment is not lower, as am I, the vast majority are pleased with the progress the Government is making. They know that better economic performance is the key to providing more help to the disadvantaged regions of the country. They know that the better economic performance since September, 1984, has allowed this Government to increase assistance to those in need.

Before reviewing the many actions this Government has taken to assist disadvantaged Canadians wherever they live, I would like to reflect for a minute on the dismal situation which existed before we assumed office. At that time the need for economic renewal was pressing. Some 15 straight years of budget deficits had swollen the national debt to $200 billion, a burden of almost $23,000 on every Canadian family. The national unemployment rate was almost 12 per cent and interest rates were far too high, discouraging both investment and consumer confidence. Finally, after almost 12 years of Liberal mismanagement the people of this country said they had had enough and overwhelmingly elected a responsible Government to administer their hard-earned tax dollars in a responsible manner.

In November, 1984, this Government set out its philosophy of responsible economic management in an agenda for economic renewal. Restoring fiscal responsibility was the starting point. We set out to get our fiscal House in order by reducing the deficit and slowing the growth of the national debt. This Government has restrained spending and managed its affairs more efficiently than our Liberal predecessors could have imagined, let alone accomplished. However, the Government's program for economic renewal has meant much more. We have introduced policies and programs which provide a better framework for growth and job creation, and which are less of an obstacle to change and innovation. They contribute as well to improving Canada's competitive position world-wide.

We have adopted policies which help small business and foster entrepreneurship and risk-taking. Yet for the new policies to succeed we knew they had to be fair and consistent with the basic sense of compassion, tolerance and justice which are characteristic of Canadians. That was the challenge and here are just some of the achievements.

Canada has enjoyed real economic growth averaging about 3.5 per cent during the last two and a half years. This is second only to Japan among the major industrial countries and it surpasses the growth of the U.S. Short-term interest rates are at their lowest level in nearly a decade and it is interesting to note that some articles appearing in the newspapers are saying this Government is on the right track.

Too bad that the Hon. Member who just spoke did not read some of those statements in today's paper. He would have seen that mortgage rates are down to their lowest level in the past 10 years. As a result, housing starts are up to an eight-year high. In my own Province of Newfoundland, the value of building permits in 1985 alone was 19.5 per cent higher. That represents an additional $30 million in construction activity. In the first 10 months of 1986, the value of building permits increased by another 13.5 per cent, representing an additional $18 million in construction activity. Nationally, inflation has been lowered to around the 4 per cent range. In Newfoundland, the inflation rate of 2.9 per cent is below even the national average. Nationally, the unemployment rate has dropped by two percentage points, and in Newfoundland it has fallen by 4.6 percentage points since this Government's election, from 23.8 per cent to 19.2 per cent. As I said at the beginning of my remarks, I am not very happy that the unemployment rate remains so high in my province but at least it has not increased by 9.9 percentage points as it did between February, 1980 and September, 1984, when the Liberals were last in office.

Finally, I would like to mention the important progress we have made in reducing the deficit. When this Government took office it inherited a deficit of $38.3 billion. Last year the deficit fell to $34.4 billion. This year we will further reduce the deficit to $32 billion. In our third year the deficit will be down to $29.3 billion. As some of my colleagues who spoke before me stated, this is the first time in 30 years that the deficit has declined for three consecutive years. I apologize to the members in the Opposition because I know that it pains them to hear this good news.

Clearly the Government's economic renewal program is working. It is delivering more growth, more jobs and more opportunity for Canadians now. The outlook for 1987 is proof of that. Canada's employment growth is expected again to beat all other major industrial countries. Canada should enjoy real output growth of 2.8 per cent, making this economic upturn the second longest of the post-war period. Inflation is projected to average less than 4 per cent.

• (1540)

Earlier I referred to the measures the Government has taken to assist disadvantaged Canadians. The Opposition would like the low income people of the country to believe that the Government does not care about their needs. Such individuals know that this is clearly not the case for they are benefiting from the Government's actions including the prepayment of the child tax credit of $454 per child. One million low-income people received this prepayment in November, 1986. Four million low-income families and individuals are now receiving the benefit of a refundable sales tax credit of up to $50 per adult and $25 per child. The child tax credit has been increased by 36.5 per cent or $140 per child, up from $384 in 1985 to $524 in 1987. The Government extended the spouses' allowance. Now 169,000 widows aged 60 to 64 who are in need receive this assistance. The Government extended the tax deduction for disability for 185,000 people.

These and other measures by the Government to assist low-income Canadians will be complemented and strengthened when our tax reform proposals are introduced in the spring. The Government is committed to increasing the number of low-income Canadians who do not pay personal income taxes. The Government is committed to making the tax system fairer and simpler for the benefit of average Canadians. In other words, more Canadians will pay less tax.

Finally, Mr. Speaker, I would like to comment specifically on the Government's economic record as it relates to my Province of Newfoundland. As I said at the outset, Newfoundlanders are pleased with the federal Government's performance in controlling federal spending, reducing interest rates, and continuing good financial management. The Government has already taken a number of steps to help address the concerns of my province. The historic Atlantic Accord treats Newfoundland as an equal partner in offshore development and creates the $300 million Canada-Newfoundland Development Fund. I am pleased that Bill C-6, an Act to implement the Canada-Newfoundland Atlantic Accord, passed third reading yesterday.

The Government has signed multimillion dollar economic and regional development agreements with Newfoundland, including $112.5 million for highways, $38.5 million for the pulp and paper industry, and $33.6 million for forestry resource development. For Atlantic Canada as a whole there is up to $1 billion in loan guarantees and low interest rates for certain investments in the region through the Atlantic Enterprise Program. Companies in Newfoundland are taking advantage of this program. On Friday I had the opportunity to announce benefits which two companies in my own riding will be receiving from this program.

In addition, $600 million in federal procurement provided to the region through the Atlantic Opportunities Program will also have a positive impact. For example, in my riding Terra Nova Shoes is, for the first time, now supplying footwear to the Department of National Defence. It is interesting to note

that the 9 per cent federal sales tax on fuel used by fishermen which had previously been removed has not been reinstated.

All these initiatives and others are part of a continuing effort by the Government to increase assistance to Atlantic Canada. One of my colleagues in the Opposition says that the sales tax on fuel has increased by 1 per cent. I remind him that that 1 cent is not applicable because fishermen and loggers, as well as the farmers of the country, will receive a rebate of that 1 per cent which is an excise tax. I was talking about sales tax.

It is true that we have come a long way in two and a half years, but it is true as well that we have a long way to go. This Budget shows that our agenda for economic renewal is working and will continue to work for the benefit of all Canadians.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I am pleased to have the opportunity to speak immediately after a member of the Conservative Party who spent a good portion of his time suggesting that the new Budget will show lower income people how well off they are. In fact, the Fraser Institute, a very conservative-thinking institute, has suggested that the only two areas which managed to escape taxes are large corporations and the very rich. It looks as though the aim of this Budget is to increase taxes in the lower and middle-income areas without increasing taxes in the other areas. Higher income individuals and corporation taxes increased only very slightly. For instance, a couple with two children earning $15,000 paid only $407 in federal income taxes in 1985. In 1986-87 they will pay $770 in taxes. That is a 90 per cent increase. The taxes of those earning $20,000 was increased from $1,200 to $1,700, a 35 per cent increase. The federal income taxes of those earning $42,000 rose to $6,102, an increase of 32 per cent or $1,487. Those figures are an indication of how the Budget will affect lower income earners.

Let us look at higher income earners. The taxes of a couple earning $100,000 will only increase by $319 compared with the couple earning $15,000 whose taxes will increase from $407 to $770. The couple earning $100,000 will have only 2 per cent increase compared to the 90 per cent increase experienced by the couple earning $15,000. In fact, as a result of this Budget, taxes went down approximately 5 per cent for those earning $80,000, and decreased by 1 per cent for those earning $50,000. The Hon. Member who attempted to explain whose taxes were increasing has not read the Budget thoroughly to determine the levels of taxation. Those earning only $7,000, which is below the poverty level, face an increase of 148 per cent, which is the largest increase in the Budget. This Budget is not intended to help lower income Canadians but to help the very rich and the big corporations.

• (1550)

The Budget is not intended to eliminate the deficit but forms the centre piece in preparation for tax reform. While this Budget represents a monstrous tax grab of approximately $1 billion from people in the lower income areas of Canada, it is only the centre-piece on which the Minister of Finance (Mr. Wilson) and the Government intend to implement tax reform in the next year or two.

Let us examine what has been happening with our tax system in the last two and a half years. The Government has increased taxes on lower income people through direct income tax as well as indirect taxes through increased excise sales tax on almost every item. In fact, the Minister of Finance proudly stands up to say that he will broaden the base of taxes on goods and services. Theoretically, the income tax base is as broad as it can be, but the Minister indicated that since it is unfair that 40 per cent of goods and services in this country are not taxed at all now, all goods and services will be taxed. Direct taxes on goods and services is regressive because those with low incomes will have to pay the same as those earning high incomes.

The tax structure in this country will impose very high taxes on the majority of middle class and lower income Canadians. The Government will introduce tax reform in which it will broaden the base by taxing goods and services while lowering income tax. Those who will be the most affected by tax reform that will increase in the tax on goods and services will be those who are living below the poverty line and earning less than $7,000 and do not pay any income tax.

Perhaps the Government hopes that just before the election Canadians will notice that their take-home pay is suddenly larger as a result of reduced income tax, but will not recognize that the total tax they have paid in the previous three years has risen by several hundred per cent.

The crisis in agriculture today has developed in the last number of years. However, it has been emphasized this year by the low commodity prices. There are two methods by which to increase the income of people who earn their living from resources which depend upon commodity prices. One is to increase the price of the commodity directly, and the other is to decrease the input cost of that item. The problem facing agriculture is that the sale of the commodity no longer covers the cost of production so that today even farmers who have no debts find themselves in a position where they can no longer make a profit.

While this situation was happening before the Government took office, in the last two and a half years that it has been in office it has not only been unable to increase the price of the commodity to help the situation, it has increased the input costs considerably. Today, inspections and government services which have been available to farmers for many years are no longer free. The Government has implemented a user-pay structure that is eroding the already small profits farmers have been making. The situation is such that there is now a story about the farmer who has won a million dollars in a lottery. When asked what he would do, he said that he would keep farming for a couple of years to get rid of the money. That is the situation facing farmers on the Prairies these days.

One of my neighbours told me that he has no debts but his net worth this spring will be $75,000 less than it was last year.

If this situation continues we will lose a whole generation of farmers. This Budget did not nothing to alleviate the problems farmers are facing. It did nothing to assist them to get over the hump. Therefore, more and more farmers can be expected to go under, either registering bankruptcy or being foreclosed in some way, or even walking off their farm and leaving what they have there. In fact, the Government, not necessarily in this Budget alone but over a period of time, has increased the burden the farmers must carry. For many farms to survive, the farmer or his wife must leave the farm to work in order to bring in some extra income to meet the costs of running the farm. This is becoming the norm for a larger and larger proportion of the farm population. In fact, more than 50 per cent of farms now have outside incomes which are the same as, or even more than, the farm income.

• (1600)

When this Government was elected back in 1984, it promised it would do something about those farmers who must get money from somewhere else in order to keep their farm operating. Section 31 of the Income Tax Act restricts the amount of outside income a farmer can use to keep his farm going. I know it is not right that a farmer should have to go and work at a job someone else could have, but in many cases that is the only way he can keep the farm going. The Government promised it would do something about Section 31 which allows the farmer to write off $1,000 against farm losses. A committee of this House unanimously recommended that that amount be raised to at least $10,000. The Government promised it would eliminate the limit entirely. Nothing was done. Therefore, farmers who are valiantly attempting to keep the farm going by working off the farm and using the money to pay their farm debts are being discriminated against by the Government.

Lately a number of farmers have had their income tax reviewed because at some time during the last 10 years they have purchased machinery and taken an investment tax credit at a level which the Government considers to be a little higher than they should have. If you had gone through one of these deals, Mr. Speaker, you would realize that what the farmers are doing is taking advantage of a tax law which is in place and which is legal. They turn in their old machinery, buy new machinery and receive a tax credit. They are now being blamed for making the best possible deal they could. It is not illegal. In fact, it is probably a very good Conservative philosophy. But these farmers are being questioned and many of them are being told they will have to repay some of the tax credits they have received over the years.

Tax reform seems to be the centre-piece of this Budget. The Government is increasing income tax and other taxes so that when the tax reform comes in, it will already be taking such a large portion of the incomes of middle and lower wage earners that they will be very happy to get some relief in that area.

There is nothing in the Estimates for the ice-breaker which was promised. There is nothing for the drug relief program which was also promised. There is no money identified in these Estimates, or in the Budget, for child care. There is a lot of money provided for advice from people like Dalton Camp but there is no money for the main promises the Government has made over the years. There is nothing in the Budget to attack unemployment and nothing for regional disparities. There is nothing to help out those areas which have a large unemployment problem. This Budget is for the very rich and for the large corporations. The poorer among the population are feeling the results of the Government's philosophy, which is all in preparation for some fanciful tax reform, and if the plan works, as it has in the past, the burden of taxes on the lower wage earners will only increase.

ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for York West (Mr. Marchi)—Refugees— (a) Changes in Government regulations (*b*) Refugee determination system; the Hon. Member for York East (Mr. Redway)—Canada Mortgage and Housing Corporation—Funding of co-operative housing.

GOVERNMENT ORDERS

[*English*]

THE BUDGET

FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that this House approve in general the budgetary policy of the Government; and the amendment of Mr. Garneau (page 3594).

Mr. Thacker: Mr. Speaker, I have a question for my colleague and friend from Prince Albert. I wonder if the calculations he gave from the Budget with respect to the percentages paid by the poor and so-called rich take into consideration the alternate minimum tax. As I gathered from his speech, they do not. I can tell from my riding that that alternative minimum tax is having quite a dramatic effect on the number of dollars people are paying in 1986. Can he tell me whether his figures reflect that?

Second, is the Hon. Member arguing in favour of, for example, a combine which would originally sell for $90,000 being sold for $140,000 just so the farmer could get the larger tax credit? Of course, that in effect means that the rest of us as taxpayers end up having to pay a lot more. Surely that is the same type of deal as the practice of some of these huge

companies which use the tax loopholes, which were originally an incentive, in an artificial way, which hurts the public's good.

Mr. Hovdebo: Mr. Speaker, first, the figures I quoted on taxation were the figures which were presented in a brief by the Fraser Institute and also by the Federal Advisory Council on Welfare. Both groups are funded to some extent by Government. The brief shows the effect of federal income tax increases on those particular groups.

As far as the tax credit is concerned, many of the farmers who use those tax credits recognize them as wrong in some way. However, they were put there by the tax structure and, in most cases, the farmer accepted the deal which was given to him by the machine companies. I do not think it should have gone on. I am glad the Government is doing something about it. However, to go back 10 years and have these farmers repay these credits is creating a hardship which many of them will not be able to survive. It will force them into bankruptcy. What has happened in the farming community in the last few years is that many large farms have become over-extended to the extent that they have large debts which they are now unable to finance. If they are further burdened by the reclaiming of these large portions of tax, which are taxes not against them but which were within the law at that time, then they will be put into a situation which will not help the farming community as a whole in any way at all. I am suggesting not that we leave the tax credit but that we not go back and try to collect the tax from those farmers in the way that appears to be happening now.

• (1610)

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I am glad that we now have the New Democratic Party on record *vis-à-vis* action against farmers who took advantage of the tax credit for the purchase of machinery. This is a very serious situation in western Canada. The fact of the matter is that some machine dealers and some farmers knew exactly what they were doing. They artificially elevated the price of machinery. I know of some examples in which prices were elevated from $90,000 to $140,000. They knew that this was wrong. It is questionable as to whether the law should be ignored when it comes time to enforcing it. At any rate, I am glad to see the NDP onside with respect to that particular question.

I wish to offer my congratulations to the Minister of Finance (Mr. Wilson) on his third Budget. In terms of yearly Budgets he has clearly formalized the process. It has now been made easier for us by having the Estimates and the Budget at the same time. In this way we can more effectively question the Minister of Finance with respect to spending and how the money will be raised. It also makes the system much easier in terms of the response of provincial Governments. They now know what they will be receiving.

There are a number of reasons why I think this is a good Budget. There is no doubt that, in general, the economy has improved dramatically over the course of the tenure of the Minister of Finance. One of the reasons for this is that Canadians exercise their sovereignty and change their Governments. The first Budget of the Minister came out with an economic plan to cover the next four or five years. It gave a degree of certainty to business, something for which members of the business community asked. In this way they can make their plans, something that the first Budget allowed them to do. The two subsequent Budgets have kept on that track.

Some 677,000 new jobs have been created by Canadians as a result of increased confidence. This is a significant contribution to Canada and its well-being. It means that more revenue will be derived from income tax. It also means that fewer people will be on welfare and collecting unemployment insurance benefits. Unemployment has gone from well over 10 per cent to 9.7 per cent this year. It should be at 9 per cent by the end of this year. That is very significant. Everyone should be thankful that it is occurring. These are results which do not always occur just because of a change in federal Government or because of the actions of Government. They happen as a result of people having confidence in their country.

There is no doubt that the problem of regional disparity is serious. Even though I come from the west, I am thankful that Ontario is doing well. I am thankful that jobs are being created in Ontario. The Province is manufacturing jobs, which means that we can export more material. This helps our current account. It helps pay revenue into our tax coffers and it means less unemployment. I ask Hon. Members to imagine where the country would be if Ontario were having the same set-backs that we are having in the west. These setbacks are not as a result of government action but as a result of international commodity prices. If Ontario were in the same condition as the west, then we would see some two million to three million people unemployed. As a result, our social programs would not be worth the paper on which they are written. I think the nation should rejoice that Ontario is doing well rather than being envious.

In the late 1970s I could not understand the antipathy toward the west when we were doing so well. Young people from other parts of the country were moving into Manitoba, Saskatchewan, Alberta and B.C. To my mind that was good for the country. We were hot at that time. We were able to pay more money to help the disadvantaged regions. The same is true today. I can say without hesitation that I am thankful that Ontario is doing well. It bodes well for the country.

Interest rates are at their lowest in 10 years. That is very significant. It is not something which has occurred simply by happenstance or by accident. It is a major historic event for Canada. I lived through the period of time when interest rates were around 21 per cent under the Liberal-NDP coalition. Those interest rates killed people. Indeed, they are still killing people literally and figuratively today because of bad economic policy.

It costs us less to service the national debt when interest rates are down. The individual businessman who almost always takes out loans from his bank now has more money in his

pocket because of lower interest rates. A family with a $50,000 mortgage now has $125 to $130 more in their pockets each month than they would have had if the Liberals and the NDP were in power. This gives families more disposable income. It gives them more freedom to decide how they will spend their money as opposed to a financial institution taking it away from them in terms of high interest rates or in terms of the Government of whatever political stripe deciding how to spend it for them.

I now wish to refer to a part of the Budget which has not received any coverage in the media which, in my judgment, is of historic significance. In terms of program expenditures and tax revenues the deficit is down by $1.3 billion. When we came to power, the deficit to service the national debt was huge, but program spending under the Liberals and the NDP reached the level of being several billion dollars more than tax revenue. Once we are into the next fiscal year we will see a surplus between our tax revenues and our program expenditures. Once we have balanced Budgets in terms of programs and revenues we can then truly work on the national debt and solve that problem because our economy is growing. The national debt will then make up a smaller and smaller percentage of the gross domestic product.

I would like to say a few words about the social dimensions of the Budget. I think one has to consider them as a package. There is no doubt that when we get to the end of the five years—and indeed we are at that level today—the people who are poor will have more cash in their pockets than if we had remained under the Liberal-NDP coalition. The tax credit and the refundable sales tax program in tandem, for example, mean that a single mother raising a child has something in the order of $44 more in her pocket as a result of the last Budget than she would have had under the *status quo*. That is a principle which I fully support.

I am prepared to argue with anyone at any public forum across the land with respect to this subject. The theory of the previous administration, and certainly the idea of the Liberals and the NDP, was that social programs should be available to everyone. Then, presumably because of a progressive tax system, the cost of them is taxed back from the rich. That has never been the case. The tax system never brought in 100 per cent of the funds needed to cover these programs. Therefore, whether we consider family allowances or old age security, we find the rich getting richer and richer because of the Liberal-NDP philosophy. Our philosophy is that those who are genuinely poor should get cash. Those of us who are earning beyond a certain threshold do not need to have family allowance or old age security, and, therefore, they ought not to be paid.

• (1620)

When there are limited dollars they should be applied where they are really needed. I must say that I stand embarrassed in the House when I hear Members of Parliament arguing for a continuation of the family allowance to be paid to those of us who are Members and receive a basic allowance of $57,000.

I want to deal with the argument that the NDP raised that magically somebody else out there is much richer than those of us who are Members of Parliament. The facts do not show that. I wish to read into the record data from the summary of income tax returns prepared by Statistics Canada. A person who earns $15,000 in total income is in the 55.42 percentage group. That means that only about 45 per cent of the people earn more than $15,000. I am talking about the people who file tax returns. A person who earns $25,000 is at the 78 per cent level. That means that fewer than 22 per cent of taxpayers earn more than $25,000. Many people in the country earn approximately $35,000. A person who earns $35,000 is at the 91.62 percentage level. Fewer than 9 per cent of taxpayers earn more than $35,000. A person who earns $50,000, which is a little less than MPs, is at the 98.18 percentage group of tax filers. Fewer than 2 per cent earn over $50,000.

The fact of the matter is that there is no mythical rich person that the NDP harp about whose taxes we can increase and thus reduce the deficit or for whom we can provide new programs. It has to come from you and me, Mr. Speaker.

The Government and the Minister of Finance deserve universal support and credit for the fact that now people have clear in their minds the relationship between program expenditures and taxes. When a new program is offered, we also offer a tax to the people. I hope that that is fixed in their mind so that when the Liberals and the NDP offer all types of rich programs they will also say to people that the tax rates will have to go up, ladies and gentlemen. Which do you choose? If the question were put to the people in that manner, they would often say that the program is not needed. We would prefer to keep the money in our own pockets and decide how to spend it rather than give it to the Government to decide.

In terms of agriculture from a western perspective, I have to say that never has a Government allocated so much money to one sector, and particularly that sector being western Canada. Spending in agriculture is up by some 62 per cent from the previous administration. That does not include the $1 billion expenditure that is coming up. The sugar-beet producers in my riding would have been forced out of the industry had there not been government help. They received $10 million or $11 million allocated under the tripartite stabilization program, and it saved that industry. I hope that we can come up with an even better program once the Canadian Tariff Board brings in its recommendations or the options that will be available. Contrast that with what was done by the previous administration when the sugar-beet industry in Ontario went down the tube. The previous administration was not there to help that industry when it was needed. But the Conservative Government was there when that industry in Manitoba and Alberta needed help.

In terms of farm fuel, when my relatives fill their fuel tank it now costs them $40. Under the Liberal administration it cost them $115 to fill their tank.

I have to say with some regret that the population in western Canada does not genuinely appreciate the significance of the removal of those taxes on the oil industry. The reason is that they feel that the taxes were put on improperly and that we have righted a wrong. We are not receiving the political credit, but even without it the population in western Canada has to appreciate the fact that when the Government puts on taxes it is very seldom, if ever, that they are removed. I am not aware of one tax that has been removed, including the temporary income tax that was put on to finance the First World War. It has never been removed.

The natural gas and liquids tax, the incremental oil revenue tax, the Canadian ownership special charge, the crude oil export charge, the petroleum compensation charge were all charges on the oil industry that were put on by the previous administration as its policy which it claimed was the National Energy Program. Of course, it was not that. It was the western oil and gas taxation program, which benefited the rest of the country. A national energy program may well be necessary. But if it involves taxes, it should be a tax that applies across the country on a Btu basis so that the energy would be picked up whether it is solar or electrical energy from Ontario or Quebec, or western petroleum energy. That would be a true national energy program, and it may well be needed in the future.

Let us not forget, and I hope that westerners will not forget, that the six or seven taxes were removed. That is a significant event. The difference in revenues is that under the Liberals approximately $5 billion from these taxes were withdrawn, and now it is under the general program where we all pay a few taxes, particularly on profits, amounting to about $500 million. That is a substantial benefit. The money is left in western Canada and is applied by these companies and people as they decide rather than as Ottawa decides.

I have a short comment to make with respect to gasoline. No matter what province it is, the provincial Governments are now pulling far more taxes out of gasoline than the federal Government. Therefore, the people of Ontario and Quebec who pay a lot of money for their gas should be looking to their provincial Liberal Governments that have imposed high gasoline taxes. There is nothing to say that those Liberal Governments could reduce the provincial gas tax. It is not the resource that is being taxed. It is a way of raising money from the people. If the Governments truly wish the people to have cheaper energy, they should remove those taxes.

Mr. Boudria: I feel a question coming on.

Mr. Thacker: My colleague opposite should realize that there is no tax in terms of energy in the Alberta Government, at least to this point. Who knows what future Budgets may hold. Because of the hard times that are now hitting, I suspect that there will have to be some tax increases. But it is a free choice by the provincial Governments whether or not to put a tax on gasoline. Rather than complaining about the federal Government and its role in taxing gasoline, they should be looking to reducing the provincial taxes.

Mr. MacLellan: I wish to direct a question to my hon. friend. He is right in assuming that many people in western Canada feel that the PGRT was a tax that should not have been imposed. By its removal, the Government was merely righting a wrong. I also listened to the list of taxes which the Hon. Member said had been removed. As I mentioned yesterday in Oral Question Period, that is old news. I do not think western Canadians are impressed by the actions of the Progressive Conservative Party in respect of the National Energy Program. They are very concerned about the energy situation in western Canada. They want to know whether the Progressive Conservative Government will honour its commitments. They want to know whether the Conservatives will honour their election promises or whether the Prime Minister (Mr. Mulroney) will honour his commitments and do something. To date nothing has been done, and they feel betrayed.

• (1630)

What purpose is served in trying to portray western Canadians as being concerned or in a state of euphoria over a reduction or a removal of those particular taxes? Western Canadians are concerned about what the federal Government will do to help their energy sector.

Mr. Thacker: Mr. Speaker, I have no doubt in agreeing with my friend that we are not getting any political credit for having taken off those taxes. That is absolutely true, but frankly I think it is wrong.

Western Canadians should be thankful that they have been removed. Had they not changed Governments, those tax rates might have been juggled a bit but they would still be there. We have taken off those taxes. We have actually eliminated the statutes so that if a future Government of whatever stripe tried to put those taxes back on, it would have to submit fresh legislation. Of course in that event we from the West would fight it and let the bells ring, as we did when the last piece of legislation was brought in.

Within the fiscal restraints, which the Hon. Member realizes still involves a deficit of some $32 billion, and hopefully dropping to under $30 billion next year, there is a question about how much can be done. Is it the position of the Liberal Party that the Government should increase the deficit to give help to oil companies? Is it its view that we should put taxes on the entire Canadian population and then transfer money to the oil companies?

My own view is that for 50 years oil companies searched for and found oil. They produced it, sold it, paid higher than average salaries, and made a profit at $2.35 per barrel. That went on from the 1930s-1940s until recent times. Then in the late 1970s prices skyrocketed with OPEC prices up to $35 to

$36 per barrel. Now it is down to $20 to $24 Canadian per barrel.

The fact of the matter is that the input costs of everyone, including the oil companies, were too high in that big bubble. They put up large office towers. There were expensive contracts, subcontracts, and farming agreements. They paid too much for their land. They had to rachet down, and they have done it. From here on there is no reason that the oil companies cannot do quite well. When they start to do well, so does the service industry.

If my friend was talking about the service industry, I agree that they are the people at the front lines. When the Liberals were in power, we said that the program would not hurt large multinational companies. We said that it would ultimately hurt tiny Canadian producers. Our prediction was absolutely correct, to the enth. We told people that they would suffer because an artificial market was being created by the previous administration. Unfortunately our predictions have come true.

The adjustment process is almost over. We have a base from which we can build into new prosperity in the future.

Mr. McKenzie: Mr. Speaker, I have a few comments to make with regard to Liberal hypocrisy. I listened to them talk about the price of gas. What unmitigated gall. I can recall the 1980 election, lying to the Canadian people that they were going to give them cheap gas. Between 1980 and 1981 gas went up 60 cents per gallon under the Liberal-NDP coalition.

The Grits and the Socialists were not the least bit interested in getting cheap gas for Canadians. They allowed it to go up 60 cents per gallon. Look at them now; they ridicule us because it goes up a few cents. Gas is a lot less today than it was when the Liberals were in power.

I congratulate the Hon. Member for Lethbridge—Foothills (Mr. Thacker) who talked about agricultural problems. I have listened to much rubbish and nonsense today in the debate about the Conservative Party having written off the west, that nothing is going into the west. I could spend two hours this afternoon reading off what is going into the west—programs beyond belief. They have the gall to say that nothing is going into the West. I do not understand why the media do not do a job on the Liberal Party.

Mr. MacLellan: Mr. Speaker, I rise on a point of order. If the Hon. Member made a motion to allow him to spend two hours reading the benefits bestowed by the present Government upon western Canada, I think Hon. Members on this side of the House would be agreeable.

Mr. Deputy Speaker: The Hon. Member for Winnipeg—Assiniboine (Mr. McKenzie) may continue with his question or comment.

Mr. McKenzie: Mr. Speaker, perhaps the Table Officers could assist in this motion. I would most certainly be agreeable to doing that. I might have been a little short on my time; perhaps I should have said three hours or four hours. If it could be arranged, I would be only too glad to accommodate the Liberal Party.

The Liberals mentioned that we were doing nothing for western farmers or for agriculture. I should like to give one example. CIDA is to spend $450 million on Canadian food products, according to a recent announcement in Winnipeg. The projects funded by CIDA include $310 million to the World Food Program for the next two years; $89 million worth of canola oil and technical assistance to India over the next five years; $13 million worth of canola oil as food aid to Pakistan this year; and $40 million over the next three years to support the activities of the Winnipeg based Canadian Foodgrains Bank, in addition to $8 million already donated this year. The list goes on and on.

Turning to more aid for agriculture in the West, a program of $1 billion of assistance is being formulated to supplement the cash flows of grain farmers affected by the drop in world wheat prices. Through a series of rebates, all federal sales and excise taxes have been removed from farm fuels. Farmers now receive a full exemption of up to $500,000 from capital gains realized on the sale of farm property. This is to assist them with retirement, but the Liberal Party and the New Democratic Party are opposed to farmers having pensions. They have made that quite clear on numerous occasions.

Legislation has been passed to create farm debt review panels. The Government has made a record pay-out of $580 million under the Western Grain Stabilization Program. The Western Grain Stabilization Act has been amended to provide interim payments to farmers so that they can receive much needed cash in time for spring seeding. Grain farmers received $150 million in assistance for crop damage caused by drought and grasshoppers. Livestock producers received $48 million.

Interest rates are at their lowest level since 1979, saving farmers millions of dollars. We have doubled the maximum payments to farmers for storable crops under the Advance Payments for Crops Act. Farmers who have no choice but to leave the land will now be eligible for transition and training assistance under the new Rural Transition Program.

The Government has brought in commodity based mortgages and the shared risk mortgage program to assist western farmers. We have concluded new grain deals with the U.S.S.R., Brazil, and Egypt. The WGTA producers' freight rate has been maintained at the 1985-86 crop year level, saving farmers over $40 million. Action has been taken to reduce European beef imports into Canada by 55 per cent. A new long-term dairy policy has been announced. Sugar-beet producers will receive stabilization help as a result of a new federal-provincial-producer program.

I see that my time is up, Mr. Speaker. If it could be arranged for me to read this information into the record—and I will contact my office to get the rest of the material—I would say that three hours would cover about half of it.

• (1640)

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to have the opportunity this afternoon to participate in the debate on the Budget. After listening to speeches from some Tory Members across the way, particularly the Hon. Member for Winnipeg—Assiniboine (Mr. McKenzie), who disguised his questions to the Hon. Member for Lethbridge—Foothills (Mr. Thacker) in such a manner that he was really delivering a speech instead of asking a question, one has to wonder whether the Member was talking about the same Budget that we are talking about. We are talking about the slimmest budgetary document ever introduced in this House in recent years. We are talking about a Budget that had very little in it, not only very little in terms of content but very little in terms of substance. I know that does not bother the Tories in this House. Not to have substance suits them just fine, as we all know. Is there anything so bad about having a Budget with nothing in it, some Tories have asked? Maybe there isn't, but then why bother presenting one? Why didn't the Minister just present a press release and a Ways and Means motion, I ask you, Mr. Speaker? Perhaps Tory Members who are wondering what is wrong with a Government without a vision would then know the answer. The mere fact that they ask suggests and tells me why the Government is in serious trouble.

Let us talk about the Government. Since it came to power in 1984, the public debt has risen from $175 billion to $300 billion. That is a $125 billion increase or a 40 per cent increase in three and a half years. Forty per cent of the debt of the country has been generated while the present Minister of Finance (Mr. Wilson) has been in that position. Maybe Tory Members can make copies of my speech and give them to their constituents. Constituents have a right to know about this kind of activity. We should remember that the Government is talking to us about what it claims is lowering the deficit. I have some difficulty with the way Tories define lowering the deficit. First they take over and the deficit is supposed to be $34 billion. Immediately after that they say the deficit is supposed to be $38 billion, then they lower it to $36 billion and tell us they have saved some money. I have a hard time with that, and I am sure you do too, Mr. Speaker, being the non-partisan person that you are. The deficit was then lowered, according to the last Budget, to $29 billion. But the Government changed its mind and said no, it could not deliver on that. The deficit will be $32 billion. When the Tories could not meet that, they introduced the next Budget and said the deficit would be under $30 billion. We will have it at $29 billion some odd. Do you know how the Tories can achieve this, Mr. Speaker? They will do it in two ways. First, by selling off Crown corporations.

Mr. McDermid: Good.

Mr. Boudria: A Member opposite said good. Selling off the furniture to pay the rent is Tory economics. Let the record show that the Tories across said good to selling off the furniture to pay the rent. Second, the Tories are accelerating remittance procedures so that businesses and municipalities have to remit twice a month. I am sure the Hon. Member for Brampton—Georgetown (Mr. McDermid) is concerned about this. I will repeat it slowly so that he will understand. Municipalities will now have to remit twice a month. This will cause major disruptions to municipalities and to large businesses. It will create one extra payment at the end of the year, which is the only reason that the Government will be able to get the deficit below the infamous $30 billion, something it has been striving for.

Let us talk about gas taxes. In the great constituency of Glengarry—Prescott—Russell, having an automobile is not a luxury. I represent a rural riding, Mr. Speaker.

[*Translation*]

In a riding such as mine, which is about 100 kilometers long from east to west, a car is no luxury. As you know, Mr. Speaker, because you do have the opportunity to drive through my riding when coming to Ottawa—and by the way I would encourage you to make frequent stops in my riding and spend all the money you like. This is good for the local economy. However, for my constituents, owning a car in order to move around, to go to work, as some of my constituents who are present today and are following this debate would know, having a car is important for earning their livelihood. Indeed it is important for my electors because they cannot use any public transit system.

Mrs. Finestone: Why not?

[*English*]

Mr. Boudria: The Hon. Member for Mount Royal (Mrs. Finestone) asks why. I know she knows the answer, but I will give the answer because the Tories probably do not understand and I am glad she asked me to explain. Obviously the Minister of Finance thinks the whole country is served by the TTC. He is wrong. There is no Toronto Transit Commission in the riding of Glengarry—Prescott—Russell. If you want to travel from one end of the riding to the other, you have to use your car. If you go to work, you have to use your car. Those people have the same right to live as does anybody else even though they do not have the TTC the way the Minister of Finance thinks we all do.

What has happened since the Conservatives have taken over? Since the Minister of Finance and the Prime Minister (Mr. Mulroney) have taken over, gas taxes have increased by 4.5 cents a litre. I say to the Hon. Member for Brampton—Georgetown very slowly again, that is 18 cents per gallon.

Mr. McDermid: And how much tax came off?

Mr. Boudria: Eighteen cents a gallon may remind him of something. A preceding Tory Government was turfed out of office because of an 18 cents a gallon gas tax, and the same thing will happen to this Government.

Mr. McDermid: How much tax has been taken off?

Mr. Boudria: Let me talk to you about the regions of the country. Again the riding of Glengarry—Prescott—Russell has been well served by the Canadian Industrial Renewal Board.

[*Translation*]

The CIRB program, Mr. Speaker, was beneficial to my constituency; we were given grants to modernize our textile industry, our footwear industry, so it could better compete with foreign industries. What happened? As soon as this Conservative Government came to power, against all those promises they made during the election, bang!, Mr. Speaker, the grants were cancelled. The CIRB program was abolished by the Minister of Finance (Mr. Wilson). And I am certain Hon. Members from Quebec, Hon. Members from eastern Ontario and from areas where there is a textile industry know there was a lot of work to be done. I, for one, and my constituents were hoping that in their last Budget he would have something to say, that the Minister of Finance would say that yes, it was worthwhile trying to save the footwear industry, that yes, the textile industry should be maintained. It was not to be so. Instead, we had a very hollow document, as hollow as Tory policy.

I would now like to say a few words about poverty, Mr. Speaker. There are now four million Canadians living below the poverty line. There is no reference to those Canadians in the budget I have here. Not a single word. And this is unacceptable.

Mr. Lanthier: Not words, but action.

Mr. Boudria: Tonight, Mr. Speaker, when you and I, as well as the Hon. Member for LaSalle (Mr. Lanthier), the Hon. Member for Ville-Émard, the Hon. Member for Côte-Saint-Paul and others across the way, go home tonight, we will think of the 8,000 Canadians who are homeless. None of these 8,000 canadians will be helped by this budget, something we all should remember, Mr. Speaker.

[*English*]

In the Budget there is what some Canadians now know as the kiddie tax. What is it? It is a tax on granola bars, of all things. Yes, tax the kids. That is Tory strategy.

Mr. McDermid: They are full of sugar.

Mr. Boudria: That is Tory policy. What did the Tories do with the tax? Did they put the money toward day care or toward helping single parent families? Absolutely not, Mr. Speaker. I will tell you in two minutes what the Government has done with the money.

Let us talk about the municipal infrastructure. I had the opportunity to represent the people of my constituency at all three levels of government in Canada. I started with a seat on municipal council, then I was elected to the provincial legislature, and now I have the honour and privilege of representing the people of Glengarry—Prescott—Russell in the House of Commons. Speaking of municipalities, they are very worried by the fact that their infrastructure has decayed. It is getting old and they need funds to upgrade. They made representations to the federal Government and the Minister of Finance asking for assistance to review and renew their infrastructure. What happened? They were hit with the accelerated remittance requirement which I referred to a while ago. The Federation of Canadian Municipalities issued a press release on February 19 entitled "Tax provisions hit municipalities. Door ajar on infrastructure". It says, very briefly, that the new procedures for revenue collection announced by the Minister of Finance will cost Canadian municipalities tens of millions of dollars every year. The municipalities asked the federal Government for help, and they got whammed across the head and had their pocket-books ripped off by the Tory Government. That was the help they got from the Tories.

• (1650)

[*Translation*]

Mr. Speaker, I would like to describe briefly those who will have to carry the tax burden. It is a fact that ever since the Progressive Conservative Party assumed power, Canadians, as individuals, have had to bear a greater share of the tax burden. Since 1984-85, according to the official estimates provided by this Government, personal income tax has increased by 52.5 per cent. I repeat, 52.5 per cent, while corporate income tax has decreased by 18.1 per cent. Here is the question I ask Hon. Members opposite: Is that Conservative justice? Is this the kind of justice Canadians from my riding of Glengarry—Prescott—Russell and other areas of the country have to expect? Well, I can assure you that this is not my idea of justice.

[*English*]

Much has been made recently about tax reform. During the last election campaign the Tories promised tax reform. In February of 1986, the Minister of Finance said there would be tax reform at an early date. In October of 1986, he said there would be tax reform in his next Budget. On January 30, 1987, he said, "Sorry, folks, I kind of goofed. I can't put it in the next Budget. We will have it in the spring." Then on February 18, the Minister brought down his Budget and said that we will have tax reform some time in the future.

Mrs. Finestone: Good thing you were not holding your breath.

Mr. Boudria: Yes, it is a good thing. That is a very astute remark on the part of the Hon. Member for Mount Royal (Mrs. Finestone).

Let us talk a bit about research and development. Many of the constituents I represent, particularly those in the western end of the riding near Ottawa, are employed in research and development. Last fall I received numerous phone calls from people working at the National Research Council. They were very upset by the fact that they were about to lose their jobs. They saw the NRC budget drop from $520 million in 1984 to $398 million in 1986, a decrease of $122 million. As if that was not bad enough, on October 9, 1986, the Minister of State

for Science and Technology (Mr. Oberle) cut another $20 million from the NRC's budget. How does that coincide with the promises made by the Conservative Party during the last election campaign? I know the Tories want to forget about the last election campaign and the promises they made to the people of Canada, but I am not going to allow them to forget. I have here the book of 338 Tory promises which I think I may have brought to your attention once or twice before. The book says very clearly on page 25 that the Government would double its R and D effort to 2.5 per cent of the Gross National Product in its first four years in office. That came from sources in the Conservative Party. As a matter of fact, it came from the book *Pocket Politics 1984*. Do you remember that little book? I am sure you would not have seen it, Mr. Speaker, because you are non-partisan, but you must have heard about it. It was a small book given to Conservative candidates. They used to stick it in their pockets. It contained instant answers and promises to make to the people of Canada, methods by which they could con the people of Canada into believing the Tories wanted to do good things for this country. We all know differently now and the public opinion polls tell us how different it is.

In any case, in that 46-page policy booklet there is a specific promise to increase research and development to 2.5 per cent of the Gross National Product. What has happened? There have been massive cut-backs in R and D. I tell you, the people of the National Capital Region, those employed in that field, people who have worked hard all their lives, are very upset with the Government. They are not bound to give them their support again.

If you think I am perhaps being unduly partisan, which I know of course is probably the furthest thing from your mind, I want you to know that I am not the only one who feels that way.

[*Translation*]

I would like to call your attention on an article published this morning in the *Journal de Montréal* and entitled: "Tories: Free fall". Allow me to read a few excerpts, Mr. Speaker:

> Brian Mulroney's Conservative party can only be sure of 10.7 per cent of decided votes in Quebec, before distribution of undecided votes, which does not make any sense or is hardly believable.

A reduction which is described as unbelievable, Mr. Speaker.

I note with much regret that my time is about over. I should like to deal for a few minutes with the issue of agriculture. As you certainly know, the main industry in the riding I represent is farming.

[*English*]

Just going back to the year 1985, the United States passed the United States Food Security Act, 1985, now commonly referred to as the U.S. Farm Bill. Under that Bill a system of $70 billion in subsidies was established. It was specifically designed to displace the markets of other countries, including Canada. The Government of Canada never raised a little finger to fight that. No lobbyist was ever hired. No one made representations, that I know of, except perhaps a few dedicated people at our embassy in Washington. Of course they were so badly outnumbered there was very little they could do. What we needed was a major effort on the part of the Government, but it has so badly kowtowed to the Americans after the Shamrock Summit of 1984 that of course it was completely powerless to do anything.

I would have a lot more to say about this Budget, but suffice it to say that the people of Glengarry—Prescott—Russell do not like it. I do not like it either. The public opinion polls tell me and everyone else that the Government had better clean up its act here and now, otherwise it will be turfed out of office.

• (1700)

Mr. McKenzie: Mr. Speaker, after the remarks of the Hon. Member we have to get a number of facts and figures straightened out. Canadian people are entitled to an honest explanation of who is responsible for starting the uncontrolled spending and who is the king of deficits. The Right Hon. Leader of the Opposition, the Member for Vancouver Quadra (Mr. Turner), took over as Minister of Finance in 1972. At that time there was a surplus of $700 million in our current account. When he left in 1975 there was a deficit of almost $5 billion. The trend continued and we inherited a $38 billion deficit generated by the kings and queens of deficit, the Liberal Party.

If we had left everything that we inherited in place, if we had changed absolutely nothing, the debt for 1986 would have been $42 billion. We have reduced the debt by $10 billion, which is an excellent start. If the Liberal Party had been allowed to continue its policies, this country would have been turned into another Argentina or Mexico. That is the route we were taking.

The Hon. Member across the way mentioned something about Crown corporations selling furniture. I would like to give some statistics on the success story of de Havilland. Over the last decade the taxpayers of Canada watched $830 million of direct federal assistance poured into de Havilland to help keep it alive. Today, under the management of Boeing, sales and employment have increased. The Liberal and New Democratic Parties have said that if we sold de Havilland to Boeing it would collapse and everyone would lose their jobs. This has not happened. It has been the success story of the year. They have recent contracts which will increase employment by 250 jobs throughout Canada, 100 of which will be in Winnipeg. That should infuse about $11 million into the Canadian economy.

We know all about the Liberal Party's philosophy on Crown corporations. They did not even know how many Crown corporations they had when they were in power. They could not tell us the number of Crown corporations. After about six months of hammering away we finally got a count and found out that there were over 400 Crown corporations. What on earth did we need 400 Crown corporations for? The Liberal

bureaucracy could set up a Crown corporation on its own. It had a free hand to do anything it wanted to. We are going to get rid of a lot more unnecessary Crown corporations. We are going to sell excess land and buildings. We are making an honest and concentrated effort to reduce the deficit, which would have reached $42 billion this year.

Those are a few facts which should be on the table with regard to who created this huge deficit. We did not create it. We inherited it and are dealing with it. Every federal Government Department is reducing expenditures and cutting out waste and mismanagement. For the first time in the history of the Auditor General's report he has commended us for making an honest and concentrated effort for eliminating waste and mismanagement within the Government. We will receive more glowing reports from the Auditor General.

Mr. Boudria: Mr. Speaker, that was pretty hard to take. We heard a Tory saying that selling off Crown corporations is always the right thing after they sold Teleglobe for something like six times the earnings. Those people who pretend to be the friends of business and to know what they are doing in the business world sold a Crown corporation for five or six times its earnings. That is really a bit much to take. It is also difficult to listen to Tories pretending to be such able managers. They forget to tell us that the only two banks to have collapsed in the last half a century collapsed under the administration across the way with two Ministers of Finance looking on. They have no lessons to teach on this.

The Member for Winnipeg—Assiniboine referred to the deficit king and talked about waste and mismanagement. I want to talk a little bit about waste and mismanagement too. I was not going to, but I have been provoked so I will have to. The Government instituted the $500,000 capital gains exemption, which will cost $800 million and will benefit the rich. It bailed out two banks at a cost of $1.6 billion. It gave $200 million to the Hongkong Bank of Canada and spent $41 million to create a monument in Port-Cartier which is euphemistically called the Port-Cartier prison. It spent $2.3 million on the so-called Stevens inquiry, $1 billion for the Gulf-Reichmann deal, and $2.7 million for new uniforms for the Armed Forces. Those are the uniforms that smell. Remember those, Mr. Speaker?

The Government is spending $10 million a year for three years for Mr. Reisman and free trade, which will probably lead us exactly nowhere. It spent $12 million on advertising to convince us that surrendering our sovereignty to the Americans is in our best interests. That is Tory politics. The Government has put $15.1 million in the Budget for cabinet Ministers' staff which has doubled since the Government has been in office. It spent $2.6 million on the Shamrock Summit so we could hear the Prime Minister and Ronald Reagan singing to us on TV. My television has not worked the same since. The expense for an office for the Prime Minister's wife is $100,000 a year.

We are paying $250,000 a year for the salary of Dalton Camp who was hired in September of 1986 to straighten the Government out, and it has been in a nosedive ever since. I want my money back for that Dalton Camp nonsense and so do the taxpayers of my riding. If there is a king of mismanagement, deficit and improper financing, it has to be the Conservative Government across the way.

Mr. Jepson: Mr. Speaker, I listened with interest to the Member for Glengarry—Prescott—Russell (Mr. Boudria). I heard him speak of government waste, and I think it is important that we make clear to the Canadian people the extremely difficult circumstances we found ourselves in when we came to office a brief two years ago. We were faced with interest payments on the debt we inherited and payments for a social net which absorbed 83 per cent of all our revenue. We were left with roughly 17 per cent of discretionary spending cuts with which to pare our deficit down.

To the credit of the Minister of Finance (Mr. Wilson), he has done a remarkable job in little over two years. He has pared the annual deficit down by 24 per cent and is continuing to do an excellent job on that. We are seeing the results of that sound fiscal management reflected in the market-place. We are seeing increased investor confidence and the creation of 25,000 jobs per month since we were elected. It is important to remember that of the 25,000 jobs, 70 per cent are long-term. The record of the previous Government was the creation of 7,500 jobs a month in its last term, 83 per cent of which were short-term, or 24-week wonders, to allow people to earn unemployment benefits and leave them frustrated.

• (1710)

I urge the Hon. Member for Glengarry—Prescott—Russell (Mr. Boudria) to consider the impressive record of the Government. Mortgage rates are down to below 10 per cent for the first time in 17 years. Interest rates are down 4 per cent. We have the fastest growing economy of all OECD countries, including Japan, and the fastest job-creation of all OECD countries, including Japan. While much has to be done, it is like a breath of fresh air when we reflect on the record of this Government in such a brief period, considering the morass we inherited.

Mr. Boudria: Mr. Speaker, the Conservatives always refer to this morass. If we were to believe all of this, we would probably abolish every social program in order to justify eliminating the deficit. Perhaps the Tories basically want to cut off many of those programs that we established. As a matter of fact, the House will recall that they tried to deindex senior citizens' pensions. I will not repeat what Solange Denis said on the steps of Parliament Hill because you would not allow me, Mr. Speaker. But most Canadians know well the true Tory agenda.

Let me deal with the so-called job-creation of the Tories since they have been in power. We are told that 115,000 new jobs have been created. We also know that 127,000 new jobs

were created in Ontario, primarily in the southwestern part of that province. This means there is a deficit of 12,000 jobs for the rest of the country, including the area I represent. They should not talk to me about job-creation when there is 14 per cent unemployment in Hawkesbury in the riding I represent.

Mr. Nystrom: Mr. Speaker, I am sorry that the Member for Winnipeg—Assiniboine (Mr. McKenzie) has departed. He talked about these great deficits and how the Conservatives brought them under control. The Conservatives do not have a monopoly on deficit control in this country.

The Hon. Member has returned and perhaps he is interested in knowing that in Saskatchewan, between 1944 and 1964, the CCF Government of Tommy Douglas and Woodrow Lloyd had a balanced budget and often had a surplus. That continued between 1964 and 1971 under Ross Thatcher, a Liberal Premier. During Allan Blakeney's term as Premier of that province between 1971 and 1982, there never was a deficit. Since the Conservatives under Grant Devine took office in 1982, there has been a massive deficit in that province amounting to hundreds of millions of dollars a year.

I say to my hon. friend from Winnipeg that in Saskatchewan, in terms of deficits, Tory times are tough times. In terms of deficits, Tory times are tough times as they were in the 1930s under R. B. Bennett. If he wants to see patronage, if he wants to see wild spending, and if he wants to see incompetence, he can come to Saskatchewan and talk to Grant Devine. He is a walking expert on the subject.

Mr. Boudria: I thank the Hon. Member for Yorkton-Melville (Mr. Nystrom)—

Mr. McKenzie: Your colleague.

Mr. Boudria: Our colleague. The Hon. Member does not have to be quite so partisan. We are ali colleagues here. I thank the Member for Yorkton-Melville for bringing that to the attention of the House. He eloquently mentioned Ross Thatcher, a Liberal Premier and another Premier of a different political persuasion. We know that Mr. Thatcher came from another political Party and it is very likely that it was the enlightenment which came upon him from joining the Liberals that made him such an able manager.

• (1720)

[*Translation*]

Mr. Deputy Speaker: We shall resume the debate with the Hon. Member for Chicoutimi (Mr. Harvey).

Mr. André Harvey (Chicoutimi): Mr. Speaker, I thank you for giving me the opportunity to address this House and all my fellow Canadians to comment on the budget brought down by our Government. This budget easily proves in my opinion that Canada has become the best country in the world in the space of only two and a half years.

We promised two and a half years ago that a Conservative Government would take Canada from one of the last among industrialized countries to the head of the pack.

I think that we can be proud of the fact that, after two and a half years, whatever the Liberals might say, the closest competitor of Canada as far as economic performance is concerned is Japan. This is no dishonour for a newcomer among countries with positive economic indicators since Japan has an outstanding performance.

Mr. Speaker, before speaking directly about the budget itself and our continuing objective to make Canada the best country in the world and to maintain it at its present level, I would like to try to show, based on the record of the Liberal Party and its stated intentions for the future, that it is absolutely impossible to have any confidence in the comments made by the Official Opposition about this budget.

Afterwards, I shall try to outline, not the record of the New Democratic Party, but its true intentions, show the way it contradicts itself on many issues and prove that these people cannot have our trust or our support.

When we look at the record of the Liberal Party, we find that, after 12 or 15 years under a Liberal Government during the last two decades, the debt had increased to $23,000 per family. This means interests of $70 million a day which Canadians must pay, or $3 million in interests an hour because of the wasteful spending of the Liberals.

Right now, the Grits, the Official Opposition have all the answers. The Liberal Opposition have among other things the solutions to the serious economic problems this Government is now overcoming.

It is important, if we are to analyse the credibility of their statements, Mr. Speaker, to check on what the Leader of the Official Opposition (Mr. Turner) stated in 1974-75. He had this to say: "We must do everything—he was then Minister of Finance—we must do everything possible to stop the increase in Government expenditures. As in the past, we will endeavour to reduce wages, limit Public Service growth, and approve only the most important of new programs."

So far so good. But what I find interesting, Mr. Speaker, is that the year after that statement was made, the federal deficit had increased 150 per cent. In other words, such a performance was no great shakes.

One only has to read the pre-budget statements of the Leader of the Official Opposition—and I will spare you, Mr. Speaker, the statements made by former Liberal Prime Ministers—to quote once more from the Leader of the Official Opposition, some 10 years later. His speech has not changed.

There is program duplication, while other programs are not viable. Some Government activities are wasteful. All this, Mr. Speaker, from the Official Opposition. We have programs which no longer serve any purpose, which are no longer useful, and I will put the axe to them. That was in 1984.

I was listening a few minutes ago to my Liberal colleague who had doubts as to whether we had changed their programs. I could spend two hours speaking about program changes this Government has made. We could speak about the Canadian Jobs Strategy, that great program that is based first and foremost on the private sector. Instead of providing subsidies which remain fruitless and never create jobs, most of our programs are aimed at small- and medium-sized businesses whose main purpose is to create permanent jobs.

All this to say that when the Official Opposition formed the Government they showed arrogance and contempt towards everyone, including Parliamentarians and members of provincial and municipal governments. My honourable friend mentioned his political contribution to levels other than federal and I could tell him a thing or two myself about it. I might have an opportunity to do so later on.

Mr. Speaker, I find unfortunate that the opposition should refer to opinion polls at every opportunity. As a matter of fact, we are likely to have about 20 more of them before the next election. Personally, I trust the Canadian people, when the time comes, to know how to differentiate between demagogy and achievements and between lying and telling the truth.

I will not deprive myself of the pleasure of quoting Mr. Gilles Baril who served his fellow citizens with distinction at the provincial level and who has made an analysis which I feel fully deserves to be conveyed to all my fellow Quebecers.

"Federal Liberals, these clever masters of institutionalized patronage, for 20 years put their friends in charge of various federal departments. From the ordinary village Post Office through the CBC, the Crown corporations, the RCMP, the Civil Service and the great Deputy Minister, they all belonged and still belong to the Liberal family. Canadians have quickly forgotten the red cliques, their gimmicks, their faked projects such as the Canada Works—"

—which, by the way, no longer exists, Mr. Speaker. The Canada Works Program was abolished by our Government, Mr. Speaker.

"—in which the uncle, the aunt, the cousin or the organizer of the Liberal candidate campaign was involved."

—Make work programs which never amounted to anything and never created permanent jobs.

"Canadians, according to Mr. Baril, have quickly forgotten the "Louix IX" style of the former Prime Minister, his trips and parties, the fact that his country was ruined by high interest rates, high inflation and high unemployment. They have also forgotten that Liberals have been the champions of public fund waste and dilapidation, causing Canada to fall from the third to the seventeenth rank among industrialized nations."

Mr. Speaker, we brought it up from the seventeenth to the second place. This is quite a record in two and a half years; we could have made that promise two and a half years ago, but we would have been accused of being over optimistic, but indeed the facts are there. International organizations maintain that at present Canada is the best country in the world after due consideration of all economic parameters. This is obviously exasperating for the Grits. I am telling them not to be that nervous because we will not harm them. We will continue to take action on basic issues.

Of course, Mr. Speaker, we must carry on with our policies in spite of the fact that demagogy—and I think that it will be short-lived—is now more popular than the achievements of this Government. We must not despair because there is an increasing number of responsible individuals.

I have here an editorial from *Le Devoir* blaming the Liberal Party, especially their Leader, for not having been bold enough in their decisions on certain economic issues. I will come to it in a few minutes, Mr. Speaker. They lack boldness because they want to play politics. Here are some examples. Can you, Mr. Speaker, define the position of the Liberal Party on free trade? Can you show me a statement indicating a consensus in the Liberal Party between the Hon. Member for Winnipeg—Fort Garry (Mr. Axworthy) who is the spokesman for his Party and the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) who has been removed as the Liberal spokesman on trade issues because he agrees with the Government? He said that there was no choice, that we had to negotiate. It is to ensure a better future for Canada. Could you show me one single document, Mr. Speaker, where the leader of the Liberal Party has stated in any constructive way the position of his party on free trade? Absolutely not, Mr. Speaker. And I dare the Liberals to come up with any coherent document on which they all agree concerning our free trade policy, which is now endorsed by all the organizations in this country which care for the future prosperity of Canada. With regard to this issue, Mr. Speaker, we must not underestimate the importance of Canada as an economic partner for the United States. You can be sure that the United States are able to grasp the importance of this trade agreement as a model for multilateral negotiations which are a part of GATT. Here again, the Liberals have no policy.

On the Constitution, Mr. Speaker, how can you expect Quebecers to trust the proposals of the Liberal Party after having been put in their place and scorned by the previous Government? To think that the Liberals, at a recent convention, took position on the Constitution. One can hardly refrain from smiling at such news, but it is also somewhat sad. It is somewhat sad to hear the Liberals expound their views on the Constitution after having given us the brush-off for 15 years and having left us out in the cold in 1982.

Some say our Government has not conceived constructive policies for young people. I remember that in the spring of 1985, the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), the defender of the disadvantaged, attacked us as a Government saying we did not have any program for students, for the young. Yet, youth unemployment has dropped several percentage points. Why? Because we have put forward the best programs, not one but seven programs with Challenge '86, Challenge '87 and Challenge '88 where we got unexpected and unbelievable success. Those programs are significant. They are very successful. Why? Because we appealed to the true

partners the Government can trust, those in the private sector. Our money, our programs are helping businesses, small and even big ones to create challenging jobs for young Canadians, jobs that are also relevant, and it is important to save our young people from being told when they graduate that they lack experience equivalent to their degree of training. But it is true, we have not heard anybody say anything about our programs for youth. In that area as in others, our performance has probably been exceptional.

For a laugh, Mr. Speaker, to help you understand and see the unbelievable void of the Liberal Party in all areas, you should read once more its resolution on the need for Canada to withdraw from the Atlantic Alliance. The Liberals who wasted so much public money, are telling us, in their resolution, that we should get out of the Atlantic Alliance in order to save money, when we know full well that neutral states spend much more on defence than members of the Alliance. This only means, as it was pointed out by the editorialist in *Le Devoir*, that the Grits programme is pure political opportunism. There is nothing the Grits will not do to get elected. But what is important to us is that the Government stays on the right track.

There is another major issue for Quebec, that is Bill C-22 on drug patents. Let us look at the position taken by these defenders of the needy, in particular that of the Hon. Member for Montreal—Sainte-Marie. You know that the pharmaceutical industry is located mostly in Quebec. This is not a drawback, we are here to defend Quebec interests and, consequently, the interests of the whole country. What is the position of the Grits on that Bill about pharmaceuticals? They do have a position. However, judging by what they said . . . the Hon. Member for Papineau (Mr. Ouellette) said, in 1983, on Bill C-22: "that a series of amendments is actually under consideration, but the industry will have to accept some form of price control in order to protect the consumer".

That is what this Government has done. You should check the position of the Liberals on Bill C-22, concerning drug patents which give minimum security to companies that discover new products in Quebec. This will generate $100 million in investments. Again, this is a blatant contradiction and I ask them to officially state their position. Ours as a government is clear.

Mr. Speaker—much has been said about tax reform. In case the Grits, the Official Opposition, do not know, the tax reform is already under way. It began with Bill C-23 which was passed before the Christmas recess. I do not make any unwarranted statements. I asked my colleagues to check which way the Official Opposition voted. Bill C-22 which was passed before the Christmas holiday provides for a minimum tax for the rich.

I therefore feel that in their new role as champions of the have-nots, Liberal Members could at least have congratulated the Government for that stance. They have voted against the collection of a tax on millionaires, on wealthy people.

I shall deal with the New Democratic Party in a few minutes, Mr. Speaker. There again, things are rather comical.

What I wish to say, Mr. Speaker, is that I could easily illustrate the record of the Liberals as regards their regional development policy. My region in particular has suffered deeply from never-ending federal-provincial disputes. There are some issues, Mr. Speaker, on which two, three, four or five electoral campaigns were run in my region and that we settled within two years. I have no lesson to take on regional economic development. People will tell me that our Government is neglecting regional economic development even if the estimates provided under that item in the budget have been increased by 4 per cent and even if the example which I will give shows quite well our concern for remote areas. I ask you to listen carefully.

Do you know that the last agreement signed by the Liberal Government provided for $1.4 billion spread out over 10 years? We have signed one providing for $1.6 billion over a five year period. And we are told that Quebec is losing $77 million one day and $97 million the next day. We are told that Quebec is also unfairly treated under our regional development policies.

All I want to tell you, Mr. Speaker, is that I am sure slander and lying will only last so long.

Unfortunately, you are signalling that I have only two minutes left. It is really not enough.

With respect to the policies of the New Democratic Party, Mr. Speaker, we should ask them to tell us today why they want to keep the Auto Pact when a few months or a few years ago they advocated its review every five years? This is what I would like to know.

I am also eager to know the position of the New Democratic Party on the constitutional issue in Quebec, its exclusive rights on language matters. We will follow that very closely.

I would also like to know the official position of the New Democratic Party on Bill C-23 on a minimum tax and a sales tax credit to the underprivileged as well as on Bill C-22.

All this to say, Mr. Speaker, that this Government must maintain its thrust, maintain its direction, even though temporarily, it hurts of course to have the polls against us. But I suggest that if this country has been run by polls during the past 75 years, it is now time to stop governing by polls. Personally, I am not interested in wasting public funds because the polls are not good. This will not happen. I prefer to maintain the economic performance of this Government, a responsible Government, and see a 24 per cent reduction in deficit growth within three years. This is definitely a record, it is incredible. This is why all the international agencies that have economic expertise say that Canada is doing an extraordinary performance, that investment in this country also is extraordinary. And of course I am pleased with that. I would need two hours, Mr. Speaker, to speak to them quite calmly. I

do not want them to be nervous. I will not hurt them. But it is a good thing that they should hear the truth, because what is being peddled around is a bunch of lies, Mr. Speaker. It is not the truth, and I invite them to come to our regions. I could illustrate this with an example, Mr. Speaker. I invite them to come to the Saguenay—Lac-Saint-Jean area and defend our regional issues, and also in the Beauce area, and all across Quebec for that matter.

Having said that I will add that concerning regional development, I am ready to compare this Government's performance over the past two and a half years, and you may rest assured that it is considerably better than the 25 years of Liberal mismanagement. And the results are there to prove that jobs are being created everywhere, in remote and other areas, where of course this is more difficult than in large industrial communities. The policy of our Government has revamped the old Liberal programs which existed solely for the purpose of fostering and encouraging patronage. Our whole strategy is bearing fruit, which is quite extraordinary, Mr. Speaker. I will have the opportunity to get back to this. I had to skim over some of the stands taken by the New Democratic Party which is making gains just now on the basis of its economic and constitutional contradictions. Its members do not know which way to vote on interesting Bills. Mr. Speaker, I want to thank you for allowing me these few minutes and I will have the opportunity to deal again with this within the next two years.

• (1730)

[*English*]

Mr. McKenzie: Mr. Speaker, I would like to congratulate the Hon. Member for Chicoutimi (Mr. Harvey) on a well-researched speech. However, I think I have to correct him on one issue.

Mr. Nystrom: Only one?

Mr. McKenzie: He said that the Liberal Party does not have a position on trade. It has all sorts of positions. One has just to take their pick. The Leader of the Official Opposition has two positions on it. He is for it and he is against it.

I would like to ask the Hon. Member whether he supports the Government's advances in research. There have been a great number of false and misleading statements about our being against research. Nothing could be further from the truth. I would like to point out to the Hon. Member that federal funding for science and technology in 1986-87 increased to an estimated $4.223 billion from last year's estimated level of $2.748 billion. With an increase such as that I do not know how anyone can stand on his feet and say that we are against research. The problem with research is that the Liberal Party had a policy of dishing out money to anyone who had a little pet project. We are not dishing out the money. We will not pay for waste and duplication, for programs that are being researched elsewhere.

I wish to ask the Hon. Member if he agrees with the new policy in place in the Department of Employment and Immigration. It is called the increased interview activity program. Under this program the Department calls in the unemployed to try to find out why they do not want to take jobs which are available. The Minister of Employment and Immigration (Mr. Bouchard) has called in over 75,000 people so far and we have placed 25,000 people in positions. A great many Canadians are not coming in for their interviews because they know why we are calling them in—we want to put them to work.

We know the Liberal Party destroyed the work ethic in Canada. There are all sorts of statistics which show that firms cannot find people to fill positions which they have open. One example I have here is with respect to Leeson Electric Canada which wanted to hire people to help out with the youth unemployment crisis. They advertised for truck drivers, shippers, receivers and trainers to learn the rewiring of electric motors. What happened is that they could not find anyone to fill those positions. With one million unemployed there is something radically wrong. We are dealing with this issue. I think we will have to continue to remind Canadians that the Liberal Party destroyed the work ethic in Canada.

We have another problem with the labour unions. The heads of the labour unions have told the people not to take these jobs. They have told the people to stay on welfare. Many of the companies are offering more than the minimum wage. For example, where the minimum wage is $4 they are offering $6, $8 and $10, and they still cannot find people to fill these positions. However, we are dealing with this situation.

I want to know the opinion of the Hon. Member for Chicoutimi in terms of whether he supports the Government's program to restore the work ethic in Canada which calls the unemployed in for interviews and which places them in jobs.

[*Translation*]

Mr. Harvey: Clearly, Mr. Speaker, for my friend the Hon. Member for Winnipeg—Assiniboine (Mr. McKenzie) to ask me to understand the policy of both the Official Opposition and the New Democratic Party is clearly asking me for the impossible. If I may, I should like to read what is the Liberal philosophy according to a former Liberal member. "To be a Liberal is first and foremost to be a Member of the House of Commons. And in this context, everything can be justified". It is not a Conservative member who is saying that but a Liberal. "If the development of Canadians as individuals can be achieved through socialism, the Liberal Party can be socialist. If the development of Canadians as individuals can be achieved through a change of direction to the right, by greater emphasis on the private sector, the Liberal Party can be a party of the right". I must continue, for you have not heard the worst yet. "If, to develop, the Liberal Party deems necessary to become communist, we will become communist. This is what being a Liberal means". I shall refrain from giving the name of this former member, but I shall perhaps have another opportunity to do so later.

In my humble opinion, when the Liberals speak about research and development, do you know what they have in mind? They figure out the amounts allocated to research and development only on the basis of what the Government does. As for us, our philosophy is that, if we want research and development to be effective and aimed at productive sectors, capable of generating employment, it must be carried out mostly by the private sector. What is our strategy, Mr. Speaker? It is not to have direct subsidies and direct Government research, but to provide incentives in the form of investment credits, and this has had marvelous results, even for our small businesses.

I am convinced that the Liberals have still not read all about our programs. Many small businesses in all the Liberal constituencies are carrying out research and development thanks to Government subsidies, but after two and a half years, the Liberals have still not had the time, with their demagogy, to read about our programs even though it is much better to provide research incentives than to throw money away since this is much less likely to promote productive research. No one is better able to decide in what sector research should take place than private enterprise.

The second area of criticism for the Liberals is employment. However, if we look at the record of the Liberals between 1979 and 1984, we find that they created 1,255 jobs a month. As for us, we are creating 25,000 jobs a month, but we are not taking full credit for this and saying that it is only because of the Government. The fact remains that, because we have inspired confidence to the private sector, there has been an outstanding performance at that level and this is due to our main partner the private sector which is there to create jobs. We must not forget that the investment climate in this country has never been so promising, particularly for foreign investors. I would suggest it is the result of this Government's sound management policy which, despite the demagoguery and falsehoods of the Official Opposition and the NDP, is bearing fruits outside our borders. We have a good credit rating in this country, Mr. Speaker, and it is nice to be told that Canada—in any case I am proud to be told that Canada is the best country in the world. It took us two and a half years to reach that level, so imagine what it is going to be like after four years.

Our main competitor was Japan, and I am proud because we can give an example of entrepreneurship, of work dedication, and of things well done. We mention Japan. Canada now ranks second after Japan and two years hence the Japanese will say: We ought to be able to do better than the Canadians. This is why our Government, through the Prime Minister, does not lay open to pettiness and reactions full of meanness. Our Prime Minister still has his national reconciliation objective in sight and signs regional economic development agreements, something which the Liberals did not even know—$1.6 billion in ten Quebec sectors. I am certain that the majority of the Liberal Members are not even aware of it.

Second, Mr. Speaker, the proof is made, economic recovery is a fact. As for social justice, Mr. Speaker, there will soon be daycare services and tax reform.

The Reds would like us to proceed more quickly with the tax reform. They had 75 years to do so themselves. Why should we not take another four months to think about tax reform? The income tax of all individual taxpayers will go down, Mr. Speaker, including corporate taxes. Those who have not paid any taxes in 75 years will have to pay some within a few months. In fact, the rich already have to pay a minimum tax. Our Government had to come to power to initiate this reform.

Our fourth major principle, and we must not go against our four major principles, about which we are making substantial progress, is international recognition for our country. Canada has to be seen as a country which is not afraid to negotiate throughout the world. We played a major role at the disarmament conference. Our positive contributions have enabled Canada to play a very interesting role in this regard. I am certain that, now that Canada is part of the Group of 7, which was not the case previously—once more, it needed our Prime Minister, who, by working intelligently, not with contempt for everyone and arrogance, but by negotiating intelligently—

Mr. Deputy Speaker: I am sorry to interrupt the Hon. Member, but his time has expired. The Hon. Member for Yorkton—Melville (Mr. Nystrom) for debate.

• (1740)

[*English*]

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, this afternoon I wish to say a few words on behalf of all of us here in the Opposition who are present—at times one feels like a tiny minority.

The budget debate gives the House a unique opportunity to talk about the general direction in which we think the country should go. It is a little like the Throne Speech debate which also gives us that flexibility. It gives us a chance to speak on behalf of our particular constituency or region, because we all come from different realities. I come from a part of the country that is suffering economically. My constituents ask the question, "Where is Canada going as a nation?" During the parliamentary break last week I had a chance to have public meetings in my riding, in the village of Stenen, the towns of Norquay, Buchanan, Springside, and Mikado. All are very small communities.

The question that most people are asking is, "Where are we going as a country?" This is a country with tremendous wealth and potential, yet in the last 20 years our living standard has dropped from number one or two in the world to down to about tenth, eleventh, twelfth, or fifteenth position depending on how it is measured. They ask the question, "Where are we going as a nation?" I think that we have a choice. We can either be a leader, or a follower; for much of our history, we have followed the American economy wherever it goes, or we can just get out of the way. Recently we have been getting out of the way as we

are pushed on shakes and shingles, on the U.S. Farm Bill, on softwood lumber, and starting yesterday on the question of potash. I do not believe it has to be that way. I believe that we can have a dream of a better tomorrow for ourselves, our children, and our grandchildren. I believe we can be a leader in the world. I believe that we can be a model for the rest of the world to follow. I believe that we have the potential, the intelligence, and the human spirit in this nation that if we had leadership, we could lead the world and be a model in the world of tomorrow.

I am concerned that the Budget does not provide that type of leadership. It has been described by everybody as a stand pat Budget, a safe Budget, a Budget that continues in the same direction. I am afraid that with that type of Budget we will not lead the world. I believe that we can modernize our economy. More money can be spent on research and development. We can specialize in certain areas. We can support our basic industries like farming, fishing, forestry, and resources. We can become a world leader if we have the dream and the vision.

• (1750)

As well, we lack a national spirit which unites us. All too often we are fighting, region against region, group against group, sector against sector. I do not see any evidence in the Budget brought down a couple of weeks ago that this will change.

As a matter of fact, the Minister of Finance (Mr. Wilson) and the Prime Minister (Mr. Mulroney) have said time and time again that the economy is healthier now, that jobs are being created now, and that there is a great spin-off creating wealth from one part of the country to the other. That is just not the case. In most parts of the country there are more people unemployed and in desperate straits now than there were seven years ago, back in 1981.

I should like to refer to an article which appeared in *The Globe and Mail* on February 28. It indicated, for example, that in the last year—and I think Canadians would be interested in this information—more than 95 per cent of the additional jobs in Canada were located in the Province of Ontario. I may add that even Ontario development has not been very balanced, because 15 per cent of the people in northern Ontario are unemployed. Therefore, 95 per cent of the jobs created last year were created in southern Ontario, primarily because of the stimulation provided by the automobile industry which is going very well.

Between January 1986 and January 1987, the total number of jobs in the country rose by 137,000 according to Statistics Canada, but only 5,000 of those jobs were located outside the Province of Ontario. Another way of looking at it would be that 40 per cent of the people working today are working in Ontario and Ontario has only 36 per cent of the population of the country.

If we look at the net number of people who are working, there are 2,000 fewer jobs outside Ontario today than there were a year ago on a seasonally adjusted basis, according to Statistics Canada. Therefore, 2,000 fewer people are working in nine provinces today than was the case a year ago, according to Statistics Canada.

When people in my part of Canada hear the Prime Minister or the Minister of Finance saying that there has been a creation of jobs, that there is new wealth, that there is a golden opportunity in the land, and that things are going well, they become very angry because it is not happening in Saskatchewan. It is not happening in western Canada, in Quebec, in the Atlantic provinces, or in northern Ontario. There is tremendous inequality in development in the country today. I do not see any evidence in the Budget to correct that tremendous imbalance. If it is not done soon, we will have growing regional inequities and regional alienation.

Last Friday a poll was published in *The Globe and Mail* which indicated that support in Manitoba for the separatist Confederation of the Regions Party had grown from 3 per cent to 7 per cent since October. Manitobans are feeling more and more alienated from not just the Government of Canada but from the national institution of Parliament and other Canadian institutions. This is a very serious issue.

[*Translation*]

I just heard the Hon. Member for Chicoutimi (Mr. Harvey) suggest in this House that everything is going fine now in the Canadian administration, thanks to this Tory Government. However, Mr. Speaker, would you take a very close look at the unemployment rate figures in Canada? A parallel can be drawn between the years 1981 and 1986. Everywhere in Canada unemployment rates are now higher than six years ago. And in provinces like Newfoundland, where six years ago there was a 13.9 per cent unemployment rate, the current rate is 20 per cent, a 6 per cent increase. And in Prince Edward Island, it went from 11.3 to 13.6 per cent. And in Saskatchewan, six years ago, there was 4.7 per cent unemployment and now the rate is 7.7 per cent. In my riding and in that of the Hon. Member for Assiniboine, the unemployment rate has almost doubled over the past six years.

A still more extreme example, Mr. Speaker, British Columbia had a 6.7 per cent unemployment rate six years ago, but now the rate is 12.6 per cent. And things are still worse in Alberta, where six years ago the unemployment rate was 3.8 per cent, as against 9.8 per cent now, Mr. Speaker. It is easy to see that we need a new regional development policy for Canada, because the only region in this country where everything is going right is southern Ontario. I have nothing against Ontario and Toronto men and women. I do not live in Toronto. There are other regions in Canada where the unemployment rate is much too high now.

[*English*]

Another concern is the sectoral problems. Canadian farmers are in great difficulty nowadays. Resource industries are in

great difficulty. One needs only to talk to my Conservative colleagues from Alberta about the oil industry to understand the tremendous problems of that industry because of the fall in the price of oil around the world. We have the same problem in potash. To make things even more complicated, the American Department of Commerce decided yesterday to begin investigation of the anti-dumping petition in the United States. Just this morning the American International Trade Commission held hearings about whether or not there was injury to two New Mexican potash mines because of supposed subsidies in Canada, primarily by the Government of Saskatchewan.

Our resources are under attack by growing protectionism in the United States, yet we have a Budget which does not try to redistribute opportunity and money in any serious way to the regions of Canada which most need it.

I think they are making a big mistake and running the serious risk of not only the Government itself being defeated but of deepening regional alienation and division within Canada. I am very concerned about the possibility of a rise in western Canada of a western separatist Party which feels alienated from our system because western Canadians are not getting their fair share.

[*Translation*]

The same thing goes for Quebec. Five years ago, a referendum was held on Quebec's independence. For quite a while in that province, there was a movement towards independence, and now we have a Government with 57 Quebec members which, according to the most recent polls, has the support of only 14 per cent of Quebecers. There is certainly a major alienation from the federal Government in Quebec.

[*English*]

Then we have Newfoundland where the cod issue, in terms of the sell-out to France, has made Newfoundlanders so angry that they called open line shows questioning whether or not they should have joined Confederation in the first place and talking about the future of their province within the country. The issue has so angered Newfoundlanders that a Conservative Premier—and we all know how important is Party solidarity in Canada—is leading a crusade and a virtual war on his federal colleagues in Ottawa and against the great codfather, the Minister of Transport (Mr. Crosbie).

These things do great harm to Canada. I am afraid about the future of the country. As I said in the beginning, I think we have tremendous potential in Canada. If we had a vision, we could lead the world in terms of economic development. We could be a world leader in transportation, in the resource industries, in agriculture, in fisheries, and in forestry. However, we are not doing that. It is not Canada which comes up with new and innovative ideas, machines, and high technology. Instead, we import most of those things from Japan, the United States, and western Europe.

[*Translation*]

Forty years ago, during the Second World War, Germany, France and Japan were practically destroyed, but today, their economies are stronger than our own.

Mr. Speaker, it is six o'clock, so I will continue either tomorrow or whenever we resume debate on the budget.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

REFUGEES—CHANGES IN GOVERNMENT REGULATIONS. (B) REFUGEE DETERMINATION SYSTEM

Mr. Sergio Marchi (York West): Mr. Speaker, I am pleased to take up questions that I had the occasion of asking the Right Hon. Prime Minister (Mr. Mulroney) yesterday in the House of Commons and followed up today with the Minister of Employment and Immigration (Mr. Bouchard). They dealt with the whole question of Canada's refugee policy. Essentially Canadians are getting confusing signals from the Government. On the one hand we have a system that is outdated with the present phenomenon facing Canada and facing the plight of refugees.

A special administrative review was put in place last May 21 by the former Minister of Immigration. Then the Government tinkered with the present parameters of that policy and announced changes some two weeks ago. It is promising legislation to set aside the system, creating a new independent refugee determination system. Today in media reports we learn of the Government's plan, already approved by the Planning and Priorities Committee, to usher in a second administrative review, or what *The Globe and Mail* and other newspapers refer to as general amnesty.

Canadians and refugees who are seeking asylum in Canada wish to know what kind of system we have. Over the last two years we have been trying to advocate bringing in a new, separate independent system apart from immigration, recognizing that an individual applying for landed immigrant status is pushed by certain criteria and that refugees seeking asylum are pushed by completely different motives and circumstances. That debate started with the Standing Committee on Immigration which submitted an umbrella report.

Rabbi Gunther Plaut provided a landmark report. Churches, organizations and immigrant aid societies across the country have given their input. The evidence is in. It clearly points toward the new system, yet we still have a Government that prefers to procrastinate. It is one that tinkered with the system a certain mode two weeks ago and then, as evidenced by this

amnesty or special administrative review, is tinkering with it in another way.

We are sending out two sets of signals. We have a front door policy and a back door policy. As I explained earlier, the policy is beginning to resemble a train with two sets of cabooses and which is going nowhere because each caboose is pulling in separate directions and each is playing one against the other. When we have a disorderly system and an inconsistent policy there is chaos. Chaos does two things. First, it allows greater abuse and allows those individuals who are making fraudulent claims to get away with them. Second, and more important, legitimate refugees are suffering as a result of the chaos, disorder and delay. We have individuals and families who have been waiting two, three and sometimes four years to get their lives determined. We need a system that is expeditious and fair.

The Prime Minister said on August 19 of last year when he was referring to the plight of refugees that "if we err, we will always err on the side of justice and on the side of compassion." Yet, as a result of changes made last week on which the Government hangs its hat, it is against fraudulent claims and false refugees. The entire country is, Mr. Speaker. Every Member of Parliament is against abuse in the refugee system or any other portion of our federal domain. We are not suggesting that we are in favour of fraudulent refugees, we are suggesting that there is a way of dealing effectively with the fraudulent refugee. Second, we are saying that we should not do the first to the detriment of legitimate refugees trying to normalize their lives and the lives of their families.

Because of the changes, rather than leaving the system as it is, imperfect as it is, people should know the rules of the game until a brand new system is in place and we have the gospel for this country's refugee policy. Instead we have one layer of bureaucracy on top of another, and the policy is being tinkered with every second or third day. In the end no one knows the direction the Government is taking, and certainly the refugees are getting conflicting signals.

• (1805)

By removing the B-1 list, in theory at least we may be deporting people to countries which we, just 10 days ago, deemed dangerous because of real persecution. We are jeopardizing those people. We are driving people to protect themselves through hunger strikes. We are stranding people at airports.

Canada has had a tradition of helping refugees in their plight. We cannot take everyone. We cannot open our doors wide enough for all the world's refugees. No one is saying that. However, we have a role to play. Yet that role is becoming fuzzy simply because we are sending confusing signals, which in turn is because the system is not working well. We have the ability to eliminate the backlog and take care of those seeking refugee status and at the same time give Canadians confidence that the system has a degree of integrity and consistency and will protect their interests as well.

What we in the Opposition are trying to say is, stop tinkering with the system. Stop sending up trial balloons and leave the system as it is until we can bring in a new and permanent system. I look forward to the Government agreeing with that principle and telling us when we can expect such a policy.

Mrs. Pauline Browes (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, I am very pleased to respond to the Hon. Member for York West (Mr. Marchi) concerning this very important issue. Last week, while the House was in recess, we had an opportunity to be in our ridings. It is not often that we get comments in our constituency offices about things which have been done well. However, the announcement made by the Minister of State for Immigration (Mr. Weiner) concerning changes in the refugee determination process was most positively received by the Canadian public.

I want to point out how welcome those changes were in my riding of Scarborough Centre. The changes were made to be fair to both the people coming into this country and those who live here now. Certainly we encourage refugees coming to Canada. The compassionate and humanitarian nature of both Canadians and this Government have never been questioned. The Nansen Medal which was awarded to the Canadian people is a great tribute to that compassion.

To specifically reply to the Hon. Member's comments, I wish to emphasize that the Government is satisfied that the current arrangement with the U.S. Government is providing the necessary protection against removal of a potential refugee claimant to a country where he or she alleges they will be at risk. The arrangement with the U.S. Government is that there will be a case-by-case review of each refugee claimant. Where there is no danger of immediate removal from the U.S., an immigration inquiry will be scheduled and the individual will remain in the U.S. until then. Where U.S. immigration indicates an individual is under deportation order and subject to immediate removal, the person will be allowed to enter Canada immediately to await the inquiry. Since those measures have been initiated there has been almost daily contact between the U.S. and Canadian officials at border crossings. There is evidence that American officials are co-operating to ensure that no potential refugee claimant will be removed from the U.S. prior to the date of the Canadian immigration inquiry.

I want to say to the Hon. Member that the administrative review was not an amnesty. Some 80 per cent of those reviewed have been allowed to stay in Canada. Some 20 per cent have not. That is not an amnesty. We are considering each case separately. We are not planning an amnesty as reported in *The Globe and Mail*. The Minister spoke very clearly about that in the House today. The fact is that we have not had an amnesty and are not planning one. Each case will be decided upon separately. I want to emphasize that Canada and the Government will treat each real, true refugee in a compassionate and humanitarian way, as is the Canadian way.

Adjournment Debate

• (1810)

CANADA MORTGAGE AND HOUSING CORPORATION—FUNDING OF CO-OPERATIVE HOUSING

Mr. Alan Redway (York East): Mr. Speaker, if you ever drive up Dawes Road in my constituency, you will see apartment buildings on both sides of the street, some of them high-rise and some of them low-rise. Those apartment buildings have been there for approximately 20 years. Some of them are well looked after and some are not so well looked after. One particular complex of buildings which is well looked after is the Chadwick Towers complex on Dawes Road. That is a co-op housing complex. The residents own the complex. They pay a maintenance fee and share in the maintenance and management of the complex. However, when the residents sell their property they cannot sell it at a profit.

As you well know, Mr. Speaker, this is excellent housing for low and modest income people, for middle-income people, for single family parents, and for young families. It is a great type of housing facility. I am proud that co-op housing is in my riding in Chadwick Towers. I am proud that that is not the only co-op housing development in my constituency. On Glenburn Avenue there are the Glenburn Apartments, which was a poorly maintained building. We were always having problems with this particular building. The then tenants got together with a co-op housing movement, bought the building, gutted and rehabilitated it, and turned it into a co-op. It is now a credit to our community.

I was hopeful that we were going to have another co-op housing development in our community, the Todmorden. Unfortunately, it was recently discovered that there is methane gas on the site where they were going to build this complex. They are, therefore, looking for another site on which to build it.

The co-op housing concept is a great one for providing housing for modest and middle-income people. I know you will recall, Mr. Speaker, that the former Liberal Government decided a couple of years ago to cut back on the number of units allotted for co-op housing. In reaction to that, the co-op housing movement came forward with a new concept called the index-linked mortgage. They convinced Canada Mortgage and Housing that the index-linked mortgage was a good idea.

Last year Canada Mortgage and Housing, proceeding for the first time under the index-linked mortgage concept, decided to allot 5,000 units to co-op housing. That was based on the fact that the index-linked mortgage could be obtained at a 4 per cent rate. Later it turned out that these mortgages could not be obtained for better than 5 or 5.5 per cent. Because of that, the 5,000 units of co-op housing were not produced. In fact, CMHC cut back to 3,300 units of housing. That is quite a shortfall from what had been allocated and promised originally. Furthermore, CMHC promised that 30 per cent of those 5,000 units originally would have shelter allowance and there would be some subsidization for low-income people. As a result of the cut-back in the number of units, the shelter allowance was cut back as well. In fact, there are 510 less co-op housing units with rent supplements than there would have been under the original allocation.

• (1815)

Our Government has done a great job in housing. There were more housing starts in the past year than there have been for many years. With interest rates falling and the economy beginning to move again, there will be even more housing starts in the coming year. When we consider the new social housing policy and all of the funds being directed to those in need, we will be able to produce with the same money in the social housing field about twice as many social housing units as we did in the past. We have been doing a good job in housing, but not in social housing altogether.

We need more rental housing, more shelter for single people and families, and we need more co-op housing. Members will recall that the co-op housing allotment by CMHC for 1986 was less than in 1985. In fact, it was the smallest number of units allocated in any year for the last 10 years or more.

The former Liberal Government let the co-op housing field down and let Canadians down by allocating fewer and fewer co-op housing units each year. That was an election issue. In fact, the Progressive Conservative Party promised during the 1984 election that there would be more co-op housing units produced under a Progressive Conservative Government. The Progressive Conservative Party is committed to co-op housing and I know that you, Mr. Speaker, are committed to co-op housing. Tonight, I hope that we will hear from the Parliamentary Secretary that the Government will keep that promise, that it will produce more co-op housing units this year and there will be a major allocation to co-op housing. If that does not happen I will be disappointed. In fact, I will be furious with the Government if I do not hear that from the Parliamentary Secretary tonight.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I welcome this opportunity to respond to the points raised by the Hon. Member for York East (Mr. Redway) on December 11 last year, about the supply of rent geared to income housing and the co-operative housing program.

[*English*]

Let me reassure the Hon. Member that the concerns he expressed tonight about co-op housing and low rental housing in his riding are the same concerns expressed in the riding of LaSalle which I represent. We have the same problems that were caused by the former Liberal administration and we are trying to correct them.

[*Translation*]

Our Government's success in this field is a source of intense pride for us all and especially for the new Minister responsible for the Canada Mortgage and Housing Corporation, the Minister of Public Works (Mr. McInnes). I welcome this

opportunity this evening to give some additional information on these programs.

In 1985, when government guidelines and housing programs were being reviewed, one of the guiding principles was to channel public funds to those who were most in need.

That is exactly what we have done. Now that a new set of programs, many administered jointly with the provinces, are being implemented, more truly needy Canadians are able to take advantage of Government assistance in obtaining affordable housing.

[*English*]

To help moderate income Canadians, those on the margin of ownership, a new co-operative housing program was developed to provide co-op members security of tenure through more effective use of public funds.

[*Translation*]

Furthermore, all housing co-ops must allocate a certain number of units for subsidized housing. Federal-provincial shared cost programs provide for rent geared to income in about 30 per cent of housing units for low-income Canadians.

Still on the subject of co-ops, if operating costs exceed market levels for rents, a subsidy is applied to make up the difference. Subsidies paid in subsequent years are normally indexed to the real rate of inflation. During the program review, the Co-operative Housing Foundation urged the Canadian Government to adopt an experimental mortgage instrument that had been used for some time, with considerable success, in Denmark. I am referring to an indexed mortgage loan, fully guaranteed by the mortgage loan insurance plan under the National Housing Act, which has been available for about six months.

The real interest rate hoped for by the Foundation did not materialize, unfortunately. Capital costs have soared, and last year's budget was not as flexible as the co-operative housing sector would have wished.

• (1820)

[*English*]

The Government of Canada continues to support the co-op form of tenure as an alternative for Canadians, and is watching with great concern the acceptance of this experimental mortgage instrument.

[*Translation*]

Our Government remains committed to channelling its limited resources to Canadians who are most in need.

[*English*]

That is to say our Canadian Government continues in its resolve to target its limited resources to helping those Canadians in greatest need in York East and in LaSalle.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.22 p.m.

HOUSE OF COMMONS

Wednesday, March 4, 1987

The House met at 2 p.m.

Prayers

STATEMENTS PURSUANT TO S. O. 21

[*English*]

FISHERIES

LICENSING OF SCALLOP FISHERMEN

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise today to express my disappointment at the decision of the Department of Fisheries and Oceans to withhold the renewal of licences for scallop fishermen for the 1987 season. During the Christmas break, in fact on December 29, 1986, the Minister of Fisheries and Oceans (Mr. Siddon) released a press release indicating the plan for 1987. So much for openness by the Government which campaigned on that in the 1984 election. Once again an arbitrary decision was made by the Minister of Fisheries and Oceans with no thought or consideration of the effect this measure will have on the lives and livelihoods of the fishermen affected.

In order to qualify for the new licences, fishermen must have landed scallops valued at $350 during any of the last five years. However, this arbitrary threshold ignores the fact that many fishermen simply do not sell their catch. Many keep the scallops for their own consumption, thereby significantly augmenting their over-all income, which is very limited. I call upon the Minister of Fisheries and Oceans to rescind this order immediately and to end this unfair and arbitrary decision affecting the inshore fishermen of Nova Scotia and the Atlantic region.

* * *

[*Translation*]

WOMEN

CHALLENGES TO MEET

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, this being the week marking International Women's Day, all men and women must now ask themselves what progress has been accomplished since women took to the streets to claim their equality rights.

As women, Mr. Speaker, we are forced to conclude that even though there has been some progress at various Government levels since the Progressive Conservative Party took office, be it with respect to employment equity or appointments to the upper echelons of the Public Service, unfortunately some deplorable situations still remain in day-to-day life.

Specifically, violence against women in films, television and pornographic literature; minimum and hardly enforced sentences for sexual assaults against women; lack of adequate day care services; wage disparities, particularly in private industry; lack of social incentives with respect to sharing parental responsibilities, just to name a few.

Mr. Speaker, women did make some progress since they first demonstrated in public, but we have to admit that the fight is not over yet and that they still have a long way to go.

* * *

• (1405)

[*English*]

INDUSTRY

ANNOUNCED CLOSURE OF CANADA PACKERS PLANT IN WINNIPEG

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the meat packing industry has played an important role in the economic life of Winnipeg. Its well-being has been a major concern to workers in the industry in Winnipeg, as well as farmers across Manitoba.

Recently Canada Packers announced that it would close its plant in Winnipeg. This will mean the lay-off of almost 1,000 workers, many of whom have worked for the company for 20 or more years and will have great difficulty finding other employment. The decision by Canada Packers to close this plant was, to a large extent, brought about by the federal Government's funding for a new pork killing and processing plant in Neepawa. The Food and Commercial Workers Union warned the Government that the establishment of that plant would mean the likely closing of the Canada Packers plant in Winnipeg.

Burns and Company which has a plant in Winnipeg is contemplating the establishment of an expanded plant, which would mean 200 new jobs. I call on the Minister to make it a condition of government assistance in building the plant that

the company give first choice of new jobs to workers at Canada Packers who are laid off.

Mr. Speaker: I hesitate to interrupt because this is the time for Members' statements. However, I want to bring to the attention of Members that we have been going over the allotted 60 seconds for these statements. It is giving me difficulty because it is cutting down on the number of Members who can be heard. I do not want to interrupt a Member because these are important matters. I just want to give some notice that I will have to stand and ask Members to stay within the limit. I just want to give that notice now.

* * *

HUMAN RIGHTS

U.S.S.R.—REUNIFICATION OF JEWISH FAMILIES

Mr. Jim Jepson (London East): Mr. Speaker, I rise before the House today to comment on the plight of Soviet Jews. Many Jews have been denied the right of family reunification. Thousands of refusniks who have applied for exit have had their visas denied. More important, after a refusnik applies to leave, it seems that more often he or she is subject to being dismissed from his or her job. Furthermore, some have had their children expelled from school, some are being arbitrarily arrested, and some have had their personal property confiscated. Because of these Draconian measures, many more are afraid to apply for an exit visa to leave Russia.

When the Helsinki Accord was signed in 1975, one of the main principles agreed to was that participating states would deal in a positive humanitarian spirit with the applications of persons who wish to be reunited with members of their family. As a signatory to that accord, the Soviets have clearly not abided by this agreement.

I urge the Secretary of State for External Affairs (Mr. Clark) to continue his good efforts in having the Soviets agree to allow these persecuted Jewish people the freedom to leave and join their loved ones in Israel and other nations around the world.

* * *

[*Translation*]

HOUSING

ADVANTAGES OF HOUSING CO-OPERATIVES

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, according to a Co-operative Housing Foundation of Canada press release, a Gallup poll indicates widespread support for co-operative housing organizations: 72 per cent of respondents agree that housing co-operatives should be subsidized to give people an opportunity to find affordable housing. There are a number of housing co-ops in Montreal, especially in my riding of Saint-Michel—Ahuntsic. Mr. Speaker, I was able to see for myself that this kind of housing offers advantages to the residents and the whole community.

In Canada last year, 3,500 new co-op units were built throughout the 10 provinces and two territories. Therefore the number of co-op housing units built in such remote localities as Yellowknife does not meet the demand.

I would urge the Minister responsible for housing to continue to make every effort to meet the needs of poorer Canadians. I would also urge him to find new solutions to provide more financial support to men and women who are not destitute enough to be eligible for Government assistance, yet not so well-off as to be able to find decent housing without having to tighten their belts unduly.

* * *

MINES AND MINING

IMPORTANCE OF SPECIAL MINING SHARES

Mr. Guy St. Julien (Abitibi): Mr. Speaker, Canada's mining regions reacted very positively to the last Budget brought down by the Minister of Finance (Mr. Wilson). Since February 19 I have been receiving calls to congratulate and thank us for maintaining the flow-through shares program. For many months I have been speaking out in support of this program, admirably seconded by the Quebec Prospectors Association and representatives from the mining industry in Abitibi—Témiscamingue and across this country.

Mr. Speaker, we made the point that the benefits of this financing program outweigh what it costs governments in loss of tax revenue. Flow-through shares are effective instruments for providing incentives to major economic activity in Canada's mining regions. Flow-through shares benefit the economically weaker northern regions of our provinces. Mr. Speaker, flow-through shares must be maintained under our upcoming tax reform.

* * *

• (1410)

[*English*]

HOUSING

FUNDING OF CO-OPERATIVE HOUSING PROJECTS

Mr. Neil Young (Beaches): Mr. Speaker, in a cross-Canada Gallup poll conducted in January of this year, 72 per cent of respondents agreed with the statement: "The Government should allocate subsidies for housing co-operatives as a way of providing affordable housing to Canadians". As well, 56 per cent of renters said they would be willing to try co-ops

themselves. Yet the Government went back on its promise to provide 5,000 co-op units per year. Instead, it is going ahead with only 3,200 units. This is a significant decline from previous years. It has as well reneged on its commitment to provide 1,500 rent supplemented co-op housing units for 1986. That number has been reduced to 950.

The Co-operative Housing Foundation, which is the voice of Canada's 1,100 non-profit housing co-operatives, wants to know why the federal Government is cutting back when Canadians are saying co-op housing is a high priority. Co-op housing has a proven record and strong public support. I call upon the Government to authorize the promised 5,000 co-op housing units and to release funds for the full 1,500 rent supplemented units.

* * *

AGRICULTURE

NUTRIENT VALUE OF BEEF

Mr. Blaine A. Thacker (Lethbridge—Foothills): Mr. Speaker, I would like to congratulate Canadian beef producers for meeting the needs of health conscious Canadians. Consumers can now be assured that the beef they serve their families is as low or lower in cholesterol than most other meats, including fish and chicken, while at the same time remaining a good source of iron and other essential nutrients.

I would also like to congratulate the Minister of Agriculture (Mr. Wise) and Agriculture Canada for undertaking research to establish the latest figures on the healthfulness of Canadian beef. This data will now be included in the nutrient file of Health and Welfare Canada and its subsequent publication entitled "Nutrient Value of Some Common Foods". This is good news for all Canada.

* * *

NUCLEAR ARMAMENTS

ANTI-BALLISTIC MISSILE TREATY—OPPOSITION TO REINTERPRETATION

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, Mr. Paul Nitze, the senior adviser to the President on arms control, is coming to Ottawa this week to brief the Canadian Government on the White House's reinterpretation of the 1972 Anti-Ballistic Missile Treaty so as to enable extensive testing of the Strategic Defence Initiative known as star wars.

The response of the Canadian Government should be firm. There is no need for a reinterpretation of that treaty. Although it was signed only by the two superpowers, it is not a private contract to be nit-picked by lawyers in the Kremlin and the White House simply to provide new interpretations which would permit the extensive testing of this new defensive system.

All humanity has a stake in that treaty. It is the very cornerstone of arms control. The reinterpretation which is sought by the United States could seriously jeopardize the future of arms control negotiations.

* * *

[*Translation*]

LIBERAL PARTY

SPOKESPERSONS' AUTHORITY

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, in 1983, the Liberal Party of Canada, today represented in the House by 40 Members with as many different positions, concluded an agreement with the United States to allow the testing of Cruise missiles in Canada.

In November 1986 at their Party convention, those same Liberals decided to demand an end to the testing of U.S. Cruise missiles in Canada.

In February 1987, the official defence critic for the Liberal Party said that testing should be stopped immediately. Visibly embarrassed, the Leader of the party remarked that Liberal Members, even senior members, should not make statements on the missile issue on behalf of the Party. As soon as the Leader of the Liberal Party finished speaking, another member, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston), the Liberal critic for external affairs, said he agreed with his colleague from Sudbury.

The Liberal Leader was embarrassed again, and said rather awkwardly that he would have something to say when he had something to say.

Mr. Speaker, we knew that the Liberal Party of Canada had no ideas or programs or policies, but is it leaderless as well?

* * *

• (1415)

[*English*]

AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—CALCULATION OF PAYMENTS TO FARMERS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, there are already some inequities showing in the Special Canadian Grains Program, the $1 billion assistance program to farmers. Some $700 million of the program remains to be paid out. The initial payment has been mailed out to farmers. It was based on a system of providing yield averages based on large crop insurance districts, as opposed to the average

production potential of each farm, as was understood in the first place.

By using these large districts instead of actual farm production, inequities have crept in along the borders in particular. A 20 per cent or more difference exists between one road allowance and another where a farmer is caught in what is a relatively low-producing crop insurance district, even though his land is high-producing, comparable to the land of his neighbour across the road. This is creating inequities in the amounts of the payments.

As well, there are inequities in that producers of the so-called specialty crops are not covered even though their prices have fallen in response to the fall of the general market. Specialty crop prices reflect the market and are down by at least as much as the market for wheat, oats, and barley. The program should have covered those crops as well.

* * *

ST. LAWRENCE SEAWAY

PROMOTION CAMPAIGN BY DELEGATION VISITING EUROPE

Mr. Joe Reid (St. Catharines): Mr. Speaker, a contingent of some 20 Canadian maritime and government officials is now taking part in a joint Canada-United States trade mission to northern Europe. The purpose of the mission is to promote greater use of the St. Lawrence Seaway-Great Lakes system. They have already met and were well-received by their counterparts in Denmark, Sweden, Norway and Finland. They have still to visit Dusseldorf, Antwerp and London.

The Canadian delegation is led by William O'Neil, President of the St. Lawrence Seaway Authority, along with representatives from two provinces, the users, and port and seaway officials. The delegation is joined by a 22-member contingent from the United States.

This mission, coupled with the federal Government's contribution of $175 million to rehabilitate the Welland Canal, is evidence of the Government's continuing support of the great Seaway system and its commitment to improving trade relations with northern Europe.

* * *

[*Translation*]

LABOUR RELATIONS

REQUEST FOR REOPENING OF STAR-KIST TUNA PLANT AT BAYSIDE, N.B.

Mr. Fernand Robichaud (Westmorland—Kent): Today, Mr. Speaker, my colleagues and I met a delegation representing the former employees of the Star-Kist Canada Limited tuna packing plant in Bayside, New Brunswick.

The delegation's spokesman described for us the human tragedy which is afflicting this part of New Brunswick. Sixteen months have already elapsed since the closing of the plant which employed over 400 working men and women. The unemployment rate in this area currently reaches 36 per cent. These men and women want to work. They are recognized as the world's most productive fish processors.

Most of them have now run out of unemployment insurance benefits. Some have been placed in job creation projects, while others are on welfare.

To conclude, Mr. Speaker, I should like to quote part of their presentation: "We beg of you today to give this matter the attention it deserves, to use all your powers to reopen the Bayside plant and make it possible for us to go back to work."

[*English*]

Mr. Speaker: Before calling Oral Questions, I think it would be appropriate for the Chair to give some indication to the Chamber with respect to the length of Question Period. The Chair has been trying very hard to ensure that the maximum number of Members are given a chance to be heard. I think Members will have noticed that, yesterday, we went perhaps a little too long. Thus, I would ask Members today to be disciplined with their preambles and remember that their colleagues are also waiting their turn.

Some Hon. Members: Hear, hear!

• (1420)

Mr. Turner (Vancouver Quadra): Mr. Speaker, I am sure that we will all do our best to stay within those guidelines beginning now, and followed by the succinct, concise replies from Ministers.

ORAL QUESTION PERIOD

[*English*]

CANADIAN WHEAT BOARD

INITIAL GRAIN PRICES

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is directed to the Deputy Prime Minister in the absence of the Prime Minister. It has been reported this morning that the Canadian Wheat Board is recommending a 20 per cent drop in initial grain prices. This will mean thousands more bankruptcies for Canadian farmers, particularly in western Canada. Under those circumstances, if it happens, thousands of farmers will not even bother to plant. Despite all the promises of the Government to the Canadian farmers, we are now seeing the collapse of the western grain economy. Will the Deputy Prime Minister guarantee to the House and to the Canadian farmers that initial prices this year will be at least as high as last year's prices in order to maintain some certainty in a very difficult situation?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): The Hon. Leader of the Opposition should know that the Canadian Wheat Board makes recommendations to the Government as to what the initial payments should be. The Government looks at those recommendations, and at other recommendations. We are presently in that process of deciding at what level the initial payments should be.

The Right Hon. Member should also know that the Wheat Board did not make public its recommendations to the Government of Canada. What has been happening is that other analysts have been commenting on what they think the Board has recommended. In order to set the record straight, the recommendations that the Board has made to the Government are strictly confidential.

REQUEST FOR GUARANTEED RETURN FOR FARMERS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my supplementary question to the Minister responsible for the Canadian Wheat Board is this. We now have the uncertainty arising from this report, and it is incumbent upon the Minister to clarify the situation for the Canadian farmer. The Minister knows that a combination of low world grain prices, a trade war between the European Community and the United States, and the actions of this Government, frankly, are conspiring to drive the Canadian farmer off the land.

Some Hon. Members: Oh, oh!

Mr. Speaker: The Right Hon. Leader of the Opposition has evoked some response on this important matter. Perhaps keeping in mind the fact that we do want to allow the maximum number of questions, all Hon. Members would allow the Right Hon. Leader of the Opposition to put his question.

Mr. Turner (Vancouver Quadra): I am sure we can understand the nervousness of the Members opposite. There is no Saskatchewan election this year, and there are no more votes to be bought.

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): In these circumstances, the Canadian farmer is wondering how he can trust the Government.

My supplementary question to the Minister is this. In view of the uncertainty caused by this report, the Minister has admitted that there has been a recommendation for lower initial prices made by the Canadian Wheat Board—

Some Hon. Members: Oh, oh!

Mr. Turner (Vancouver Quadra): The Minister is free to stand up and say what the situation is.

Will the Minister guarantee the same return to farmers this year as they received under last year's prices? Will he do that today?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, as a farmer I do not wish to minimize the difficulties that are faced in the international grain market. The Right Hon. Member should be fair about the situation. He will know that the Government and the Prime Minister have pushed for settling this dispute at the international level. In the first two years of this Government agricultural spending was increased by 62 per cent in light of the over-all reductions that were made in other government expenditures.

If the Right Hon. Member is fair, and if he has done his homework, he will know that in light of what will happen this year on spending in agriculture in western Canada, which is where the majority of grain will be produced, we intend to increase agricultural spending again by about 50 per cent. That is not abandoning the farmers. In my view, that is supporting them in a very difficult time.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): I wish to refer the Minister to the Canadian Press report which is far more detailed than he likes to admit.

* * *

REVENUE CANADA

TAX AUDIT OF FARMERS

Right Hon. John N. Turner (Leader of the Opposition): I wish to direct my final question to the Deputy Prime Minister. He knows that the farm economy is collapsing, yet his colleague, the Minister of National Revenue, is choosing this very time to exact his pound of flesh by conducting a massive tax audit of every Canadian farmer. He is hitting the Canadian farmer when he is down. Under the present circumstances, will the Deputy Prime Minister order his colleague to stop the tax audit immediately?

• (1425)

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, if I might be permitted to respond to the Right Hon. Leader of the Opposition, I want to assure him and all Members of the House that what he refers to as a massive tax audit or as being discriminatory toward western farmers is a complete fallacy. That is not the case at all. This particular, what he calls, audit has been directed in a gradual way across the entire country for several months. There is only a fraction of 1 per cent of farmers across the country who are even touched by the audit. There have been no reassessments. It is only done, as I am sure he as a former Minister of Finance would understand, to look at the more blatant cases where the capital cost allowance or the investment credit tax credit are being massively abused.

REQUEST THAT MINISTER END TAX AUDIT

Mr. Maurice Foster (Algoma): Mr. Speaker, the Minister of National Revenue has already indicated that it is a wide-scale tax review and tax audit by his auditors of over 1,000 farmers, 400 in Manitoba alone. In view of the tremendous financial stress which is being put on western Canadian farmers because of the financial disaster the Minister just indicated, is the Minister willing to call off this wide-scale tax audit which he is carrying out?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I want to tell my hon. colleague opposite, first of all, that it is not what he refers to as a wide-scale tax audit. It is directed at cases across the country, not at farmers alone but in other sectors where there are, I repeat, obvious abuses. I want to assure him and all Members of the House that several months ago I met with SMIDA. Recently I have met with Keystone Press. I have talked with Members of the House from all Parties. I am not at all interested in doing anything which will put an additional burden upon western farmers or any other sector of our economy.

INVESTIGATION OF FARM EQUIPMENT PURCHASES

Mr. Maurice Foster (Algoma): Mr. Speaker, farmers are being singled out and victimized by the Department of National Revenue for legitimate private purchases of farm equipment which they made in 1983 and 1984. When is a commercial agreement not a commercial agreement? Why are these being opened up? Why is the Minister not willing to call off this witch-hunt, this harassment of farmers?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, with the greatest of respect I would invite my colleague opposite to put this down for debate so that I can deal with the issue with him. I repeat, he is giving misinformation to the House. It is not an audit which is directed at farmers. It is not an audit that is singling out any part of the industry. It is simply to get the worst abuses of capital cost allowance and investment tax credits in cases where they are really not in the best interests of Canadian taxpayers as a whole. I repeat, it is not directed at farmers. It is directed at everyone or every company that is using this kind of investment tax credit or capital cost allowance in an improper way.

* * *

AGRICULTURE

GRAIN PRODUCERS—GOVERNMENT ASSISTANCE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my question is for the Deputy Prime Minister. Just a minute ago the Minister of State for the Canadian Wheat Board talked about what the Government had done for grain producers last year. The crisis faced by farmers is taking place this year, and they want some action by the Government. If the Government acts on a recommended additional 20 per cent cut in the initial price, it will mean an $800 million withdrawal from the pockets of farmers, which would mean from the whole prairie economy. Will the Government quit talking in generalities and make a specific commitment today? What will it do for Canada's grain producers in this crop year?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I welcome the Hon. Member's intervention. It should be very clear, if one examines the record, that the Government has always stood by Canadian farmers. Indeed, this year alone we have just paid out over $300 million, that is, the interim payment from the billion dollar Special Canadian Grains Program. Subsequent to that there will be another $700 million. That will be the final payment under the billion dollar program. To indicate our continuing concern and our continuing support for the farm community, the Minister in charge of the Canadian Wheat Board will commence a new round of meetings with farm leaders tomorrow afternoon.

MINISTER'S ADVICE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, the Minister of Agriculture knows that what he has just rhymed off is what the Government plans to do for the current crop year. What the farmers are now making their minds up about is planting for the next crop year. Since the Minister himself said yesterday, and I quote: "Farmers must base their decisions on the market—"

• (1430)

Mr. McKnight: On the Prairie you plant potatoes and corn; we seed wheat.

Mr. Broadbent: If the Hon. Member for Saskatoon would be interested in doing something for farmers instead of heckling, the farmers of western Canada would be happy.

At least the Minister is listening politely. The Minister said yesterday, "Farmers must base their decisions on the market, not on what the Government might do". Those are his words, Mr. Speaker. And if they based their decisions on the market, they are going to lose an additional $800 million this year. Is the Minister really saying to farmers either go deeply into debt, or pack up, go to Toronto and look for a job?

Hon. John Wise (Minister of Agriculture): No, Mr. Speaker, that is not the intent. Indeed the Canadian farmers will not take it as an intent or a word of advice in that respect.

Mr. de Jong: They will not take it.

Mr. Wise: The Hon. Member should realize that Canadian farm leaders themselves join with us in expressing that word of caution to the Canadian industry. I welcome the opportunity to do so again. Canadian farmers should not plan their 1987 cropping pattern based on the distribution formula in the Canadian Grains Program. We are a Government that would prefer to develop a program not in isolation but rather in

concert and in co-operation with Canadian farm leaders. That is exactly what we did in the past and that is exactly what we are going to do in the future. We are commencing that meeting tomorrow.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, it is certainly the case that farmers are looking for action. I am sure all Canadians were moved to see on the front page of *The Winnipeg Free Press* on the weekend a man who had been farming for 30 years, successfully up until the present market circumstances had devastated his prospects, who has packed up and gone off the farm. We want to put an end to that circumstance. We want Canadian farmers to farm.

Since the Europeans are helping their producers, and the Americans are helping theirs, what will the Canadian Government do in terms of a moratorium on debt, in terms of energy costs, fertilizer costs, and in terms of all the inputs? What will the Canadian Government do concretely to help our grain producers?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, we will continue to do exactly what we have been doing, that is, working on a day-to-day basis with farm leaders, sitting down together, working out a program that will be most effective and most helpful that will keep as many Canadian farmers on the land producing food.

* * *

CANADIAN WHEAT BOARD

DEFICIENCY PAYMENT REQUESTED FOR NEXT CROP YEAR

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I would like to come back to ask a question of the Deputy Prime Minister. We have not been able to get answers from either the Minister of Agriculture or the Minister responsible for the Wheat Board. We know that the spokesperson for the Wheat Board has said "We are talking about nuts and bolts, economic survival and whether it is worth while for farmers to put in a crop this year". That is drastic language, Mr. Speaker. Can we not receive today a commitment from the Government that it will provide a deficiency payment for the next crop year? Farmers must decide now what to plant. They need that information if they are going to plant a crop and if we are going to have a grain economy in the west this year. Can't we get an answer today?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Canadian Wheat Board is a Crown corporation that operates and does a very good job as far as selling Canadian grain is concerned. It regularly makes recommendations to the Government of Canada about setting initial payments. That process is under way and is a normal kind of a process at this time of the year. We will be looking at the Wheat Board recommendations and we will be taking other things into consideration before we announce what levels the initial payments will be.

In the meantime, as I said in answer to the first question, if you could take into consideration all government spending in agriculture in western Canada, it looks as though it is likely to increase over 50 per cent in the coming crop year. That is a significant amount of benefit that will flow to grain producers who are suffering from the very severe world market declines.

Mr. Benjamin: Fifty per cent of what?

REQUEST FOR GOVERNMENT COMMITMENT

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, I have a supplementary question. It is true that the Wheat Board recommends but it is the Government that decides. Farmers are asking for a decision. They recognize, with the admission of the Wheat Board, that prices will be drastically lower. They need a commitment and a decision now to plant a crop for the forthcoming crop year. Let me ask again, Mr. Speaker, why will the Government not indicate clearly that it will repudiate the statement made by the Minister of Agriculture and make a commitment today to provide deficiency payments so we can have crops in the ground beginning this spring?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, I am not so sure the Hon. Member understands the system. He was a former Minister responsible for the Canadian Wheat Board. I remember one time running into him during the 1984 election and I had to give him instructions on how to sign the forms to provide for cash advances. He is demonstrating the same kind of knowledge about the system now.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Axworthy: Just make a decision.

Mr. Mayer: The system is in place. We are in the process of determining at what levels initial payments will be. They have never been announced this early before. They were announced as late as May 15 by the Government of which you were a part—

Mr. Speaker: Order.

Mr. Mayer: —of which the Member was a part. We will announce it at the normal time which is the middle of April.

MINISTER'S PLANS

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, my question is for the Minister responsible for the Wheat Board. As a farmer, he is aware that Canadian farmers are facing a competitive world situation where European farmers will be taking home slightly more than $8 a bushel for wheat

at the farm-gate and American farmers are being guaranteed, with their deficiency payments systems, something in the area of $6 Canadian per bushel. We have come through a year where the initial price we are guaranteed in effect is about $3 Canadian. We are now facing a market reaction that indicates we will have to be looking at something in excess of 20 per cent lower than that again this year. As a farmer, will the Minister tell us what he is going to be planting this year?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, if the Hon. Member is asking me what I am going to plant on my own farm, I will be happy to tell him. The Member is the only farmer in both opposition Parties across the floor.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Mayer: That is true. I have faith in the ability of Canadian farmers to compete. I intend to plant on the same basis as we have in the past and what we did on my farm. I do not intend to back away from production. I intend to reduce my input costs and do the very best job I can of coping with a very difficult situation.

MINISTER'S POSITION

Mr. Vic Althouse (Humboldt—Lake Centre): Mr. Speaker, is the Minister then telling us that he does not expect any additional payments through a special grains program to cover the current crop year, and he is making his planting plans accordingly?

Mr. Andre: What has that got to do with government business.

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): I did not say that at all, Mr. Speaker. Probably it would be more useful for the two of us as farmers to engage in this kind of a discussion by ourselves.

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF HEALTH AND SOCIAL WELFARE OF POLAND

Mr. Speaker: I would like to draw the attention of Hon. Members to the presence in the gallery today of Dr. Miroslav Cybulko, Minister of Health and Social Welfare of Poland.

Some Hon. Members: Hear, hear!

PRESENCE IN GALLERY OF ATTORNEY-GENERAL OF BRITISH COLUMBIA

Mr. Speaker: I also wish to draw the attention of Hon. Members to the presence in the gallery of the Hon. Brian Smith, Attorney-General of the Province of British Columbia.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

SHIPBUILDING

CARIBOU II—INQUIRY WHY WORK NOT STARTED IN QUEBEC SHIPYARD

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Deputy Prime Minister. Last Monday, the Minister of Transport tried to pull a fast one on the people of British Columbia by telling employees at Versatile Pacific in Vancouver that their company would get the contract for the Polar 8 icebreaker, while in fact there was only a letter of intent from the Government to the company. Mr. Speaker, to Quebecers this story has a familiar ring, because the Conservative Government has announced three times over that work would start on the *Caribou II*, the ferry that was supposed to be built at the Versatile shipyards in Lauzon, and nothing has started yet. Could the Deputy Prime Minister explain to the House why, considering this contract was announced a year ago, in March 1986, work has yet to start at the Lauzon shipyards near Quebec City?

• (1440)

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am glad the Hon. Member rose to his feet to get some elucidation on this issue. Regarding the second *Caribou*, or the caribouboo, the contract was signed and awarded and was entered into by Marine Atlantic with the shipyard in January. That was as a result of the herculean and stupendous efforts of the Minister of Regional Industrial Expansion who straightened out the affairs of Versatile in Quebec and saw to the sale of the operation to Marine Industries in Quebec. The Hon. Member can give the Minister full credit and I hope he will do so in his district and throughout Quebec. Tell them the truth.

[*Translation*]

INQUIRY WHEN JOBS WILL BE CREATED IN SHIPYARDS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, if the Minister would come up for air, he would know that the contract was signed on March 26 but not a single job has started at the shipyard. People want action, work and jobs, not statements. The Minister of Regional Industrial Expansion went to Quebec City three times to announce that construction would start on the *Caribou II*. Five thousand shipyard workers

in Quebec are still waiting, not just for more words but for a firm commitment, for contracts and jobs, and they're not interested in funny remarks by the Minister of Transport. They want to know when work will start at the three Quebec shipyards in Montreal, Sorel and at Vickers.

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, no one can be sure what the workers want but what the hon. gentleman is producing for them is not likely to be what they want either. Ninety-five per cent of all the work going on in Canadian shipyards today has been put there by the Government as vessels are either being built for the Department of National Defence or the Canadian Coast Guard. The *Henry Larsen* is in Vancouver, and there is the Versatile shipyard, and the three Canadian patrol frigates at the Saint John Shipbuilding Company. There is a Type 1100 Canadian Coast Guard vessel at Halifax. There are two Coast Guard vessels at Sorel, and two Tribal Class destroyers at Davie. That is where the work is coming from for Canadian workers.

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HUMAN RIGHTS

U.S.S.R.—REUNIFICATION OF FAMILIES

Mr. Fred King (Okanagan—Similkameen): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Scarcely a week goes by that I do not receive inquiries on family reunification and the Soviet Union. I am aware of the representations the Minister and the Prime Minister made to Foreign Minister Shevardnadze in Ottawa last fall. Has the Minister received any response to these high-level representations?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I thank the Hon. Member for his interest in this matter. The Prime Minister and I raised forcefully and directly the question of family reunification with Mr. Shevardnadze when he was here last fall. I am sure the House will be pleased to know that our Ambassador in Moscow was informed last week that of the 42 outstanding family reunification questions involving Canada, 22 have been resolved. That means that 57 individuals will be allowed to leave the Soviet Union to join their families in Canada within the next two months.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): I hope that that is a sign that the rest of the cases will be resolved and that this reflects a real change in the Soviet Union. As for the Prime Minister and I, we intend to continue to pursue the remaining Canadian cases both with renewed vigour and with renewed hope.

CANADIAN BROADCASTING CORPORATION

GOVERNMENT FUNDING—CANADIAN CONTENT PROGRAMS

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is directed to the Minister of Finance who will know that in his Budget of this year there were winners and losers in the cultural area and over all it was a net loss for cultural agencies as compared with what they had before. Could the Minister explain to the Canadian public how the CBC can fulfil its mandate with only 87 per cent of the budget it had three years ago? How can it increase Canadian content when there has been this reduction in its budget?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I think that question should be more appropriately put to my colleague, the Minister of Communications who, as the Hon. Member knows, is in China this week. She should be back shortly and that would be a more appropriate time for the Hon. Member to put the question.

CORPORATION'S MANDATE

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, my question is one of government policy and commitment. The CBC has made a commitment and has been required by the CRTC to increase Canadian content. How can it fulfil that mandate to increase Canadian content without a budget? Is the Government reneging? Does it not want the CBC to fulfil that mandate? Is it against Canadian television programming?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, on the contrary. The Minister of Communications has commented on this very point on a number of occasions in the very recent past. The Hon. Member is quite well aware of that. The CBC has been asked to work within certain budgets, as is the case with all other government Departments and Crown corporations, in the interests of dealing with the broader problem with which we are faced, the problem of the federal deficit and the growing debt. The success we have had in working on the deficit problem has led to lower interest rates, to a considerable amount of job creation, to record housing starts, to a very healthy economy—

Mr. Speaker: Order.

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SUPPLY AND SERVICES

NOTIFICATION OF MEMBERS OF PARLIAMENT PRIOR TO AWARDING OF CONTRACTS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is for the Minister of Supply and Services. The Minister stated on Monday that a new system for notifying Members of Parliament prior to the awarding of government contracts in their ridings is a "non-partisan

mechanism available to all Members of the House". Could the Minister tell the House how she can justify this as being non-partisan when certain ridings, including her own and that of the Prime Minister, will be notified in advance of any contract award of over $25,000 while all other ridings in Canada will only be notified if the awards are of at least $100,000 up to $400,000? Why the special treatment to herself and the Prime Minister?

[*Translation*]

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, this is another question that shows the Opposition has never understood regional disparity.

I announced our Government's intention to work closely with the private sector. We had to set up a pilot project, which is to end on March 20. We had to start somewhere, and who can blame me for starting with the area I know best, the Lower St. Lawrence in the Gaspé?

[*English*]

GOVERNMENT POLICY

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, the Government has educated all Canadians on what regional disparity is about because it is the author of it. Let us be realistic. The Minister is targeting a national program at Tory ridings and is hiding it by calling it a pilot project. Why does the Minister not treat all Members of the House of Commons alike? Why does she not treat her own Conservative colleagues alike rather than having herself and the Prime Minister and a handful of others making—

Mr. Speaker: Order, please. The Chair is having some difficulty determining exactly what the question is.

[*Translation*]

Hon. Monique Vézina (Minister of Supply and Services): Mr. Speaker, I just said we had to start somewhere, and that considering the bureaucratic constraints under which we operate, we had to have a pilot region first. If the project proves satisfactory, it can then be extended to other pilot regions.

The figure of $25,000 was set for this pilot region because we had to consider the unemployment rate which is considerable. I know many people in the area selected who would like nothing better than have contracts worth over $400,000 on a regular basis.

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ENERGY

CLOSURE OF PETRO-CANADA REFINERY IN MONTREAL—REQUEST FOR MORATORIUM

Mr. Robert Toupin (Terrebonne): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. The Conservative Government is setting the scene for the gradual privatization and closure of the Montreal East Petro-Canada refinery. Last Monday, 21 workers were laid off after only a week's notice and none was offered alternative employment. Petro-Canada is behaving like a bad employer. My question is this: Will the Minister intervene, first to cancel the unwarranted dismissal of these workers, second to freeze the situation and, third, to grant a 60-day moratorium to study various ways to save these jobs in Montreal east?

• (1450)

[*English*]

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada is a Crown corporation which is directed to compete in the market-place with competitors. The decisions which Petro-Canada makes in these matters are those of Petro-Canada.

[*Translation*]

GOVERNMENT POSITION

Mr. Robert Toupin (Terrebonne): Mr. Speaker, Petro-Canada answers to the Conservative Government. Is this how the Conservative Government defends the interests of Quebec and Quebec workers?

[*English*]

Mr. Jack Shields (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada is the responsibility of a previous Government which formed it. It is directed to compete in the market-place like any other company and that is what it is going to do. We believe in the market-place taking precedence.

Some Hon. Members: Oh, oh!

Mr. Blackburn (Brant): Good-bye, Montreal.

Mr. Fulton: Good answer. You guys will go to zero in Quebec.

Mr. Axworthy: Ten per cent in the west. You have a great record.

* * *

HUMAN RIGHTS

INDONESIA—ALLEGED VIOLATIONS IN EAST TIMOR

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, the Secretary of State for External Affairs knows that Indonesia has officially been conducting a so-called transmigration program which has resulted in what is tantamount to genocide in East Timor and elsewhere. In view of the fact that 10,000 people have recently fled from Irian Jaya because of clandestine violence by the Indonesian Army, will the Secretary of State for External Affairs now publicly inform Indonesia that Canadians are not going to divorce their

aid program to Indonesia from their concern about the human rights situation and the cruel violation of human dignity?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, the Government of Indonesia and the Governments of other countries with regard to which there are allegations of abuses of human rights know very well the position of this Government. The Prime Minister has personally raised, as Prime Ministers before him would not, questions of human rights abuses in Korea, China, Zimbabwe and elsewhere.

With respect to Indonesia, as I had occasion to indicate to the Hon. Member the other day, his facts are out of date. If he is interested in serving the interests of human rights, he should do the elemental work of getting his facts straight first.

REFUSAL OF PERMISSION TO VISIT EAST TIMOR

Mr. Roland de Corneille (Eglinton—Lawrence): Mr. Speaker, the Secretary of State for External Affairs recently offered me in this House the opportunity to go to Indonesia to see for myself that things are now quite fine in East Timor, as he and his Ambassador allege they are. Would he be willing to substitute for me representatives from Amnesty International or Pax Romana, or Pax Christi, or the Australian Committee for Overseas Aid, or any of a host of other non-governmental organizations, who told me last week that they are yearning for the opportunity to go to East Timor and Irian Jaya and have been flatly refused permission by the Indonesian Government time and time again?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, I really do not understand the Hon. Member's insistence upon having other people do his work for him.

Some Hon. Members: Oh, oh!

Mr. Axworthy: Be serious. It is a serious question.

Mr. Blackburn (Brant): Treat your office seriously.

Mr. Clark (Yellowhead): If the member is making a representation to me, I will certainly convey that representation to authorities in Indonesia. He will know that they have already allowed journalists, ambassadors, and representatives of some organizations into East Timor to see for themselves. My request in return would be that, once evidence is in hand, the Hon. Member start a new practice and base his questions on facts.

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EXTERNAL AFFAIRS

MILITARY EQUIPMENT EXPORTS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I have a question for the Secretary of State for External Affairs. It relates to HITEC'87 which is the conference sponsored by his Department yesterday, today and tomorrow to promote military exports to certain parts of the world. Manufacturers have been invited to come to this conference.

Can the Minister explain why the Department would, at public expense, be promoting military and military-related exports to countries which have major human rights violations or are in the midst of conflict or are CIDA recipients? Why are we, at public expense, promoting military exports to those countries?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, one of the reasons that we are prepared to promote military exports is because there are a number of Canadian jobs involved in the production of military equipment. The Hon. Member, who is generally characterized by honesty in the House, will know that the term "military equipment" covers much more than weapons. I understand that she talked about military equipment, but I think it is important that it be understood that what is involved here is not necessarily weapons. It is also important that it be understood that there are some very close limits upon the exports of various kinds of military goods to various categories of countries, including those in relation to which there are allegations of human rights abuses. Indeed, I have tightened the law in that regard.

CONFERENCE ATTENDEES

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I sent a letter to the Minister today following up on the letter I sent to him a couple of weeks ago on this subject. In view of the enormous Canadian interest, and indeed the taxpayer interest in this country, would he make available to us a list of all the trade officials who have been brought back for this conference, a list of all the companies that have been invited, a list of the companies that have attended, and a list of the proposed military exports which the Department has in mind?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, some of the information which the Hon. Member seeks may not be available for reasons of Canadian law relating to commercial confidences or to questions relating to the Privacy Act. I will, naturally, make available to her all of the information that the law allows, although I am rather surprised that she would use Question Period to raise that question rather than follow normal procedures.

Ms. Jewett: I have written to you today.

Mr. Clark (Yellowhead): I would also appreciate precision as to whether it is the view of her Party that there should be no exports of any kind of military equipment to any country receiving CIDA assistance.

[*Translation*]

REFUGEES

IMMINENT DEATH OF HUNGER STRIKER—GOVERNMENT POSITION

Mr. David Berger (Laurier): Mr. Speaker, my question is directed to the Minister of State for Immigration. Mr. Speaker, the CBC has just announced that one of the Chileans who has been on a hunger strike in Montreal for nearly two weeks is expected to die within 24 hours. I would remind the Minister that the families of these strikers had already left Chili for Canada when the Government unveiled its new policy. Given this emergency situation, can the Minister announce that he will allow the families of these strikers to gain immediate entry into Canada? He can review their applications here after these families have been reunited with their relatives.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, one must not play with the lives of individuals. We are very sympathetic. As I said clearly, a people and a country cannot be held to ransom.

• (1500)

[*English*]

We cannot hold a country to ransom. We have done everything humanly possible since Sunday to analyse each case in Buenos Aires. They have not been willing to co-operate. They lost a week before returning the forms to us. All I can say is that at the end of the day, when we have had a chance to review all that has been brought forward, we will then plan how we can work with the group we have.

Mr. Berger: We are talking about a special situation. These people had already left for Canada when the Government's policy was announced.

PROCESSING OF REFUGEE CLAIMS

Mr. David Berger (Laurier): Mr. Speaker, given that we are down to a number of hours, that a person's life may be hanging in the balance, and that there is no time for bureaucratic procedures, will the Minister act now and process the claims of these individuals inside Canada, which was the policy of the Government until it regrettably changed it on February 20?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, all Canadians will want to be assured of who is coming to Canada. We had the right, and we only asked for some basic information. We waited a week for that information and it has taken less than three days to analyse 91 cases. We have sent resources from Santiago and we have sent resources from Ottawa. We are doing all that we humanly can.

Let me remind the Hon. Member that those people who were about to board the plane in Buenos Aires said that they were going to London, England, for a vacation. It was the Argentinian airline that decided not to let them board the plane because they did not have transit visas. Those transit visas could have been obtained in Buenos Aires.

* * *

[*Translation*]

STATUS OF WOMEN

FINE BALANCE—MINISTER'S POSITION

Mrs. Lise Bourgault (Argenteuil—Papineau): Mr. Speaker, my question is directed to the Minister responsible for the status of women.

Mr. Speaker, considering the fact that the report of the Canadian Advisory Council on the Status of Women entitled *Fine Balance* has again pointed out a number of anomalies concerning the economic situation of women, would the Minister tell us whether she endorses this report and what measures she intends to take with respect to its findings?

[*English*]

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, I thank the Hon. Member for the first question this week on International Women's Week. I am sure the Hon. Member knows that the Canadian Advisory Council on the Status of Women is an agency at arm's length from the Government. It does superb research into issues of concern to women and, for the first time, has published a long-term strategic plan. Last November our Government published a work plan on behalf of the Government, which is also the first time that has happened. I am delighted to see that there is a great deal of overlap around the priorities for family and economic equality for women.

Mr. Speaker: The Hon. Member for Cowichan—Malahat—The Islands. One question, please.

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SHIPBUILDING

EMPLOYMENT IN WEST COAST SHIPYARDS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is directed to the Minister of Transport. I want to congratulate the Government for taking an important first step in ensuring a future for the shipbuilding industry in British Columbia.

Some Hon. Members: Hear, hear!

Mr. Manly: We fully expect that Versatile will be able to meet the financial and technical requirements in order to proceed and get a firm contract to build the Polar 8. In the meantime, however, the shipbuilding industry is in real distress. Will the Minister tell us what further steps he plans to

provide shipyard jobs in the months before the Polar 8 contract can go ahead?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am glad that the Hon. Member is pleased that this action has been taken. It certainly is an improvement on the attitude of the Official Opposition. We appreciate a little appreciation every now and then.

An Hon. Member: You need it, too.

Mr. Crosbie: As a matter of fact, we do not get enough of it. The *Henry Larsen* is being completed at the Versatile yard. As I said earlier in Question Period, the unfortunate state of affairs is that 95 per cent of shipbuilding under way in Canada today is a result of government contracts. We will continue our shipbuilding program in Defence and in the Coast Guard. However, I cannot be any more specific than that.

Mr. Tobin: It was under the previous Government. Give us some appreciation.

Mr. Crosbie: Why don't they win the election, then start talking? They would not say a word when they were in government for the last 20 years.

Mr. Speaker: I regret to advise Hon. Members that the time for Question Period has expired.

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table in both official languages, the Government's response to petitions Nos. 332-467, 332-481, 332-706, 332-720, 332-723 to 332-728 inclusive, 332-762 to 332-765 inclusive, 332-770, 332-791, 332-844 to 332-854 inclusive, and 332-923 and 332-1110.

Mr. Speaker: I would draw to the attention of Hon. Members that the Minister is rising to address the Chamber. I know there is a certain amount of movement at this time because some Members must leave to attend other important matters. However, I would ask Hon. Members to give their attention to the Minister.

[*Translation*]

INTERNATIONAL WOMEN'S DAY

CONTRIBUTION OF WOMEN

Hon. Barbara McDougall (Minister of State (Privatization) and Minister responsible for the Status of Women): Mr. Speaker, next Sunday, March 8, will be International Women's Day. On that day, everywhere in Canada women will be taking an active part in the life of our society, as they do today and every day. At home, in their communities, and in every occupation and trade in our economy, women will be making an immeasurable contribution to our national well-being.

I am proud to sit in this House as the Minister responsible for the Status of Women.

[*English*]

Our Government takes its commitment to women very seriously. It means working nationally and internationally to advance the status of women. It means living up to our obligations under the United Nations Convention on the elimination of all forms of discrimination against women and our commitment to implement the Nairobi Forward-Looking Strategies.

Since my appointment to this portfolio I have had the opportunity to meet many women in different regions of this country. Just a few weeks ago I travelled to Manitoba and met with and listened to a large number of women who are working with groups involved in worthwhile projects at the community level. This week I will be at Halifax and Wolfville, Nova Scotia, and then to Montreal to do more of the same.

These informal consultations have been an enriching experience. They provide me with a first-hand view of the situations women face in different parts of our country, and an appreciation of their goals, an appreciation of their lifestyles and their concerns. These first-hand experiences offer a perspective on Canada's changing demographics as influenced by the concerns of single mothers, the special needs of immigrant women, visible minority women, rural women, and urban women.

Meeting with them and their groups in their own region has enabled me to bring back to Ottawa the perspectives and perceptions of women from all across Canada. These conversations on every trip reinforce my commitment and dedication to, as well as my affection for the women of this land.

[*Translation*]

My mandate also includes chairing meetings and co-ordinating the Government's response to briefs submitted by women's groups on matters of principle. In recent months, my Cabinet colleagues and I met, with representatives of the Catholic Women's League, the National Council of Women of Canada and the Canadian Advisory Council on the Status of Women.

Through these meetings we keep abreast of positions taken by women's groups on various public interest issues, from child care to acid rain. The Government gives full consideration to their opinions and concerns when developing its policies and programs, in a concerted effort not to make decisions without first considering the repercussions they might have on the women of this country.

The concerns of women were high on the agenda of the March 1985 National Economic Summit. As a matter of fact, it was the first time such questions were one of the themes of a national economic conference. My colleague the Minister of Finance (Mr. Wilson) meets regularly with women's groups in the course of his pre-budget consultations. Last spring the Canadian Advisory Council on the Status of Women set up a wide-ranging series of consultations with women's groups, and it has just concluded a national seminar on the family. I am pleased to point out that the Prime Minister (Mr. Mulroney), the Minister of National Health and Welfare (Mr. Epp) and I had an opportunity to attend this seminar.

• (1510)

[*English*]

As Hon. Members know, the Canadian Advisory Council on the Status of Women functions as a valuable channel to the Government for the concerns of women across the country. It is drawn from a variety of backgrounds, regions and perspectives and council members fill dual and crucial roles, both of advising the Government and of informing and educating the public on issues of concern to women. Over the years the Advisory Council has been in the forefront of identifying issues of importance to women and responding to these issues with policy recommendations and publications.

The Council's briefs and other presentations to the Government have dealt with such important issues as women's legal status under the Constitution, unemployment insurance, pornography, prostitution, child care, divorce and family maintenance and home-makers' pensions. In its recent publications, the Council has addressed such topics as wife battering, new directions in family law, adolescents' orientation to the future and women as health guardians in the home. I am very pleased to see its new work plan for the next few years "Equal Status for Women in Canada in the 1990s". This is indeed a future oriented group.

Yesterday I had the pleasure of announcing a $.5 million permanent increase in the budget of the Council as recommended by the Government Task Force on Program Review. This increase will enable the Council to initiate relevant new research efforts and improve its ability to produce resource materials for new and expanded audiences. This expansion of the capabilities of the Advisory Council is further evidence of our Government's strong and unwavering commitment to the women of Canada. In the coming weeks and months, issues of interest to women will continue to be front and center on this Government's agenda.

Under the Prime Minister's leadership, our Government has brought women's concerns to the fore. Clear evidence of our commitment to women was provided in the document we published last fall *Dimensions of Equality: A Federal Government Work Plan for Women.* All Hon. Members of the House have received a copy. It is the first time a Government has produced a specific work plan on behalf of the women of Canada in order to give the country the knowledge and background to help us in our work on women's issues. Tabled by the Prime Minister (Mr. Mulroney) at the Annual Conference of First Ministers in Vancouver last November, there has been great demand for this book from across the land. It has turned out to be one of the best things we will continue to do.

Less than four months after its tabling, a number of work plan initiatives have already been accomplished or are well underway. For example, the Minister of National Defence (Mr. Beatty) has announced that the Canadian Forces will conduct trials with women in combat roles. Also in keeping with the Government's commitment to expand the role of women in the Armed Forces, we have had the appointment of Canada's first woman General, Brigadier General Sheila Hellstrom, whom I am very proud to mention in the House today.

A review of sex stereotyping in internal Government communications is being completed. Labour Canada conducted an educational seminar for labour representatives on Equal Pay for Work of Equal Value. The Department of the Secretary of State funded a national conference held in Toronto as a follow-up to the 1985 Nairobi Forum and United Nations' World Conference on Women.

[*Translation*]

Discussions have begun with the provinces concerning child care. I will have more to say about this in a few minutes.

Last November there was a national conference of immigrant women and visible minority women, sponsored in part by the Secretary of State and Multiculturalism Canada.

The percentage of women appointed to various positions on Government boards, agencies and councils now stands at 27, so we are very close to the 30 per cent objective we had set for ourselves at the beginning.

These are only a few of the commitments towards women which our Government has honoured. Among some of our other achievements, I might mention the reform of legislation on divorce and alimony, and the repeal of the Indian Act provisions which for decades had been discriminatory towards native women.

[*English*]

As well, there is employment equity legislation, the establishment of a national training and employment program which, for the first time, sets participation targets for women, measures to expand and equalize pensions and the introduction of legislation to deal with the sexual abuse and exploitation of children.

At the First Ministers' Conference last November the Prime Minister described adequate child care as one of the most significant factors in ensuring the economic security of women. He has made a personal commitment to improve the accessibility, affordability, quality and flexibility of child care in Canada. I need not remind Hon. Members that child care is a serious national issue. It is a serious issue because first and foremost, it is about children, their future, their development and their place in our families and in our lives. It affects women, our society and our economy. Our Government is firmly convinced that an improved child care system will enable women who need or want to work to be in the labour force and to benefit from such a system. An improved system will provide opportunities for women to take the training programs. There is no point in having training programs if one cannot get out the door. There is no point in having employment equity if one cannot get out the door. On behalf of this Government, we want to give women the key which opens the door to opportunity and choice.

Public consultations have been a major focus for our Government thus far on the child care issue. We established a special Parliamentary Committee on Child Care with a mandate to seek information from a concerned public on this important debate. The committee conducted extensive cross-country hearings and I am delighted to hear that the committee is expected to present its report to address these problems later this month.

[*Translation*]

In the meantime, the Minister of National Health and Welfare (Mr. Epp) has entered into consultations with the provinces which hopefully will lead to an agreement on improvements to the child care system by June 30. Clearly, that issue will remain at the forefront over the forthcoming months.

Women's health is another Government priority. It is obvious that women must be in good physical and mental health if they are to carry on with their numerous essential roles in our society. A good health care system is essential for women to realize their full potential.

• (1520)

[*English*]

The list of health issues of concern to women is a lengthy one. It includes access to health care, mental health, occupational and health safety, drug use and abuse, sexually-transmitted diseases and contraception. In particular, older women, disabled women, immigrant women and native women also have particular health concerns.

Our Government is responding to these concerns through the development of a health strategy for women. A vital component of the strategy will be a health promotion plan of action on aspects of women's lifestyles that are detrimental to their health. A number of research and demonstration projects on women's health issues are already being funded. Health and Welfare Canada is planning a symposium on the changing patterns of health and disease to take place in the spring of 1988.

[*Translation*]

A few weeks ago, I was made aware once again of the need for continuing research and awareness efforts on women's health needs when I visited the Women's Health Research Foundation in Winnipeg.

This volunteer, non-profit organization is promoting research on health matters that are closely connected with women. Last month, they sent to some thousand Manitobans a questionnaire aimed at establishing what problems and issues are considered by women to be important for their own health and welfare.

That kind of information is vitally needed to improve our health care system and get it to handle women's health needs with compassion and efficiency.

Our continuing consultations with women and women's groups have no other aim but to promote that exchange of information.

[*English*]

International Women's Day provides us with an opportunity to pay tribute to the achievements of the women of Canada. As Members of this House, we acknowledge that these are challenging times for women, and men, due to the changing demands of what is a transitional society. All Canadians are encouraged to realize their full potential. The Government is determined to ensure that in this process one's gender does not pre-determine the attainment of individual goals. International Women's Day gives us cause to reflect on these matters, to celebrate our progress and to prepare for the years ahead.

Some Hon. Members: Hear, hear!

[*Translation*]

Mrs. Lucie Pépin (Outremont): Mr. Speaker, I am also very happy to rise and address the House on behalf of Canadian women on International Women's Day.

[*English*]

This is a week in which women of all social status, all ages, single or married, mothers, single parents, housewives, students, workers and professionals can join in a common cause and celebrate the gains made for women over the years and their evolving role in Canadian society. It is also a week in which they can come together and inform the Government of urgent needs and demands that have yet to be satisfied. They can remind the present Government of all the promises made over the last two years and demand an accounting.

Canadian women are growing impatient with the endless rhetoric of the present Government. They are demanding a Government with the strength to act. The Minister said that the drop in the fertility rate could be the most important women's issue of the 1990s. I ask what the Government has done and is proposing to do about this issue. The fertility rate

over the last 20 years has dropped from four births per woman in 1960 to 1.7 births per woman today. The birth rate in Canada is at a level at which it can just sustain the present population size and, by all accounts, the trend will continue downward and worsen.

We are in urgent need of research on fertility. Why are couples choosing to have fewer or no children? Can we do anything to reverse this trend? We need to know more about the ramifications of surrogate mothers and artificial insemination. The cost of raising children is prohibitive. It is possible that the presence of adequate and affordable child care is deterring people from having children. Yet the Government has been abysmally slow, postponing action on child care time and time again.

The Minister said that more and more women are entering the job market.

[*Translation*]

As we know, two-thirds of Canadian women work outside the home, most of them are mothers, and 60 per cent of all women with children under three years old work outside the home. I would like to know what this Government is doing to help these women in the labour force.

As for Bill C-62 on Employment Equity, I was listening to the Minister praise this Bill, but I must admit that, in my opinion, it is toothless and is nothing but a collection of data in its present form.

[*English*]

The Government boasts about its Canadian Jobs Strategy Program, yet women complain that the majority of women participants are being trained for ghettoized jobs, clerical, service, sales and routine factory work, which pay low wages and are often seasonal or part-time. The federal Government has failed to fulfil its promises to provide prorated benefits to part-time workers. It has stalled again and again on child care. The Prime Minister (Mr. Mulroney) claims that his commitment to child care is real. Women cannot achieve equality in the workplace without child care. Women are tired of empty promises. They want affordable, accessible child care services now, not five years down the road.

The recent Budget did not set aside one penny for child care. How can the Government keep pledging its commitment to this issue in good conscience?

[*Translation*]

The Minister indicated recently that four out of 10 marriages ended in divorce and that the majority of single-parent families have a woman as head of the household and live under the poverty line. I would like to know what the Government is doing for these families.

If we refer to the budget brought down in late February, we find that families with an income of $15,000 or less were hit with a 53 per cent tax increase, while families with an income of $100,000 and more have seen their taxes increase by 6 per cent over the last three years.

The Government has also made plans and promises to create a central agency to deal with divorce cases. In my opinion, the Divorce Act still does not reflect the promises made by the Federal Government to Canadian women. It is still impossible to find, or rather, the defaulting husband can perhaps be found, but all that the Government does is to provide an address and say to which province the husband has moved, but a woman who wants to receive her support payments must initiate proceedings in another province and often wait up to three years before getting any money. I therefore do not think that the Government has made that much progress in the area of divorce and kept its promise to Canadian women.

Naturally, there is nothing about the promises regarding part-time work. The Government has done absolutely nothing about part-time work and pension benefits for homekeepers. There is no mention either of housing, even though the neediest families are those without proper housing and the Government has made drastic cutbacks in its housing program.

• (1530)

[*English*]

The Minister knows that one out of 10 Canadian women is a victim of family violence. Again, what is the Government doing about this problem? Last year the budget of the Family Violence Information Centre was cut. The Government underfunds transitional houses for battered women. This action implies that women's issues are not the priority that the present Government pretends. Action in dollars makes programs, not rhetoric.

The Prime Minister said that for many women child care is the key to future equality. Only 9 per cent of the children in need of day care receive approved services. Approximately 60 per cent of Canadian mothers are in the workforce, and many are in desperate need of affordable, accessible, flexible, quality child care. So far we have had nothing but words on this issue, pages and pages of suggestions, but not one penny toward a viable national child care system.

[*Translation*]

A recent poll indicated that two-thirds of Canadians support a universal day-care system. I would really like to know when the Government will do something about this.

[*English*]

Is this simply a publicity campaign? Is the Government stalling so that it can present a comfortable package before the next election?

The Conservative Government was eager to attract women, 52 per cent of the Canadian electorate, and it made all manner of promises. To date there has been the deindexation of family allowance, an increase in federal sales and excise tax which hurts lower and middle income families, cut-backs on programs for training women, cut-backs on transition houses for battered women, and nothing but words and vague promises on the child care issue. The three big Conservative promises that would involve government expenditure and action, namely,

home-maker pensions, pro-rated benefits for part-time workers, and the national child care system, have turned out to be empty promises.

I mentioned before that it gave me great pleasure to address the House on this subject during International Women's Week. Having said that, I urge the Government to follow up on these many promises and show a true commitment to women across Canada and their concerns.

[*Translation*]

There have been many promises, discussions and consultations, but little action. In my opinion, consultations carried out without listening, responding and acting are not of much use to Canadian women.

[*English*]

Mrs. McDougall: Mr. Speaker, I rise on a point of order. I owe an apology to my friends, the Hon. Member for Outremont (Mrs. Pépin), and the Hon. Member for Vancouver East (Ms. Mitchell). I made a reference to their not asking questions earlier this week. I understand that after agreement with my office it was decided that we would wait until the statements were made before we asked questions together in the House. Like many things, it totally escaped my notice, for which I apologize.

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, since 1910 women around the world have met on March 8 to celebrate International Women's Day. We meet to celebrate the achievements of women, to share our knowledge and experience, to extend mutual support networks, and to re-energize so that we can continue to press for changes that are needed on the long road to equality.

Canadian women hold out their hands in solidarity to women in other countries as we work in our own ways for the forward-looking strategies endorsed in Nairobi in 1985. Canadian women provided outstanding leadership at that conference. Our Governments have been slower in implementing these strategies here at home.

We stand in solidarity with women around the world who are working for peace and an end to nuclear arms, in order that the world's children can grow in safety and in health. We ask our Government to work more aggressively for disarmament, and to show its commitment by immediately cancelling the new five-year agreement to test nuclear Cruise missiles.

We stand in solidarity with African women, and women in other Third World countries who are struggling for survival, and who bear impossible burdens, particularly those who bear the burden of apartheid. We ask our Government to implement full economic sanctions against South Africa. We also ask for increased funding for CIDA programs for women in development.

We stand in solidarity with women of Latin American whose loved ones have disappeared, who suffer from the violence of war and dictatorships and oppressive patriarchal relationships. We ask our Government to be more sensitive to these women and their families, and to welcome those who seek refuge in Canada.

We also ask our Government to provide more support, including language and job training with child care for immigrant women. We urge measures to counteract the racism that visible minority women experience in Canada.

Native women who apply for reinstatement to Indian status face many difficulties. We ask the Government to provide the additional resources that were promised to Indian communities to accommodate resettlement.

Canadian women fought for and won equality under the Charter of Rights and Freedoms. This was a great legal achievement. But we have not yet achieved equality in fact. Rather than patting itself on the back, we ask the Government to listen to what Canadian women are saying. Many fear that we may be going backward from equality objectives. Unfortunately, I have to say that this movement is being led by some elected Members of the House.

On behalf of many Canadian women, I ask the Minister responsible for the Status of Women (Mrs. McDougall) to be a stronger advocate and conscience within the Government for women's rights. We ask her to be outspoken and active in removing obstacles that women face, rather than defending government positions. In particular, I ask that the Minister reconsider and reform employment equity to make it mandatory in order that women have equal job opportunities with equal pay for work of equal value in all federally-related jobs. This would be a great initiative, and a model for other employers to emulate.

I ask the Minister to review the Canadian Jobs Strategy program, and to work with the Minister of Employment and Immigration (Mr. Bouchard) to remove the barriers and improve both training and job opportunities for women. We also ask her to meet with the Minister of Labour (Mr. Cadieux) to implement changes in the Canada Labour Code to cover prorated wages and benefits for part-time workers.

We also ask the Minister, as a women's advocate, to analyse the impacts on women of free trade, deregulation, and privatization policies of the Government. Women are worried that once again they will be the last hired and the first fired.

Feminization of poverty has escalated, particularly for women who are raising children alone. We ask that the Government exempt low income people from taxes, and call for an increase in family benefits with reindexation of family allowances. We urge tax reforms that will redistribute incomes more fairly, along with a concerted attack on poverty through a full employment program and income security policies.

The Minister has said that the Government takes its commitment to women seriously. These are serious concerns of Canadian women which the Government must address. Yesterday the Minister allocated $500,000 to the Canadian Advisory Council on the Status of Women, for which I congratulated her. Will the Minister also advocate increases to

Secretary of State women's programs which were cut back in funds by 5 per cent last year? This means that women's groups in the front line out there in communities are very short of funds, and many centres are closing down. Will she reaffirm that the objective of equality must be the basis for future funding under this Secretary of State program so that we can continue to improve equality for women? We commend the Government for increasing the appointments of women to various positions and as Deputy Ministers. If only we could adopt a policy of gender parity in the House of Commons, how changed this place might be.

• (1540)

Finally, the Minister talked about child care and women's health programs. Need I say once again that the Government's goodwill toward child care will only be evident when it allocates federal bucks for Canada's children. Federal initiatives and leadership are essential as a precedent to negotiating shared funding for child care with the provinces. Will the Minister not ask that the $300 million, which we discovered in reserve funds in the social development envelope in the current Estimates, be named for federal child care initiatives as an act of good faith?

Questions affecting women's health and well-being have been neglected for too long in Canada. A top priority should be a program of research into safe and effective methods of contraception for both men and women. A secondary area is the need to study carefully, with the full participation of women, new reproductive technologies to develop a sound and ethical policy in Canada.

I know I have not covered many issues, including increasing violence, pornography, and sexual abuse. Women stand together and demand that this abuse must stop. On behalf of the New Democratic Party, I extend warm greetings, in sisterhood and in solidarity, to Canadian women on Sunday, March 8, in celebration of International Women's Day.

Some Hon. Members: Hear, hear!

* * *

[*Translation*]

STRIKING

PRESENTATION OF THIRTEENTH AND FOURTEENTH REPORTS OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, I have the honour to present the thirteenth and fourteenth reports of the Striking Committee.

If it is agreeable to the House, I intend to move concurrence in the fourteenth report later today.

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

* * *

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Mr. Speaker, I have the honour and duty to present petitions on three different subjects. The first one is from a group called Senior Power, people who reside in Pangman, Weyburn, and Trossachs, Saskatchewan. They humbly request that the Government of Canada reject the proposals to amend the Patent Act because they believe that they will increase prescription drug prices for Canadians. They also believe that the proposals of the Government will result in higher costs to provincial government drug plans, wherefore your petitioners do humbly pray.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Mr. Speaker, I have two further petitions to present. They are from Saint John, New Brunswick; Sackville, Wellington, and Sunnydale, Sault Ste. Marie, Ontario; Truro and other points in Nova Scotia. They state that in their opinion transportation is a natural monopoly without economic regulation, and that economic regulatory reform or deregulation of the dimensions proposed in Bill C-18 will create unnecessary chaos in the transportation industry, leading to unacceptable reductions in safety standards, as well as deterioration in the quality, type, and frequency of service. Wherefore the petitioners humbly pray that the Government withdraw Bill C-18 and retain public convenience and necessity as fundamental factors in the development of public transportation policy.

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Les Benjamin (Regina West): Mr. Speaker, I have a further petition to present from residents of places such as Woody Point and Bonne Bay. They say that the proposals of the Forget Commission on unemployment insurance for fishermen are totally unacceptable. They call upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) rejects any recommendations which would deprive fishermen of the right to collect unemployment insurance and enters into consultations with all representatives of fishermen in Canada in order that improvements to the programs offered to fishermen can be made. In this your petitioners are duty bound and will forever humbly pray.

[*Translation*]

STRIKING

CONCURRENCE IN FOURTEENTH REPORT OF STANDING COMMITTEE

Mr. Scott Fennell (Ontario): Mr. Speaker, if the House agrees, I move, seconded by Mr. Lewis:

That the fourteenth report of the Striking Committee, presented earlier this day, be concurred in.

Mr. Deputy Speaker: The House has heard the terms of the motion moved by the Hon. Member for Ontario (Mr. Fennell). Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, question No. 70 will be answered today.

[*Text*]

STATISTICS CANADA—PRIVATE COURIER SERVICES

Question No. 70—**Mr. Boudria:**

In 1986, did Statistics Canada utilize private courier services and, if so, what was the (*a*) total cost (*b*) total cost per province (*c*) name of the company and, in each case, the total amount spent?

Hon. Monique Vézina (Minister of Supply and Services): Statistics Canada reports:

Yes, Statistics Canada utilized private courier services in 1986. It should be noted that approximately one-half of the total spent in the year 1986 was in connection with the 1986 census.

(a) Total expenditures: $354,782.93

(b) Total expenditures per regional office and headquarters:

St. John's	$ 1,059.32
Halifax	24,879.81
Montreal	12,449.89
Toronto	81,936.79
Winnipeg	12,053.61
Edmonton	19,692.13
Vancouver	88,101.98
Headquarters	114,609.40
Total	$ 354,782.93

Expenditures are not available by province.

Order Paper Questions

(c) Name of company and amount spent:

Carrier Name	Amount
Gelco Express	$ 25,538.18
Capital Courier	744.10
Voyageur Colonial Ltd.	10,746.99
Mouland Express	39,877.30
Federal Express	204.00
Horizon Messenger	21.15
Horizon Enr.	88.00
Marathon	440.00
Northern Messenger Ltd.	16,924.31
Quick Messenger Service	10,812.85
Speedy Messenger Service	714.19
Dicom Corporation	4.85
Swift Sure	31,595.39
TNT Skypak Inc.	214.00
Express Airborne	3,304.67
Loomis Courier Service	98,081.14
Purolator Courier	2,029.76
Kwikasair Express	5,407.59
Day & Ross Ltd.	11,607.69
Northwinds Northern Inc.	30.00
Greyhound Lines of Canada Ltd.	2,448.90
Bronco Dispatchers Ltd.	94.50
Red Delivery Service	6.10
Burlington Northern Air	2,746.71
Scamper Delivery	797.00
Pacific Western	19.95
Zipper Courier Service Ltd.	92.00
Canada Messenger & Transfer Ltd.	32.00
Lewis	4,682.00
Bill's Parcel Delivery	1,581.00
Western Carriers Courier	2,686.60
Peninsula	44.46
Corporate Couriers	12.65
Northern Thunderbird Air	480.00
Same Day Courier	6,608.00
Able Courier Services Ltd.	3,461.00
Canada Cartage	67,260.00
Small Fry	112.00
AMJ Van	382.00
J.G.O.	1,955.15
Québecair	391.00
Satellite	503.75
Total	$354,782.93

[*Translation*]

Mr. Lewis: I suggest, Mr. Speaker, that the remaining questions stand.

Mr. Deputy Speaker: The question enumerated by the Hon. Parliamentary Secretary has been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

MOTIONS FOR PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers stand.

Mr. Deputy Speaker: Shall all notices of motions stand?

Some Hon. Members: Agreed.

[*English*]

Mr. Deputy Speaker: I wish to inform the House that because of the ministerial statement, today's sitting will be extended by 34 minutes.

• (1550)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S. O. 82—POLLUTION—EMISSION REDUCTION AGREEMENTS

Hon. Chas. L. Caccia moved:

That this House deplores the government's failure to pursue effectively federal-provincial agreements with the result that the Conservative Governments of New Brunswick and Nova Scotia remain reluctant to sign SO2 emission reduction agreements, thus jeopardizing the credibility of the Canadian acid rain program;

That this House also deplores the fact that, two years after the Quebec summit meeting, no benefits to Canada in the form of SO2 emission reductions in the United States have materialized; and

That, therefore, this House urges the government to:

(1) pursue vigorously the implementation of agreements on SO2 emission reductions with the Provinces of New Brunswick and Nova Scotia, and

(2) request at the April, 1987 summit meeting that the United States reduce SO2 emissions over the Canadian border in a significant manner.

He said: Mr. Speaker, in putting this motion before the House today, we in the Opposition do so because we feel that this issue is of public concern right across the country; a matter about which Canadians are deeply and understandably exercised, and in doing so we are making a contribution to the understanding of this issue as it stands presently. We are advancing ideas in the hope that we will eventually arrive at the desired goal of cutting emissions that effect acid rain to the point where the environment around us, human health and other factors will benefit.

The motion itself is couched in the words that express regrets about the situation in which we find ourselves both domestically and internationally, but they are expressed in the form of regret rather than accusations or sharp criticism, because we know that in essence this is an issue that unites all Canadians. It brings together all three Parties in this House. It brings together federal and provincial Governments to a considerable degree at least, and it is an issue about which Canada has become known abroad as a strong engine in the search for solutions. We want to approach this matter today in a constructive manner, keeping in mind of course that the design of this House and the parliamentary system to which we belong do encourage constructive criticism. It was in that spirit that the motion today was drafted.

I would like to confirm to you, Mr. Speaker that we on this side of the House in my Party applauded the Government in 1984 when it took such an interest in the question of acid rain. We saw it as a desirable continuation in pursuing public interest in a manner that transcended political viewpoints and, in a way rightly or wrongly, as a continuation of the work that had been initiated in preceding years on which I will dwell in a moment or two. It has become quite evident though that we disagree on the process. How do we get there? We certainly agree on the substance of what we want to achieve. We disagree, for instance, on how we should convince the Americans to come on board. We feel that we should not pursue the route of research and demonstration projects, but we know that that is one way of keeping the theme alive.

When it was announced, as a result of the summit a year or so ago, that that was the route which the federal Government intended to take on behalf of all of us, we thought we should give it a chance, because maybe it is the way to proceed. But if we look at the continuum of this process, we find some very important dates in the history and in the saga of acid rain. We find, of course, the agreement of February, 1985 which was a federal-provincial agreement. It was preceded by the agreements that took place in March and June, 1984 between the federal and the provincial Governments, which were also preceded by the conclusion that very same year that we had to go it alone if the Americans did not want to proceed. All of these were preceded in 1980 by the memorandum of intent, to which I understand you, Mr. Speaker, also had a role to play, that we must see this thing over a period of several years as a continuum and as an evolution of policy in the public interest.

At this stage, March 4, we have to express profound regret that no provinces, two years and one month after another confirmation of the agreement of February, 1985 on acid rain, have yet signed and that two provinces, namely, Nova Scotia and New Brunswick, seem to have profound problems in adhering and sticking to the understanding and to the agreement itself. In that respect, we are fully supportive of the Minister of the Environment (Mr. McMillan) and of the Government of Canada, that that agreement has got to stick and has to be respected by the provinces, which was understood clearly by all the participants at the meeting of February, 1985, as it was fully understood in June 1984 and in March 1984.

There was a division of labour. The responsibility of reducing acid rain emissions was divided in two parts. It was said, "You, the provinces, take the responsibility of cutting down your emissions through your utilities, because utilities are provincial, and the federal Government will take on the economic burden of modernizing the smelters". It was

envisaged that this responsibility would require substantial funds as well, but, nevertheless, something that could be done by way of the Department of Energy, Mines and Resources, the Department of Industry at the time and, therefore, it was a reasonable division of labour. The provinces present, through their Ministers of the Environment at the time understood very well this division of labour.

At this stage we find it impossible to understand why the Province of New Brunswick and the Province of Nova Scotia would, all of a sudden develop, double talk on this issue, would waiver and indicate that they cannot deliver on a commitment that is just two years and one month old.

The agreement also includes certain important considerations. The Government of Canada in February, 1985 did say that it would make available $150 million for smelter modernization—fine. It also said that for the development of a clean coal technology, which is the important message to the provinces, that it would make available $70 million. Yesterday during questioning in the special committee on acid rain we learned to our amazement that of the $70 million, $35 million has been used by the Province of New Brunswick, by the New Brunswick Power Commission, without any recognition that this amount somehow came from Ottawa and without any indication that that was something the province would appreciate in order to resolve the problem. Half of the amount has been used and so far we have not seen any political expression or will to come on board.

There is also an amount of $25 million for technology development announced as part of the package, as well as research and monitoring funds to an extent of $18 million per year. You can see that the totality of the package is there. The division of labour was announced and explained. The political representatives of the provinces, as mature adult responsible individuals, said yes. Some are coming through. We were told in committee that several provinces are doing what they agreed to, and some are even doing more, as in the case of Ontario. The Province of Manitoba is sticking to its commitment and the Province of Quebec is doing its part too. For the life of us, the members of the committee, we cannot understand why the two provinces, New Brunswick and Nova Scotia, are not carrying their share, which is actually one of the lowest burdens requested to be carried of all the provinces.

• (1600)

The fact that there is to be an upcoming summit is another reason we are debating this matter today. It is another link in the long chain I mentioned a moment ago, beginning with the Memorandum of Intent of August 1980. I will not bother you, Mr. Speaker, with all the developments that have taken place since, but it seems to us that on the eve of this important meeting between the Prime Minister of Canada (Mr. Mulroney) and the President of the United States, a good debate in the House is not only appropriate but is absolutely essential. I look forward to hearing the Minister's and my colleagues' analyses of today's situation.

It is urgent, therefore, that both New Brunswick and Nova Scotia sign the federal-provincial agreements at the earliest possible date with an indication before the summit as to when they will do so. They have been given two years to carry out that assignment. I suppose the Minister, through his officials, has pursued the matter frequently. I suppose there is a group of officials constantly negotiating the matter so as to bring it to a conclusion. Surely the Prime Minister will not want to go to the summit in April without having closed ranks behind him, without having all the provinces saying that they are ready to deliver and do their share.

The whole policy was based on the premise that we must go to the Americans with clean hands. I must confess that I had some reservations about that approach because there is such a difference between the forces. We emit 4.5 million tonnes a year while the U.S. emits somewhere between 24 million and 25 million tonnes of SO2 per year. Even if we go to them with clean hands we will still face damage to the environment, lakes, forests, the aquatic systems, structures and human health. There will be an amount of SO2 that will still be threatening us because we are downwind of it. Even if we come through perfectly clean, we will still be damaged. Nevertheless, it was a good gesture.

You will forgive me, Mr. Speaker, if I lack that sense of modesty for which you know me so well when I say that it was actually in February 1984 when Ruckelshaus came back from negotiations with the White House empty handed that we said that we must go it alone because there was no alternative. We said that we could not wait forever in the hope that somehow something would be triggered. We made that decision, and I am sure the present Minister has renewed it himself on a number of occasions, knowing very well that it needed an enormous degree of political commitment because of our uncertainty as to whether or not the Americans would follow. I suppose it was in that light that the decision to go the Lewis-Davis route of further research was made. Having gone that far, the reluctant provinces must come on board.

There is another main thrust of today's motion. We should take the cue of the present Minister of the Environment. On January 22, 1987 he said that U.S. clean coal initiatives will be of no immediate help to Canada. I felt that it took courage to say that. I congratulated him. I suppose he said what he did because his own officials delivered to him a study he had requested last November. He was giving a signal, not only to us in the Opposition, because we watch these things like hawks, but to his own Government as well. He was saying that the approach of further research and demonstration projects was not working. Yes, we agree fully that the U.S. coal initiative is of no immediate help to Canada. Therefore, the second part of our motion urges the Government of Canada to be clear in communicating its message to the U.S. and to say clearly that it wants a significant reduction in SO2 emissions that are transboundary and affect our economy, our environment and our health. That is what we really want.

There must come a point when we must make a decision as to how to invest our time. It is our perception of the matter at least, and I am sure it is the perception of the Minister in his own private moments when he turns off the light at night to go to bed, that we must ask ourselves if we have not reached the point at which we must stress a new tack. We must ask ourselves if we should not say openly and frankly, as one must among friends, that the quality of our relations with the U.S. will be affected and will deteriorate more and more the longer the White House ignores the message calling on it to take action of substance, not further research.

We were very heartened when we read a statement made by U.S. Senator Mitchell the other day. On January 16, in presenting his Bill, he concluded that he would also continue to press the administration to change its view that everything must be known before anything can be done. He is saying that we cannot have 100 per cent scientific assurances but that there is a point when we must act. We cannot wait for the last "i" to be dotted and the last "t" to be crossed. He said that each year we wait the cost of not taking action increases and that the price already paid is already too high. We are fully behind that statement and we know that there is a North-South alliance on the matter of acid rain. We in Canada are not alone. Congressmen and Senators are saying the same things as we are saying.

The time has probably come to renew our lobby in Washington and to renew the efforts of those who are on the side of the Staffords and Mitchells of this world. Whichever Government will be in power when we succeed, bully for it; we will applaud it from this side of the House because we all feel the same way. We are telling the Minister to tell it like it is, to ask for emission cuts and to push the provinces. We are telling him that we are 100 per cent behind him when he asks the provinces to stick to their commitment. They made that commitment in the full knowledge of what it meant and they must deliver. We will do our duty along with the Hon. Member from Muskoka by pressing the matter in committee. We might have taken a different tack. It would have been very tempting to ask embarrassing questions, but we refrained from doing so. We can assure the Minister and the Government that on this matter we have the same determination as he, but we are asking him to change at last Canada's position at the next summit because it is time to say it like it is. We want emission cuts.

Mr. Redway: Mr. Speaker, I was most interested in the remarks of the Hon. Member for Davenport (Mr. Caccia) with respect to this motion and the issue of acid rain. I was particularly pleased with the credit he gave to the present Minister of the Environment (Mr. McMillan) and the present Government. Although his comments may have escaped me, I am sure that at least indirectly and by implication he was giving the Prime Minister (Mr. Mulroney) credit as well for making the acid rain issue one of top priority with regard to discussions between Canada and the United States. As the Hon. Member knows, the present Prime Minister made a commitment to deal with the issue of acid rain. As I understand it, he is the only Prime Minister who has given acid rain that priority in his dealings with the United States, particularly in his discussions with the President of the United States.

• (1610)

I agree with the Hon. Member's statement. I know that the present Minister, the Government, the Prime Minister and, I am sure, the New Democratic Party as well, agree with the Hon. Member's statement that it is important to get all of the provinces behind us on this issue immediately.

I was particularly interested in the quotation from United States Senator Mitchell who said that on this issue of acid rain we must take action now because each year the cost of not taking action increases. To me that sums up the whole situation. It leads me to a concern that I have, not with the attitude and position of the Provinces of New Brunswick and Nova Scotia, but with the approach that is currently being taken by the Province of Ontario with respect to the acid gas emissions from the coal burning generators of Ontario Hydro. On Monday of this week the Deputy Prime Minister (Mr. Mazankowski) met with Premier Peterson of Ontario to discuss the possibility of Ontario Hydro using low sulphur western coal in order to reduce acid rain emissions in Ontario and Canada.

Apparently the Premier has expressed concern that because of long-term contracts it will take approximately five years before they can do very much about this. That is certainly not in line with the comments of the Hon. Member and it is not in line with the comments of United States Senator Mitchell. I believe that the people of Ontario and Canada want something better than that. They want action on this issue. They want acid rain emissions by Ontario Hydro reduced immediately. Can the Hon. Member advise the House whether he and his Party are prepared to make representations to Premier Peterson on this issue to ensure that actions are taken immediately to reduce acid emissions by Ontario Hydro?

Mr. Caccia: Mr. Speaker, the Hon. Member for York East (Mr. Redway) either does not understand the substance of the agreement or is raising a phoney question. The fact is that Ontario has agreed to cut emissions by 62 per cent by the agreed upon date of 1994. It is left to Ontario to find the means to do that. The fact remains that Ontario has actually exceeded the requested percentage within the specified time. If, within that time, ways can be found to use a different kind of coal, that may even increase the reduction. However, the point is that Ontario has stuck to its agreement. I hope the Hon. Member for York East understands the substance of the agreement, namely, that Ontario was asked to reduce emissions by 50 per cent or so and has managed, by virtue of intense political will generated at Queen's Park, to exceed that target and reach 62 per cent.

I do not need the Hon. Member for York East to paraphrase and regurgitate my comments. I do not need historians to tell me what I said only a few minutes ago, although I appreciate

his desire to do so. However, there is one comment he made which I would like to rebut, namely, that the present Prime Minister is the only one who has taken an interest in acid rain. There is a difference in style and approach. The two preceding Prime Ministers, Mr. Turner and Mr. Trudeau, took as intense an interest in acid rain as has the present Prime Minister, if not more so. The difference was that, unlike the present Prime Minister, the two preceding Prime Ministers had enough confidence in their Ministers of the Environment to leave that responsibility with the Minister of the Environment of the day. If the present Prime Minister would have left the file in the hands of the present Minister of the Environment, we would be further ahead than we are today.

[*Translation*]

Mrs. Killens: Mr. Speaker, first of all, the Hon. Member for Davenport (Mr. Caccia) is to be commended for his objective presentation today. I think all Members will agree that the Hon. Member avoided any hint of partisanship. I would like to ask him to elaborate somewhat on the maple syrup industry, since this is a very important sector in Quebec and the Hon. Member did not have time to touch on this subject. It is no coincidence that we chose the maple leaf for our flag—and like all Canadians I am very proud of that flag—since it symbolizes one of the major industries in this country and especially in Quebec. I am told that in Quebec, and especially in the Sherbrooke area, the industry's existence is in jeopardy. I would therefore appreciate it if the Hon. Member could give us the benefit of his research in this area.

Mr. Caccia: Mr. Speaker, the Hon. Member for Saint-Michel—Ahuntsic (Mrs. Killens) is perfectly right. There is another aspect of the damage and hazards caused by acid rain that should be mentioned, and in fact she has already done so.

The maple syrup industry is faced with a very serious problem today. The Government is of course aware that the industry has made representations to the Prime Minister about the cost of this damage, and these have come mainly from the Quebec association of maple sugar producers. An economic study was made, showing how much our failure to act has cost so far. The bill amounts to $80 million. According to the producers, every year that goes by without a decision being made to reduce acid rain will mean an additional several million dollars. This is the first time an economic sector in this country has sent a bill to the Government for damages. It was quite an experience for all of us, and for the Minister of the Environment (Mr. McMillan) too, I am sure, because it was the first time we had a demonstration of the damages experienced by an economic sector in this country.

• (1620)

[*English*]

Mr. Blaikie: Mr. Speaker, before rising on debate I would like to make a point of order. I must object once again to the practice of recognizing for questions or comment a member of the same Party as the Member who spoke, when there are members of other Parties rising at the same time to ask a question or make a comment. That was not the intent of the reform. It is a long-standing quarrel of interpretation between the Chair and myself. I just wanted to reiterate it because a very useful debate between the Hon. Member for York East (Mr. Redway) and the Hon. Member for Davenport (Mr. Caccia) was passed up as a result of that.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Bourassa (Mr. Rossi) on the same point of order.

Mr. Rossi: Mr. Speaker, after the Chair has recognized the member of the other Party which has clarified a point or asked questions, and this happens in the Party of the NDP member, when a member of his Party makes a speech we often see members of the same Party repeat the question to the Chair, and I fail to understand why the member should rise on this kind of question.

[*English*]

Mr. Deputy Speaker: I know that the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) and the Chair have had a number of discussions over this precise point. Without having to justify the decision of the Chair in this particular instance, I would like to indicate to the member that I agree partially with what he has said, but must point out to him that only one member of the Conservative Party was standing up at the time. It was the member to whom the Chair had given the floor for the first question. Had there been someone else rising I can assure the Hon. Member that that member would have been recognized prior to a member of the Liberal Party, in that case. However, we will proceed with debate. The Hon. Member for Winnipeg—Birds Hill.

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, I apologize for that diversion. Some points of order bear repetition when the opportunity presents itself.

We welcome the motion moved today by the Hon. Member for Davenport (Mr. Caccia). It gives us the opportunity to debate the whole question of acid rain. This issue is high on the Canadian political agenda and has been for some time, but it is particularly important this week and in the coming weeks as we near the summit meeting between the Prime Minister (Mr. Mulroney) and the President of the United States, where we expect acid rain to be discussed, and hope against hope that action will be forthcoming as a result of that meeting.

The motion states:

> That this House deplores the government's failure to pursue effectively federal-provincial agreements with the result that the Conservative Governments of New Brunswick and Nova Scotia remain reluctant to sign SO2 emission reduction agreements, thus jeopardizing the credibility of the Canadian acid rain program;

Anyone who is concerned about this issue knows that I am not an apologist for the Government, but the failure in this narrow respect lies with the Conservative Governments of New Brunswick and Nova Scotia and not necessarily with the

federal Conservative Government. Those two provincial Governments have failed to take seriously their agreements with the federal Government in 1985 that they would arrive at subsequent detailed agreements with the federal Government to reduce acid rain emissions in their own provinces. I suggest that nothing has changed to warrant the Governments of New Brunswick and Nova Scotia pulling out of this agreement at the last minute. They are doing so at a very inopportune moment, when the Prime Minister ought to be able to show evidence of as much progress as possible when meeting with President Reagan in April.

Yet two provincial Conservative Governments are moving at the last minute to undermine the Prime Minister, and I expect that when the Minister of the Environment (Mr. McMillan) speaks today he will explain how the Government will address this action by those two provincial Governments.

The Special Committee on Acid Rain is considering calling the Premier of New Brunswick before the committee to hear why the Government of New Brunswick has acted in this way. We have already heard from the New Brunswick Power Corporation. I must say that the reasons it gave why it was unable to live up to the agreement were insufficient. Not only is it jeopardizing the credibility of the Canadian Government in this respect, it is jeopardizing the credibility of Canada's collective political determination to do something about acid rain. In the final analysis, that is more important than the credibility of the Government.

The Government does have a credibility problem insofar as it has backed down on the deadlines for the institution of nitric oxide emission controls and has not instituted as quickly as possible emission controls on heavy vehicles, and this reflects badly on Canada, but the lack of action on the part of New Brunswick and Nova Scotia is not the Government's fault.

Let me turn to Manitoba which I believe is proceeding toward an agreement. The Manitoba Government faces a much more difficult question because it is dealing with the modernization of a very old smelter in the Hudson Bay Mining and Smelting operation in Flin Flon. The situation is much more delicate than that facing New Brunswick Power and Nova Scotia Power who do not have to worry about a disappearing market. The people of New Brunswick and Nova Scotia will continue to require electricity. Unlike Manitoba, New Brunswick Power and Nova Scotia do not face the prospect of shutting down if the acid rain negotiations are unsuccessful or if proper funding and restructuring is not provided. However, there is a political will in Manitoba to do something about acid rain, and progress is being made in spite of these difficulties.

The Governments of New Brunswick and Nova Scotia cannot be excused for pulling out of this agreement at the last minute, thereby putting the Prime Minister and Canada in a very difficult situation and, most significant, damaging our credibility on this issue.

We have heard the argument about coming to the table with clean hands. That is not the most important argument and the Hon. Member for Davenport made a good point when he said that such a strategy has its limits. In the final analysis, we must deal with the sheer magnitude of the damage being done to the Canadian environment by American emissions. That is the environmental fact which must override these petty arguments about who will do what and when.

The Canadian environment is at stake, and this, in turn affects the very essence of Canada-U.S. relations. Let me give this analogy. How long would one continue calling a neighbour a friend when that neighbour consistently pollutes one's backyard and garden, and makes the neighbourhood playground uninhabitable for children? How long would one continue to call that person a neighbour, let alone a friend?

The Special Committee on Acid Rain met with a number of American journalists earlier today. The point I made at our meeting with them was the same, that it is not only an environmental question, but a fundamental question of Canada-U.S. relations.

• (1630)

With respect to the process, the motion goes on to state:

That this House also deplores the fact that, two years after the Quebec summit meeting, no benefits to Canada in the form of SO2 emission reductions in the United States have materialized;

Unfortunately, this is not a great surprise to a great many people. There was a lot of feeling at the beginning of the very first summit that the approach being taken by the Prime Minister (Mr. Mulroney) was not going to work, that he had far too high an expectation of what could be produced as a result of the new relationship he sought to enter into with the President of the United States.

I think the Prime Minister set himself up rather badly by creating expectations that anyone who was paying any attention knew were unrealistic expectations. It was a process, one might say in retrospect, that was destined for failure partly because of the hyperbole of the Prime Minister and that of the Government still today with respect to what it has accomplished. We still hear members on the government side talking about what they have accomplished, that for the first time the Americans have realized that acid rain is a problem. We heard that even today. It is not the first time that Americans have realized that acid rain is a problem either at the administrative level or the congressional level. It is the first time the Reagan administration acknowledged there was a problem, yes. Within the context of the Reagan administration, that is progress. When there is someone who, as the Minister of the Environment (Mr. McMillan) is fond of saying, thinks that acid rain might come from ducks, who then admits it actually comes from emissions from industry, I suppose that is progress. However, it is not something I would get up and dance about. It is not something on which I would hinge the credibility of my approach to Canada-U.S. relations. Yet that appears to be

the only thing the Government can point to or, at least, that is what it persistently does point to.

In the final analysis, what needs to be impressed upon all Governments and everyone concerned with this issue is the inevitable and unavoidable economic costs of not doing anything about acid rain. We have to be able to do our bookkeeping in a fundamentally different way than that fragmented, piecemeal way whereby everyone takes into account how their own books look, whether it is Inco, the Province of Nova Scotia, New Brunswick Power or the West Virginia Coal Company, whoever it happens to be. We must find a way of doing the kind of global ecological bookkeeping which enables us to make over-all political decisions about what is in the best interests of the environment and, therefore, in the best interests of the economy. We cannot build a healthy, sustainable and just economic future on the basis of an environment which is slowly but surely being eaten away every day by acid rain.

I do not know if Hon. Members have heard this story, but the nature of environmental destruction is such that it progresses geometrically rather than arithmetically. That is to say that we never know at what point the damage may quadruple, or whatever, in such a way that we are faced with a very different situation from that which we were able to predict only a short time ago. I think we are in that position with respect to forestry, for instance. Five years ago not even West Germany, where it is most advanced, was aware that there was anything like the significant reduction in tree growth. Yet in Canada, it is now established that there is a two-thirds reduction in growth in trees. I ask Hon. Members to imagine, for the sake of trying to understand how these problems develop, a pond which will be progressively covered by lily pads. It starts out with one lily pad and it will take 28 days for that vegetation to cover the pond. At first there is one lily pad and then there are two lily pads, then four, then eight, then 16, then 32, then 64, then 128. The fact is that if it takes 28 days to cover this pond with lily pads, on the twenty-seventh day half the pond will still be left, but we only have one day to go. With many of these environmental questions, we do not know whether we are in the twenty-fifth day, the twenty-sixth day or the twenty-seventh day, and there are people in industry, in politics and elsewhere, both in Canada and the United States, who say: "Do not worry about it. We have half the pond left. What are all you environmentalists worried about?". The way in which environmental problems progress is as I have just described it. I ask people to think about that because that is our situation with respect to acid rain.

I do not know at what day we are now. I do not believe anyone does. However, I do know there are not that many days left before we will have done irreversible damage to our environment.

I spoke earlier about the economic costs, and a good example of that is what is happening in Quebec.

[*Translation*]

With respect to the impact of acid rains in Quebec, Mr. Speaker, I should like to give as an example the serious situation in that province, particularly concerning the future of sugar bushes. As a result of acid rains, the degradation of forests, and maple groves in particular, is progressing rapidly over the whole Quebec territory. According to the Quebec Agricultural Producers Union, Quebec maple syrup producers have already lost at least two million taps because of acid rains, and such losses are increasing at an alarming rate. APU spokesmen also estimate that the loss is already worth $87 million and, should degradation continue, it will threaten the livelihood of 10,000 Quebec maple syrup producers. Worse still, these figures do not take into account the acid rain impact on the other forest industries, nor on tourism or fisheries.

Mr. Speaker, air pollutants, especially acid rain, are the cause of major social and environmental losses in Quebec and elsewhere in Canada. This Government should take decisive action. First and foremost, this Government, and especially the Prime Minister (Mr. Mulroney), should adopt a more aggressive attitude toward the Reagan administration. Faced with an ecological and economic disaster it is time, for the Prime Minister to explain to Mr. Reagan the bitter resentment felt by all Canadians toward the American's lack of action in the fight against acid rain, and to emphasize the need for the Americans to take concrete action to reduce air pollution affecting Canada.

[*English*]

Mr. Redway: Mr. Speaker, I listened with interest to the comments of the Hon. Member about the acid rain situation. I know his own deep feelings and those of the New Democratic Party about this problem. I was pleased as well to hear his acknowledgement that he felt the Government was committed to bringing an end to acid rain and to doing so as quickly as possible. What bothered me, however, were his comments after relating the problem. I think he knows, as all of us know, what the problem is and, although all of us may not be 100 per cent aware of the magnitude of each and every part of the problem, we certainly know that it is an enormous problem.

The real issue facing us, as the Hon. Member said, is how to solve the problem. I did not hear what the Hon. Member or his Party would do, that is not being done at the present time, to solve this problem. I believe he indicated that one of the steps that should be taken is to put our own house in order. He also said that we do not necessarily have to wait until our hands are completely clean. I suppose he is implying that they could be a little dirty at the same time as we are talking to the United States about the question. I think he agrees that we have to put our own house in order at some stage of the game.

• (1640)

He then went on to say, as I understand it, that we should talk to the Americans, that we should try to negotiate with them. If I understood the Hon. Member correctly, he says that we have come to the stage at which it is time to stop talking

nicely to the Americans because, in effect, their attitude is not that of a good neighbour or friend. He said that it is time to go back to the method that was used by the previous Liberal Government which kicked and screamed and shouted. In this fashion, he seems to suggest, the next time the Prime Minister (Mr. Mulroney) meets with the President of the United States he should tell him that Canadians are outraged about the acid rain situation in the United States and that he has to do something about it. Perhaps we should do that. Does the Hon. Member truly believe that we will get any further by shouting and screaming and by perhaps calling out our Armed Forces and invading the United States? Does he really think that this is the sort of action that will achieve something? If he does, I would like to hear him tell us what he thinks it will achieve. If he does not, I would like to hear what he and his Party would really do that is any different from what the Government is doing with respect to the acid rain situation in the United States right now.

Mr. Blaikie: Mr. Speaker, I must say that I have always had a great deal of respect for the interventions of the Hon. Member for York East (Mr. Redway) except when it comes to his most recent comment in which he so caricatured the position of whoever it was he was talking about with respect to calling in the Canadian Army et cetera, that what started out to be not a bad question turned out to be something about which he will be ashamed when he reads it in *Hansard* tomorrow.

The fact of the matter is that part of the problem with the debate has been the caricaturing of the two approaches taken by the Liberal Government prior to 1984 and the Conservative Government after 1984. It is not the case that the Liberal Government was kicking, screaming, yelling and throwing verbal hand-grenades at Washington. It is not the case that the current Government has done nothing but be obsequious, create false expectations or be totally gullible. There are elements of truth in both those caricatures. But, in the final analysis, they are caricatures.

What we have not considered when we debate what approach will be most successful is whether or not we can be successful. We have not considered whether or not there is not some point at which the Canadian people would appreciate the honest admission of failure and acknowledgement that there may be some things that neither approach will accomplish. Maybe it is in the nature of the United States of America that whether one kicks the Americans in the shins or whether one slaps them on the back they will not do anything that is not in their self-interest. Perhaps that is the conclusion we have to draw first before we can begin to have a real debate about the matter, as opposed to the phoney debate to which the Hon. Member just contributed with respect to whether or not the approach of the present Government or the last Government will work. All of this is based on the assumption that there is some sort of magical button that neither Government has yet found and pushed that will bring the United States into line on these types of issues.

I am sorry to say that the history of the United States is not that there are magical buttons which one can push, either rhetorically, at summits, or on stages singing *When Irish Eyes Are Smiling*. Nor is there any other measure that might have been taken by the previous Liberal Government. Perhaps what we need to do is to get down to business instead of playing the game that if somebody would only do what the other guy advises them to do we would be so much more successful.

And if the Prime Minister does not come up with some significant advance with respect to acid rain at the summit it is my best political advice to him that he come out and say so. He should say that he did his best for the people of Canada but that he is up against a nation which is known for its self-centredness and for the fact that it is one of the most powerful nations in the world. Powerful nations in the world do not have a history of doing these types of things just because someone asks them to.

Mr. Corbett: Mr. Speaker, I listened to the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) with a great deal of interest. The Hon. Member normally takes a tack that is credible and sincere. In his opening statements he attacked the sincerity of the Province of New Brunswick—and I will only deal with that province because I am not in a position to comment on the policies of the Province of Nova Scotia. The Acid Rain Committee, as Your Honour may be aware, had the opportunity of listening to a presentation by the Minister of Environment for New Brunswick, the Hon. Robert Jackson, in which he made some points emphatically clear. Unfortunately, because the Hon. Member who just spoke took a tack that is contrary to the facts that are on the record, I am afraid that his entire approach to the issue loses a substantial amount of credibility.

I would like to ask the Hon. Member how he can couple his comments that the New Brunswick Government, along with the Nova Scotia Government, failed to take seriously acid rain agreements when in fact he is fully aware, since he was a member of the committee, that the facts speak for themselves. Indeed, New Brunswick has been a forerunner in acid rain abatement. Emission controls in New Brunswick with respect to the basic case in tonnes in 1980 were set at 215,000 tonnes. The province agreed that it would reduce those emissions to 185,000 tonnes by 1994. The Hon. Member is well aware that that goal was reached by 1983—11 years in advance of the date set in the initial agreement. Yet the Hon. Member says that the Province of New Brunswick has failed to meet its commitments. He says that it is pulling out at the last minute. There has been no indication from the Province of New Brunswick that it intends to pull out at the last minute. What it has done is to signal that there could be some concerns that should be addressed in the future to deal with the problems that we are all faced with in terms of regional disparities and merging parts of the country that we would try to assist economically. I would ask the Hon. Member how he expects his speech here today to stand up and be credible in view of the flagrant points of view that he has signalled being absolutely

contrary to the fact that, indeed, New Brunswick has not only led the way but has met its commitment to those emission controls well in advance of its target date.

Mr. Blaikie: Mr. Speaker, I do not believe that what I said in contrary to the facts. I think that there is a well recognized national concern that what the Government of New Brunswick and the New Brunswick Power Commission said before the Special Committee on Acid Rain constitutes a real danger that agreements will not be signed between New Brunswick and the federal Government, for instance, and that that is a concern that is shared by the federal Government and all who are observing the acid rain situation.

I should point out that the Hon. Member who asks me the question is a Member of Parliament from New Brunswick. He feels constrained to defend the position of the Progressive Conservative Government of that province. I suppose that that is an understandable political reality. However, it has nothing to do with the fact that there can be any certainty that the New Brunswick Government will live up to the agreement that it made in 1985—not steps it took before 1985 but the agreement it made in 1985—with the federal Government to do certain things by certain times.

• (1650)

The other day when I listened to the New Brunswick Power Commission, I certainly had the impression that it felt it was no longer willing and, in its judgment, able—which is of course what is at debate—to live up to the agreement that it made, because of changes in the policy of Quebec Hydro. It made a rather elaborate argument about why it could not do what it had said it was going to do. Why the Hon. Member would now stand here and say that it will do it, when the New Brunswick Power Commission came before the committee and made an elaborate argument about why it could not, is something that I will leave to your wisdom, Mr. Speaker.

Hon. Tom McMillan (Minister of the Environment): Mr. Speaker, I wish to begin by saying to the mover of the motion that I genuinely welcome the motion itself, while expressing some regret about its negative tone. Given the fact that the Hon. Member has an obvious commitment to the issue, and given his efforts as a Minister of the Crown in the previous Government to make progress on it, I am sure that he would be the last to want to leave any impression that his Party is playing politics with an issue that has traditionally transcended partisanship.

I remind the Hon. Member and the House of the two landmark reports of the parliamentary Subcommittee on Acid Rain, the one to which I was a contributor entitled *Still Waters*, and the later document, *Time Lost*. They received the unanimous support of all Parties in the House.

This motion today could not come at a more delicate time. The Government is at a crucial point in negotiations with the seven eastern provinces from Manitoba to Prince Edward Island and Newfoundland, and with the United States. In the case of the provinces, the Government is in the throes of negotiating individual agreements to implement the commitments they made as separate provinces, and collectively, in February, 1985. With the United States we are working to achieve not only full implementation of the celebrated Special Envoy's recommendations, but also action to substantially reduce the transboundary flow of pollution into Canada from the United States.

Notwithstanding the critical flavour of the motion, and the fact that Members of the House may differ on details as to how to cope with acid rain-causing emissions, I think it can be said there are no differences among us on the over-all objective. There can be no doubt about the supreme importance that the federal Government attaches to finding long-term lasting solutions to acid raid. The Prime Minister (Mr. Mulroney) has made acid rain not only his number one environmental priority, but also his primary agenda item with the United States among the myriad of bilateral issues with which we as a Government are wrestling. The Prime Minister is the first Canadian head of Government to make acid rain a personal, individual priority. In doing so he has elevated the profile of the issue at home and abroad, including the United States, where public awareness has soared in recent months. I must say that I am a little discouraged that the Prime Minister has not been given more credit, or more encouragement, within the House and the country at large for at least trying.

The mover of the motion may recall a different situation before the Government took office. I do not draw the attention of the House to this point in order to paint caricatures of us as good guys over here, and them the bad guys over there. I am putting today's debate in an historical context. In August, 1980, the Minister of the Environment prior to the Hon. Member for Davenport (Mr. Caccia), for whom I had great respect, signed a Memorandum of Intent with the United States. He had the good grace to do it when I was in Lahaina. For all the high hopes at that time little real progress was made on the Memorandum of Intent signed in August, 1980. I am not critical of the Government for its lack of progress with the United States, because the conditions that then made progress difficult continue to prevail now, making it difficult for this Government to move the American elephant even one step on the issue. In June, 1982, only months after the Memorandum of Intent was signed, committing the two Governments to solid action on acid rain, the previous Government broke off formal negotiations with the United States out of sheer frustration. No progress can be made on any issue by any Government when the principals are not present at the negotiating table.

The now Prime Minister assessed the situation while Opposition Leader. He arrived at two conclusions as Prime Minister prior to the March 1985 Shamrock Summit in Quebec with the President of the United States. The Prime Minister stated that if Canada is to make any progress with the United States, it must have the moral authority based on a "clean-hands" approach to acid rain within our own borders.

Literally speaking, we had to put our money where our commitment was. Second, the Prime Minister stated that we needed a process that would bring the United States back to the bargaining table. The process had to recognize existing positions, especially the one taken by the United States at that time namely, that acid rain is not a problem, let alone something that should be elevated to the top of the agenda of the two countries. Needed too was a mechanism for moving the issue forward. With no small amount of effort in the space of two and a half years, the Prime Minister, the Government, and the country, because it is a non-partisan issue, have achieved some real progress on those two objectives.

I wish to deal with what the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie), and indeed the Prime Minister, has called our "clean hands" policy. Almost six months after the new Government took office in February, 1985, my predecessor reached what I think we can all agree was an important accord with our colleagues from the seven eastern provinces from Manitoba through to Newfoundland. The eight Governments, including the federal Government itself, agreed to reduce total Canadian sulphur dioxide emissions in Canada to 2.3 million tonnes, which was a 50 per cent reduction based on 1980 figures. Each province agreed to a specific reduction program within its borders as a contribution to the total national emission reduction effort. They agreed to enforce their respective programs through legislation or other fiats, and to do so by 1994 at the latest.

The provincial emission limits were not developed by the federal Government and imposed by it on the participating provinces. The control program was not shoved down their throats. The provincial limits were volunteered by individual provinces as their contribution to a great national cause. I stress the fact that commitments were made by each province as much to one another as to the federal Government.

• (1700)

It was not an agreement between the seven provinces on the one hand and the federal Government on the other. It was an agreement among eight Governments to one another and to the people of Canada. The federal Government was acting as the glue holding together a compact among different Governments and different jurisdictions.

The federal role in the February 1985 accord was clear. We agreed that if financial assistance was deemed necessary for the actions required at non-ferrous smelters, we would take the lead as the federal Government in arranging it.

Why was this commitment limited to smelters? I think that is an important question in the context of the motion we are debating today, especially *vis-à-vis* Nova Scotia and New Brunswick. It was for two good reasons. First, smelters are responsible for most of the sulphur dioxide emissions in eastern Canada. Second, the provinces clearly indicated themselves that they wanted the lead in dealing with their own utilities. The coal question, the thermal power coal question, revolves around provincial utilities in Nova Scotia, in New Brunswick, and in Ontario, for that matter.

In any event, why should federal tax dollars be used to subsidize profitable provincial utilities, no matter how noble the cause might be? That question was asked by the provinces themselves when the agreement was reached in February, 1985. As the federal Government's part of the bargain, Cabinet agreed to provide up to $150 million to share the costs of smelter modernization-pollution abatement initiatives required to achieve provincial emission limits, as well as a further $150 million for research and development and demonstration projects.

All eight parties to the February 1985 accord knew exactly what they were doing at the time. There was no hidden agenda, no fact concealed, no possible eventuality raised, and no condition attached to the agreement. It would be reprehensible now, 24 months later, for any party or any Government, provincial or federal, to renege on its commitment. There can be no ransom, no changing of terms, no procrastination based upon limp-wristed concerns about what might happen in future if this or that were to happen and specific control measures were thereby made more difficult to achieve.

The eight Governments must all stay the course. If some unforeseen circumstance should make it difficult for one or other of the partners to do so between now and 1994, I am sure the others will want to help it so as to keep the pact intact.

What sense does it make now, in the late winter of 1987, to be worrying about some possible circumstance in 1992 or 1994 which would cause us to rethink what we agreed to in February 1985? For my part, I intend to begin soon signing on behalf of this jurisdiction the formal federal-provincial acid rain abatement agreements necessary to ratify the original February 1985 compact among the different Governments.

Cabinet has authorized allocation of funds for the smelter modernization-pollution abatement program. The cash is there. It has been set aside. It has been committed. Manitoba will have up to $20 million; Ontario, up to $85 million; and Quebec, up to something like $42 million.

Some observers claim that the Atlantic provinces are being denied assistance for the acid rain clean-up. They see the millions of dollars for Manitoba, Ontario, and Quebec and no money for New Brunswick or Nova Scotia, and ask: Aren't we as federal and provincial Governments discriminating against eastern Canada?

I am an Atlantic Canadian. I come from Prince Edward Island. My mother was a British Columbian. I derive no pleasure, no pride, and no satisfaction from the fact that at the eleventh hour we are making some efforts to unravel the ball of yarn.

The truth is that there is no discrimination. Under the Energy, Mines and Resources coal utilization program, about $70 million in federal assistance has already been provided in Atlantic Canada to bring new clean coal technologies to the

point where they can be considered for commercial use. Moreover, in New Brunswick the federal Government provided a $100 million grant and a $350 million loan for the construction of the Point Lepreau nuclear station. That has profound implications for the acid rain effort in the country, because nuclear energy is relatively clean in respect of acid rain.

Other examples of federal Government subventions to the Atlantic provinces for programs and projects in this general area could be cited, including a multi-million dollar electricity subsidy program in my own Province of Prince Edward Island.

I now want to turn to the Canada-U.S. situation. As I mentioned earlier, little progress was made by Canada prior to September, 1984 when the current Government was elected. Some well informed commentators have argued that by the summer of 1984, on the eve of the election of the new Government, the acid rain issue had actually slipped backward to about where it was in 1979 before the Memorandum of Intent was signed by the Governments of Canada and the U.S. Such was the situation that we faced when we took office. With all due respect to the Hon. Member for Davenport, the official spokesman on the environment for the Official Opposition, despite his contentions, we have made progress since September, 1984.

When President Reagan endorsed the report of the Special Envoys, the Prime Minister interpreted his support as a commitment by the U.S. administration to seek from Congress the funds necessary to implement the recommendations. Indeed, the President gave a specific commitment to that effect, I think it was at the news conference when the President endorsed the report.

The President's 1988 budget proposals provided the first opportunity for the United States to honour its commitment to Canada concerning the Special Envoys' report. The initiatives outlined, however, fell substantially short of meeting even the minimum requirements.

The Prime Minister and I gave a clear and unequivocal message to Vice-President Bush at our January 21 meeting in Ottawa. We also made clear to the Vice-President what Canada expects from the United States. I want to conclude on this note. To eliminate acid rain damage and to prevent it from happening in future, Canada is seeking a reduction in the transboundary air pollution flow from the United States to two million metric tonnes of sulphur dioxide per year or about 50 per cent of the 1980 level. We want such a reduction on a targeted and scheduled basis.

As a step toward the objective, we are pressing for full implementation of the Special Envoys' recommendations in a way that achieves early reductions in U.S. emissions affecting Canada. Our objective is based both upon sound scientific information and upon existing principles and obligations under international law that nation states must ensure that activities within their jurisdictions do not damage the environment of other states.

Finally, our objective also extends naturally from the Special Envoys' report itself, which contemplated reductions in "the flow of airborne pollutants across our common border". Our commitment to our objective is strong and unwavering. We will do everything we can to make progress in the time leading up to the next summit between the President of the United States and the Prime Minister of Canada and thereafter. The U.S. administration is having in its words "a fresh look" at its response to the President's commitment in light of the vigorous representations made by the Prime Minister and myself and other Cabinet Ministers to the Vice-President during his visit to Ottawa. Our goal cannot be clearer nor our resolve stronger. We want action, and we want it now.

• (1710)

Mr. Caccia: Mr. Speaker, I have some brief questions to put to the Minister so as to provide as much time for questions by others. First, I wish to inquire why the Hon. Member for Funday—Royal (Mr. Corbett) does not seem to be supporting the Minister. Second, will the policy which the Minister has just announced, namely the cutting of transboundary emissions, be the new policy of the Government of Canada at the next summit? Third, flowing from the debate that has taken place this afternoon, will the Minister provide the Prime Minister (Mr. Mulroney) for April 5 at the summit with a study on the economic damage to the U.S. economy, forests, agriculture, building structure and human health so as to strengthen his hand in demonstrating that inaction on the part of the United States is hurting the U.S. economy?

Mr. McMillan: Mr. Speaker, the Member has asked three questions. I will try to deal with them as expeditiously as I can. On the first question, I am not aware of any lack of support from any colleague within my caucus, let alone from the Hon. Member for Fundy—Royal (Mr. Corbett), although obviously we may differ on details, he from the perspective of his province and I from a national perspective.

Second, I do not think the position that I outlined in my remarks today, which echo ones that I have expressed publicly before this occasion, constitute a new position of the Government of Canada. The envoys' report, from memory I think it is on page 4, contemplates a bilateral accord between Canada and the United States, building, more or less in the words of the report, on the spirit of the Memorandum of Intent signed in August, 1980. We have always seen the envoys' process, the report and the recommendations themselves, not as the last step in a long journey but rather as one of the first steps. The scientific evidence is clear. If we are to minimize damage to our ecosystem, to our aquatic life, to our terrestrial features, to our built environment, to our statuary and human health, we have to keep acid rain loadings down to a maximum of 20 kilograms per hectare. If we were to eliminate all sources within Canada of acid rain causing emissions, we still could not achieve that objective because 50 per cent of the emissions affecting Canada cross the border from the United States. In places like the neighborhood of the Hon. Member for Parry

Sound—Muskoka (Mr. Darling) the figure may well be higher. Certainly it is higher in the Haliburton areas in Ontario. We are simply taking the science and translating it into policy. We have to have at least a 50 per cent reduction in U.S. flows into Canada to complement those reductions that we are planning within our own country in order to achieve the maximum acceptable acid rain loadings.

Third, I think the suggestion of the Hon. Member that a certain report be made available to the President during his visit with the Prime Minister in April is a good one. I do believe that that report has already been brought to the attention of the senior people in the United States Government. In case it has escaped the attention of the President, I will ensure personally through the Prime Minister that it does not do so in future.

Mr. Blaikie: Mr. Speaker, I have two things. I would urge upon the Minister to pay a great deal of attention in the Government's negotiations or discussions with the Americans to the economic approach. Maybe it is a case, as I said before, that the United States of America will not do anything that is not in its self-interest. Because this is probably true, we need to demonstrate just how much it is, not only not in the long term, but in the medium term and even in the short term economic interest of the United States to act with respect to acid rain emissions in its own backyard, both in the Canadian sense and in the American sense of that.

I made the joke earlier about the President at one point thinking that acid rain came from ducks. Just recently we learned, thanks to the Isaac Walton League and a study done by it, that acid rain is actually decimating the population of waterfowl on the East Coast. It is that kind of reality that should be brought home to the Americans.

I have a question for the Minister about the federal-provincial agreements. I must say that I am only now—perhaps I should have seen it earlier—seeing how loose, in a sense, the agreement of 1985 was that was signed at that time. I have a question about those agreements. Were the amounts of money, which the Minister talked about going to provinces, having to do with acid rain abatement of programs for smelters and what not, for instance, the $20 million for Manitoba, outlined in the agreement of 1985, or are these amounts that have been arrived at subsequently? In other words, what are provinces, which were a party to that agreement in 1985, bound to with respect to actual dollars and cents? What were the expectations or details announced at that time?

Mr. McMillan: Mr. Speaker, I think the Hon. Member recognizes that I was not the Minister of the Environment at the time the agreement was forged. I can, nevertheless, answer his questions as best I can. There was a general agreement among the federal Government and the seven participating provinces, first, that they would slash their total acid rain emissions by 50 per cent by 1994 based on 1980 figures; second, that each participating province would contribute to the total effort by slashing its emissions according to a specific schedule agreed upon; third, there was an understanding that the $150 million dollar fund at the federal level to assist the provinces, and through the provinces industry, to achieve the respective provincial control programs, would be used for smelter modernization-pollution abatement, not for thermal power plants, let alone ones operated by the utilities. There were no specific dollar figures attached in February, 1985 on a province by province basis. It was understood, however, that the $150 million would be spent by a rough rule of thumb commensurate with the contribution each province made to the problem. In other words, it was clear, because Quebec and Ontario together accounted for about 80 per cent of the total acid rain-causing emissions in the country, their subvention from the $150 million would be in the neighborhood of 80 per cent of the $150 million fund. In the case of Ontario, because its contribution to the problem was greater than that of Quebec, obviously it would be drawing more heavily from the fund. It was that kind of rough rule of thumb.

When I became Minister, the Minister for the Environment in Ontario almost within days of my appointment came to me and said "We, as a Government, are totally committed to honouring our arrangement within the total deal, but before we can forge a specific control program, especially concerning the four major sources of acid rain pollution within Ontario, we need to have some indication from you, that is from the federal Government, as to our share of the $150 million". I, for my part, said, "I cannot very well answer your question until I see your control program and assess what the funding requirement is". It was a chicken and egg kind of thing, a vicious circle, but we agreed on a trade off. Instead of either one of us imposing a requirement on the other, we said, fine, Ontario will rough out its general approach, and for our part we will give Ontario some general idea of how much we think its program would cost and on the basis of an estimated cost what the federal contribution might be toward it from the $150 million. It engaged in that kind of exercise with each of the other provinces. We arrived at the figures I cited, but keep in mind that those are rough figures and in some cases maximums.

• (1720)

In the case of Ontario, the Government is rightly insisting that the prospective recipient industries demonstrate before the fact that they need a subvention either from the province or from the federal Government because neither of us is in the business of lining the pockets of industry.

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I too wish to congratulate my colleague for raising this subject which I believe is of great importance to all Canadians. However, it is of particular importance to residents of the Province of Nova Scotia, a part of which I happen to represent.

While listening to the remarks of the Minister of the Environment (Mr. McMillan), I was somewhat disappointed that he would not be more specific with regard to what he

intends to do to ensure that the provincial Governments abide by the agreements and understandings both in terms of the letter of the law and in terms of its spirit. Perhaps we might spend a few moments on why the federal Minister of the Environment is so reluctant to ask his provincial colleagues in New Brunswick and Nova Scotia, to mention just two provinces, to proceed.

Many reasons for this could be offered. I do not think any of them are political, but perhaps they may be. Is it because the present administration in the Province of New Brunswick is due to end its term and that the Minister of the Environment sits by, not so much saying nothing but doing nothing? Is he operating on the instructions of the federal Minister representing New Brunswick in the federal Cabinet to cool it so that the Premier of the province may be able to muscle out a few more votes in the next provincial election?

I think the course that will be followed in New Brunswick is rather evident. That administration will come to an end very soon. Perhaps what is more disturbing is that the federal Minister of the Environment has allowed a very serious situation to become even more serious. He has not taken his responsibilities seriously by trying to enforce the agreements made in those two provinces.

One theory has been advanced by others, but not by me because I would not want to be partisan. It is not my nature. One might say, however, that the people of the Province of Nova Scotia, like our good brothers and sisters in the Province of New Brunswick, are in election mode in a preliminary way. Again, the provincial Minister of the Environment, the Hon. Laird Stirling, is travelling to Ottawa, appearing before the committee and crying great tears of concern. He is telling everyone that he is very concerned, that the Premier is concerned, that the caucus is concerned, that the Conservative executive of his association is concerned, that his mother is concerned and that his sister-in-law is concerned, but he does not take any action.

What does the federal Minister of the Environment do when in Nova Scotia? He just nods his head, continues onward and says nothing. Again, and I say this sincerely, not only does he not say anything but he does not do anything to rectify the serious problem we are now facing as a result of acid rain.

We would have hoped that the Province of Nova Scotia, for example, would have been utilizing funds under the coal technology program. That is not being done. We have heard the great platitudes of the Premier of Nova Scotia who, I might add, has on several occasions changed the entire thrust of the energy policy of Nova Scotia, depending upon where he was speaking. When he is down by the Bay of Fundy, he talks about tidal power. When he is in the Halifax-Dartmouth area, he changes his speech and energy thrust to talk about the offshore oil and gas. When he goes to eastern Nova Scotia, he talks about the utilization of coal from Cape Breton.

We all know that the provincial Crown corporation, the Nova Scotia Power Corporation, utilizes a great deal of coal produced by the Cape Breton Development Corporation. The emission standards used in the burning of the coal ought to be enforced by the province. We all hope that the Power Corporation will continue to burn that coal, but there are technologies available that are workable and feasible and are in the long-term interests of the people of Nova Scotia, whether they happen to reside in eastern Nova Scotia, Metropolitan Dartmouth-Halifax or indeed Lunenburg, Yarmouth and areas west. The problem is that the Premier of Nova Scotia has abdicated his responsibilities toward the environment and he is being aided and abetted by the federal Minister of the Environment.

In the Legislature which has just recently opened in Nova Scotia, the provincial Leader of the Liberal Party outlined very clearly where he and his Party stood on the issue of acid rain. I think it would do Hon. Members well, and particularly Hon. Members opposite who represent ridings in the Province of Nova Scotia, to examine very clearly what the Leader of the Official Opposition in the Province of Nova Scotia has said. He has said that acid rain poses an immediate and serious threat to the quality of life and economic well-being of the entire Atlantic region. In Nova Scotia, the effects of acid rain are already being severely felt. Eighteen—not one, not two, not three but 18—former salmon streams in the Province of Nova Scotia are no longer able to sustain fish. That is an appalling number of streams in view of the small size of the Province of Nova Scotia. Another 13 rivers are listed as being endangered. Those rivers are the spawning grounds of the Atlantic salmon and once destroyed, the extinction of the salmon species will not be far behind. Surely as Canadians, whether we reside in Nova Scotia, Ontario, Quebec or the West, we would want to protect and enhance the salmon stocks wherever they may be.

• (1730)

Acid rain which falls in the Maritimes does not originate there but, in my view, in the industrial heartland of the eastern and central regions of North America. The only viable long-term solution to the problem is a major reduction in the industrial emissions which cause acid rain. For this we need international co-operation. Before you seek international co-operation you have to show leadership at home. Leadership is not going to the Canadian Club to amuse different organizations. Leadership is not speaking to different groups across the country. Leadership is taking bold, significant and concrete action which, from time to time, may mean exerting pressure and demanding that the provincial Governments live up to their responsibility as equal partners on this most important issue of acid rain.

The Government is afraid to exercise leadership on this issue both internationally and domestically. Why does the Government refuse to show leadership and demand that the provinces live up to their responsibilities? The conclusion is obvious. The Government does not mean what it said. This is another example of a national Government trying to set national policy with mere platitudes, as it has done, as an analogy, with

regional economic development in eradicating inequalities in this country.

The Government says it is very concerned. The Prime Minister (Mr. Mulroney) went to Newfoundland in August of last year and said that our economic development programs are not working. We read that in the Throne Speech, and now we have a new Budget which provides not one new cent or one new innovative program to eradicate the problem of regional economic development. The same is true with regard to the environment and acid rain. The Government has done absolutely nothing to effectuate the positive changes which all Canadians want to see.

Our clean lakes, rivers and streams are one of our greatest natural resources. To sit idly by, as the federal Minister of the Environment (Mr. McMillan) is doing, while they are poisoned by industrial contamination would be a criminal act in any jurisdiction in the western world. In Nova Scotia our power plants are almost exclusively generated by coal and oil-fired plants. Our present provincial Government's commitment to reduction of emissions from these plants has been wanting.

For the benefit of members opposite I want to indicate what the official Leader of the Liberal Party in the Province of Nova Scotia said. He said that Nova Scotia has been living up to the letter of agreements concerning reduction of emissions, but has refused to take the lead. He said that a Liberal Government in Nova Scotia would be prepared to show leadership on this issue and serve as an example to other jurisdictions. The technology exists to keep emissions from coal and oil-fired generations to a bare minimum, but that technology costs money. In his opinion the expenditure must be made because the alternative may well be ecologically devastating.

I am glad that my colleague from the New Democratic Party agrees. I am glad once again to see the New Democratic Party following the lead of the Liberal Party in this most important endeavour of trying to control and eradicate the effects of acid rain in this country.

Let us not lose sight of what presently exists. The Government of the Province of Nova Scotia is not doing enough. The federal Government is not helping. It is rewarding the irresponsible behaviour in my Province of Nova Scotia. Economically it is also essential that the acid rain problem be addressed immediately.

Without our inland salmon fishery, the tourist industry in the Provinces of Nova Scotia and New Brunswick would suffer a major set-back. Acid rain also poses a distinct threat to various agricultural sectors and to the long-term health of forest related industries.

Due to the federal Minister's failure to exercise his responsibility, we will not only see an exacerbation of the acid rain problem, but direct and consequential effects of the failure to act on behalf of Canadians. Due to his failure to put pressure on the provincial Governments, a very important sector of our economy, namely the tourism sector, will lose great job-producing potential. The failure of the federal Government to show leadership and make the provincial Governments respond accordingly is telegraphing to all Canadians the message that the Government is not overly concerned about that sector of our economy.

We have heard from numerous sources which have come before different committees of the House of Commons about the effects that acid rain is having on our agricultural sector. In fact, we will hear it again from the Maritime Farmers Council which is meeting tonight. The forest industry is another potential blockbuster employer in the country. If action is not taken immediately by our Governments, that sector, too, will be in great jeopardy.

The Liberal Party, both federally and in the Province of Nova Scotia, advocates immediate remedial action to save our endangered rivers and streams. This can be accomplished through a program of river-bed liming, which has been proven effective in Sweden and in a pilot project on Nova Scotia's south shore. It is not being tried elsewhere in the province as it should be because the province does not want to exercise its responsibility. If that is the case, why does the federal Minister not intervene? The answer is obvious: pending elections. River-bed liming will save the salmon. Admittedly, it is not the long-term solution. However, if we do not save the salmon today, there will not be any left to save in 20 years or more when we finally solve the problem at the source by reducing emissions.

It is very obvious what is taking place. Our tourism, agricultural, forestry and fishery sectors are in danger due to the lack of action by the provincial Government in the Province of Nova Scotia, aided and abetted by the co-operation it is receiving from its federal counterparts in the federal Ministry of the Environment.

• (1740)

The argument about this issue which has been eloquently made by others has not been challenged by the Government, the media or indeed any of the environmentalists. The reason for the lack of action by the provincial Governments of New Brunswick and Nova Scotia and the reason for the irresponsible behaviour by the Minister of the Environment, who is known throughout the Atlantic region as Mr. Clean, is that provincial elections are to take place. If that is not the case, the Premier of New Brunswick and the Premier of Nova Scotia should say so very clearly. However, when this issue is raised, they are never to be found.

It is sad that the provincial Governments have been allowed to abdicate their responsibilities for the serious issue of acid rain and the problems it causes to the sectors of our economy. I hope the Department of the Environment will take concrete steps to ensure that we as Canadians, provincially and federally, exercise our responsibility and live up to our commitments so that we may co-operatively deal with the international situation.

The Minister of the Environment must stop acting like a dutiful sheep to the provincial Governments and accept his clear and concrete responsibility as I am sure the former Minister would have done.

Mrs. Browes: Mr. Speaker, I wish to comment on the Hon. Member's speech. I was disappointed by the tone of his speech and would have expected him to applaud the leadership and sense of responsibility shown at the federal level. The leadership shown by the Government since its election has resulted in the envoys' report and its enforcement, and has resulted in the Department of the Environment and the Minister receiving those commitments from the provincial Governments. It is tragic to hear the Hon. Member talk about lack of leadership and sense of responsibility at the federal level, when our progress in the past two and one-half years has been truly remarkable. There is a political will to clean up acid rain in this country, and it is unacceptable for the Hon. Member to turn this into a partisan issue when all of us should be committed to doing whatever we can.

Mr. Dingwall: Mr. Speaker, I am pleased to respond to the eloquent comment made by the Hon. Member. She is obviously as concerned as I am about this matter.

Perhaps I can take this opportunity to inform her of the facts. It is a political issue in the Province of Nova Scotia. It is clear that there is an irresponsible Premier there who refuses to exercise the authority that has been given to him by the people of Nova Scotia to try to eradicate acid rain. Furthermore, when it comes to the issue of acid rain in Nova Scotia, the federal Government should be ashamed and embarrassed to set a foot in that province. It has been grossly negligent with regard to that issue.

Let me give two examples. The Minister has told the Board of Trade in Halifax that the provincial Governments must do more. He speaks about emissions from the Nova Scotia Power Corporation as a result of its burning coal. Yet there are two projects before the federal Ministers responsible for regional industrial expansion and the environment that could greatly assist in lessening the emission of acid rain from the burning of coal.

One project is the synfuel project. However, the former Minister of Regional Industrial Expansion has taken an idiotic partisan attitude toward that synfuel research and development project. With a small amount of money that could be taken from funds already existing in the Governments of Nova Scotia and Canada a pilot project could be initiated dealing with the burning of coal and the lessening of acid rain emissions.

The second example of irresponsibility by the federal Government and the Minister of the Environment concerns the carbogel project that is waiting to be funded by the federal and provincial Governments. Yet the irresponsible Premier of Nova Scotia travels to eastern Nova Scotia to say that his Government has changed its energy policy and will now utilize coal. Everyone in Nova Scotia realizes that the days of transporting coal by ship to burn at a power plant are over because of the acid rain problems.

The federal Government must live up to its responsibility and make its provincial counterpart live up to its responsibility to fund the carbogel and synfuel projects jointly because the power generated by the Nova Scotia Power Corporation is derived from coal. Yet the Government, the Minister and the Prime Minister have done nothing other than talk about their concern for acid rain and their concern about coal.

I thank the Hon. Member for her eloquent comment, which gave me an opportunity to explain the irresponsible behaviour and gross negligence of the Minister and the Premier with regard to a very important problem that could be resolved if there was some political will. The only political will in the House of Commons being exercised by the Minister of the Environment is to maintain Richard Hatfield in New Brunswick and maintain John Buchanan in Nova Scotia. I can assure the Hon. Member on both counts that they will be gone.

Mr. Angus: Mr. Speaker, I have been listening with interest to the Hon. Member's contribution to this debate.

Mr. Crosbie: You are the only one. You are the first one I heard admit that.

Mr. Angus: It is a change, anyway. The Hon. Member responded to an interjection I made about his Party taking the lead on this issue. If his Party did such a good job, why do we still have the problem?

Mr. Dingwall: I thank the Hon. Member for acknowledging the contribution I have made to this debate. The answer to the question is obvious. I do not know of a Government, provincially, federally or municipally, which would say that an acid rain problem could be resolved overnight. I did not even suggest it in debate. What I am suggesting is that there are levers of power in this country, both provincially and federally, which have to be exercised in order to eradicate the problem. Unfortunately, the present administration does not see fit to accept those responsibilities.

• (1750)

In Nova Scotia, with which I am very familiar, we did fund the synfuels project, as one example, so that the emissions from coal would be reduced and reduced substantially. The Tories cut it off. We did fund the carbogel project at the Nova Scotia Power Corporation so that the emissions from coal, again, would be reduced. What have the Tories done? They have cut it off. We did have pilot projects in all the Atlantic regions with regard to the utilization of coal, because it was noted time and time again by the federal Ministry of the Environment that the emissions from coal were a problem. There were pilot projects in New Brunswick in the Colson Cove. There were pilot projects in other parts of Nova Scotia. In fact, even federal and provincial institutions in the Atlantic region did carry out trial projects as well. So there were very

concrete and specific initiatives taken by the previous administration. However, that is not the problem. The problem today is that there is no political will being exercised by the federal Government, nor the provincial Governments of New Brunswick and Nova Scotia, to address this very serious problem.

Mr. Iain Angus (Thunder Bay—Atikokan): Mr. Speaker, let me start my contribution to the debate today with some bad news. We have already received the answer from some American representatives to the motion today. The motion reads in part:

> That this House also deplores the fact that, two years after the Quebec summit meeting, no benefits to Canada in the form of SO2 emission reductions in the United States have materialized; and
>
> That, therefore, this House urges the government to:
>
> (2) request at the April, 1987 summit meeting that the United States reduce SO2 emissions over the Canadian border in a significant manner.

This afternoon CBC Radio at five o'clock ran a story which indicates that the majority leader in the Senate of the United States, Senator Byrd from West Virginia, said that the United States should slow down on its plans for legislation to deal with acid rain. He basically indicated, and I am paraphrasing him, that the case had not been yet proven that SO2 emissions were the cause of acid rain and that acid rain, in turn, was causing the problems created both in Canada and in the United States. Lo and behold, he said we have to put more money into research. That is a response from the man whose Party controls the Senate of the United States, and which he leads. He is now parroting the line taken by the President of the United States that more money is needed for research, as opposed to what we believe in this House that more action is needed to do something about the problem.

I would like to focus on a couple of areas during my participation in this debate today. From time to time I have made reference to my previous incarnation as a provincial Member in the Ontario House. Once again I find myself dealing with a topic I dealt with back in 1975-76. That, of course, is the question of the impact of American SO2 emissions on Canada and particularly on northwestern Ontario. One of the elements I raised at that time, and I was a voice in the wilderness, was the impact of SO2 emissions on the health of human beings.

The District Health Council in my community of Thunder Bay did a study around 1975 and discovered that we had a higher than normal incidence of respiratory disease, not necessarily deaths but diseases of the respiratory system including the lungs. There were those of us who believed at the time that part of the reason for that difference was the apparently high levels of SO2 emissions from a couple of our pulp and paper mills and later from an Ontario hydro coal-fired generating station. I did some research in terms of follow-up and discovered back then, thanks, quite frankly, to the environmental protection agency office out of Duluth, Minnesota, a study conducted in Allegheny County. That is part of the Pittsburgh area. Although I do not have the document handy and I cannot quote the exact figures, the result of that study was to show the direct relationship between SO2 emissions and the health cost in that particular county in the United States. What the study found was that for every 1 per cent reduction in SO2 emissions, there was a corresponding savings in terms of American dollars spent on medical aid. The study proved that the benefits of reducing SO2 and other airborne contaminants went far beyond the question of saving lakes from acidification and saving our forests, whether it be the maple sugar forests in Quebec or the softwood and hardwood forests in Ontario and elsewhere, from reduced growth. It showed that there was clearly an impact on the health of human beings. I would suggest, and I do not have the specifics to use as verification, that the people who would be affected would be our seniors, our young children and those in other age groups who are more susceptible than others to environmental airborne contaminants.

What we are asking the American Government to do, while clearly of benefit to us here in Canada, is probably of even greater benefit to its own citizens. If by reducing those SO2 emissions, the Americans can improve the health of their citizens and reduce the financial burden on their health care system, it is in their best interests. Of course it is in our best interests as well.

I think in a lot of ways Canada as a whole, and I am thinking about the federal as well as the provincial context, has taken those first important steps. We in this country have said to our industries that we have to start cleaning up. We may feel strongly that we have to push them harder, further and faster but, compared to the United States, we have done a fantastic job. Once again in our negotiations, whether by the current federal Government or the previous federal Government, or the provincial Governments, we have not done our job in terms of getting the same deal out of the United States. We have not gone the extra step to not only demand but ensure that promises are actually followed through with dollars and cents. It is clear that the President of the United States has not lived up to his commitment to the Prime Minister of Canada (Mr. Mulroney). He has not ensured that Congress has been provided with the amounts of money necessary to pay for the reductions.

• (1800)

The Americans are still listening to the coal lobby. They are still focusing on one part of their country at the expense of another large part of it, and at the expense of the Canadian environment. That has to change. They have to understand that this is not just a Canada-U.S. fight. They must understand that this is a fight between one part of America and another part of America. They have to move quickly, on the one hand, to put in place the necessary reductions and, on the other, to ensure that for those industries directly affected replacement mechanisms are available for those workers who may be displaced. Appropriate assistance must be given to keep these industries intact in order that economies of communities do not suffer. We must do the same in Canada. We can no longer approach the situation in a black and white

fashion. We can no longer say that because it is a job we have to keep it regardless of the expense. I think we can have it both ways. We have shown that in Canada, and it is time that the United States agreed to it.

I would like to come back to the health problem. As I mentioned at the beginning of my comments, my interest in the health issue goes back to 1975, which is 12 years ago. A recent report in the United States brought down by the Environmental Protection Agency was covered in an article in *The New York Times* of February 19, 1987. The report was requested by Lee M. Thomas, Administrator of the Environmental Protection Agency, in an effort to review its priorities. It was prepared by 75 of the agency's senior professional staff members. I would now like to quote part of the article which states:

> The report found that the problems posing the greatest overall risk to human health and the environment in the United States included such conventional air pollutants as sulfur and lead, the destruction of ozone in the atmosphere by man-made chemicals and the risk from pesticides, especially pesticide residues on foods.

Clearly, this report confirms what the Allegheny County study stated back in the 1970s. It also confirms the studies done with respect to the great fogs of London in terms of the impact on the human population. I say to Hon. Members regardless of what Canada and the United States may want to talk about, the United States now has a document which very clearly states that the health of the people of the United States is at risk. Quite clearly it confirms that the health of Canadians is also at risk because of continuing acid rain emissions in this country. They too will have an impact on our health care delivery system.

We hear provincial Governments these days talking about the need to reduce the demand on health care services, and some have imposed user fees. Others try to curtail access. But we could do so much to ease the burden on our health care delivery system in Canada if we would just make a bigger dent in acid rain emissions on both sides of the border. This is clearly an important focus. It is one on which Canadians are in agreement with us.

Results of recent polls indicate that the vast majority of the Canadian public—I believe it is well over two-thirds, if not higher—believe that the environment is the major issue before us today. It is the one about which they are the most concerned. They believe it is important not only to protect our own health, but they want to see our lakes and rivers protected. They do not want to see them killed. They do not want to see fish populations killed off. They do not want to see our forests slowed down in growth. Quite frankly, we cannot afford it. We have not been reforesting as we should have been. In some places there is a danger that we will run out. We are doing research to try to accelerate growth so that the sustainable yield can be improved upon and so that the turn-around time between planting and harvesting can be improved to keep some of our communities viable. The last thing we want to hear is that acid rain is slowing down this growth.

Acid rain also has an impact on our wildlife in that it gets into the food-chain. Canadians are concerned about this. It is not as if Parliament is going against the grain of the Canadian people by holding back. The people of Canada want us to move forward. They want us to move forward on our own soil. They want us to push the American Government to move forward in the United States. We are of one continent and, yes, we have the longest undefended border in the world. However, acid rain keeps blowing north. The only way we can deal with it is through political pressure from this side of the border and by pressure brought to bear by the people of the United States on their own administration. They must stand up and be counted. They must ensure that their legislators listen to them in the same way that we should be doing here in Canada.

This is an appropriate moment for me to sit down and perhaps respond to any questions that Hon. Members may have.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Témiscamingue (Mr. Desjardins), for questions or comments.

Mr. Desjardins: Mr. Speaker, I listened very carefully to what was said by the Hon. Member opposite who spoke to the motion before the House today. His speech focussed mainly on the second part of the motion referring to the failure of the United States to take action on acid rain.

I can assure the Hon. Member that like him, I am very much aware of the health concerns of people living in areas where the effects of acid rain are being felt. I represent the region of Abitibi-Témiscamingue where we have the Noranda mine, and people in their fifties and sixties often have to leave the area because of respiratory diseases. I represent a region that used to be a hunting and fishing paradise, but today, hundreds of lakes are contaminated and our forests are deteriorating. When we realize how important our forests are to the economy of this area, the situation is far from reassuring.

Mr. Speaker, I went into politics for the reasons mentioned by the Hon. Member. I felt that as a citizen, I had certain responsibilities. I wanted things to change, and I felt that the quality of life of my fellow citizens and the quality of our lakes, forests and soils should be one of the responsibilities of our governments. In fact, I welcome this opportunity today to mention that the federal Government has made commitments that will result in $120 million being invested in my riding so that Noranda Mines can install pollution control devices. For future generations, this is a very important step.

My question to the Hon. Member is this: Since his comments dealt with the second part of the motion, would he now have the honesty, as many others have had today, to recognize that, since September 1984, this Government has done more in the fight against acid rain than the previous Liberal Governments, that this Government has set target dates, budgets and SO2 emission reduction figures of 50 per cent, and that the provinces will have to do what they are asked? Will he

recognize that the internal measures taken by this Government to fight acid rain are among the most innovative in industrialized countries and certainly much more progressive than what the previous Liberal Government had done?

• (1810)

[*English*]

Mr. Angus: I wish to thank the Hon. Member for his comments and his question. I am sorry to hear that seniors have been forced to leave his area because of the environment that has been created through industrial development. I know of many people from northwestern Ontario who ended up in Arizona because a doctor told them to go to a place where they can breathe.

There is a situation in one part of my riding called Westport where there is a cold inversion. On extremely cold days when the temperature is minus 30 or 35, a plume from one of the paper mills blankets a residential area. That is the type of thing I am concerned about. I know that the Hon. Member sees the same situation in his own riding.

In response to the Hon. Member's question, I will not use the excuse that I was not here during the previous administration. I was watching it, and some would say that I was a perennial candidate. I would say that there is a difference, and that there has been an improvement. Quite frankly, I have not followed this issue with the same interest as my colleague, the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie), although it is one of those issues that I keep my eye on from a distance. I do not believe that enough has been done, although I will admit that there has been some improvement. We must do more, for example like what the Government has done with Noranda in terms of making sure that it can clean up its act. It is one thing to say "thou must", but if the tools are not provided at an acceptable price to the Canadian people, we cannot do our own job within Canada.

Mr. Redway: I listened with interest to the Hon. Member and his comments relating to the acid rain situation. His comments were illustrated with an oral picture that indicated the problems. All of us share his concerns, and these concerns are common throughout the House and the country. What all of us have a problem with is what can be done that is not presently being done to try to come to grips with this problem?

In his remarks, the Hon. Member said that what had to be done in both the United States and here was the application of political pressure. I am sure that the Hon. Member will agree that there has been a great deal of political pressure exerted on the United States from Canada in one form or another, sometimes by trying to be friendly and negotiate, and sometimes by raising our voice or shaking our fist. I wish to know if the Hon. Member has some other suggestions as to what can be done in the way of political pressure. It is all right to stand in the House and talk about it, use generalities and say that we need more political pressure. But specifically what would the Hon. Member suggest to move us along in this process closer to the ultimate solution, rather than just talking in terms of generalities, of which all of us are guilty?

Mr. Angus: I wish to respond to the Hon. Member's intervention by making two comments. First, the Government must stop pretending that there is progress when there is not. Our position will be undermined with that type of information. More specifically, the Government of Canada could bypass the American administration and go directly to the people of the United States. The Government could pinpoint those crucial areas that are under the acid rain cloud, and talk to the people directly through a media campaign on the radio, in the newspaper, on television, or advertisements, and point out its own studies relating to the health impact, and the impact on the environment of the United States. We could have our embassy staff in Washington arrange to go to those crucial areas and have the American people start lobbying their Representatives and Senators. There is an American election coming up. The primary trail has now started. We should have our people priming Americans who are concerned with the issue to ask those potential presidential candidates where they stand and push them in a direction that will mean better things for both Canada and the United States. We can do that. We have the ability, and it is not against the law. I think we have the responsibility.

[*Translation*]

Mr. Deputy Speaker: The Hon. Member for Témiscamingue (Mr. Desjardins) for a question or comment.

Mr. Desjardins: Mr. Speaker, my question to the Hon. Member is this: Does he agree that, in the case of Newfoundland and Nova Scotia, where the polluters are public corporations, the federal Government should not have to finance the clean-up and that the provinces themselves should ensure that their polluting corporations pay for their own clean-up?

[*English*]

Mr. Angus: Clearly we should start with the premise that the responsibility starts with the owner of a company, whether it is a power company, a steel company, or any company that has emissions. On the other hand, it is people in other areas who are on the receiving end of what comes out of those stacks. Is there not a rationale for the cost of that clean-up being spread? This has been part of the debate in the United States as to who should pay. Should it be only the coal-producing states or the coal-producing areas that pay? Should it be those taxpayers who live within the area that is being hit by acid rain, or should it be the country as a whole? The same debate must occur here. I will give this example. In Ontario we have an opportunity to replace high sulphur American coal with low sulphur western Canadian coal which is mined in British Columbia, Alberta, and Saskatchewan. It could be railed through those provinces, plus Manitoba, into Ontario. It could be handled in Thunder Bay, loaded on to a ship, and floated down the Great Lakes-St. Lawrence Seaway to hydro plants in southern Ontario.

• (1820)

That would allow Ontario Hydro to reduce its emissions, assuming it decides to go for it. Should it only be the consumers of Ontario Hydro who pay for it, or should the citizens of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and Quebec, because they will receive a benefit from it through reduced acid rain emissions, share the load? That is the fundamental question with which the Government must deal in terms of the committee struck by the Deputy Prime Minister (Mr. Mazankowski), along with some of the provinces and some of the industry. They will have to come to grips with it.

Mrs. Pauline Browes (Parliamentary Secretary to Minister of the Environment): Mr. Speaker, I am pleased to participate in the debate today concerning acid rain and in response to the motion of the Hon. Member for Davenport (Mr. Caccia). It is an important issue of public interest.

It was interesting to hear a previous speaker mention going directly to the American people on the issue. We have had excellent leadership at the federal level from the Prime Minister (Mr. Mulroney), from the Minister, from the Department, and from the Acid Rain Special Committee. The acid rain committee met today with about 14 journalists from the United States. It was an excellent thing to do. The issue is important in our own press, but it seems that it is not sufficiently stated in the American press to stimulate interest and a political will for the American Government to do something. Most of us have friends or relatives living in the United States. In speaking with my sister who lives in Michigan a week or so ago, I told her about our interest, our work, and our commitment to the issue. I also told her how disappointed we were with the administration of the United States. She said: "If you are that concerned, I will phone my Congressman and my Senator". I hope thousands and thousands of American citizens will phone their Congressmen and Senators so that the American Government will keep the commitment it made some two years ago.

The federal Government has established a clear objective for resolving the acid rain problem. Acid deposition must be reduced to less than 20 kilograms per hectare per year in all vulnerable areas. This objective is derived from extensive scientific observation of the effects of acid rain in Canada and is supported by scientific information from other countries.

To achieve the objective, total Canadian sulphur dioxide emissions from the Saskatchewan-Manitoba border eastward must be reduced to 2.3 million tonnes per year or 50 per cent of the 1980 level. Also, the transboundary flow of sulphur dioxide from the United States into eastern Canada must be reduced to about two million tonnes or about 50 per cent of the 1980 level.

The Canadian acid rain abatement program is well under way. Quebec and Ontario have already introduced regulatory programs. Quebec will achieve emission reductions of 45 per cent by 1990. Ontario will achieve its emission reduction of 60 per cent, or 10 per cent more than it was originally committed to, by 1994. Manitoba recently issued draft regulations to achieve its 25 per cent reduction in emissions by 1994.

Newfoundland and Prince Edward Island have air pollution control initiatives which will achieve the 25 per cent and 16 per cent reductions required respectively by 1994. Regulatory and program measures to achieve more than 90 per cent of the emission reductions under the Canadian acid rain abatement program are now in place.

The Minister of the Environment (Mr. McMillan) is now in the process of negotiating formal federal-provincial acid rain abatement agreements to ratify and make binding this part among Governments. There can be no backsliding from the commitments which have been made. All eight Governments must show their clear determination to deliver.

The federal Government has done so. Let me cite a few examples. Through the Industrial and Regional Development Program of the Department of Regional Industrial Expansion, the federal Government has assisted Hudson Bay Mining and Smelting in Manitoba to demonstrate commercially a new process which would reduce emissions from the plant by about 35 per cent. Under the same program, Inco and Falconbridge in Ontario are being assisted in the commercial demonstration of technologies in time for the December 1988 decisions called for in Ontario's regulations. To date, only Noranda has submitted a request for financial assistance for smelter modernization-pollution abatement. A cost sharing agreement with Quebec and Noranda is expected to be concluded shortly.

Substantial progress has also been made under the coal utilization demonstration program of Energy, Mines and Resources. Alternative coal combustion systems, including fluid bed combustion, coal-water mixtures, coal preparation and improved burner systems, have advanced to the point where they can be considered for commercial use.

The federal Government's research and monitoring program has also produced some significant findings. Studies in Nova Scotia have shown that the emission reductions, which have taken place over the past 15 years or so, have cut the acid deposition in some areas to less than 20 kilograms per hectare per year—the level required under the abatement program. The rivers in those areas are starting to show signs of chemical recovery. Not only is this good news, but it clearly demonstrates Canada is on the right track with its abatement program and objectives.

Since the western coal task force released its report in August 1986, there has been considerable discussion in a variety of forums on the subject of using more western Canadian coal to reduce Ontario Hydro's acid gas emissions.

Environment Canada recognizes that low sulphur western coal has the potential to reduce emissions substantially. Because there would be considerable benefits to the country, we are encouraged to see that Ontario Hydro is committed to full consideration of the role western coal could play in its emission reduction plans.

We are encouraged that the Deputy Prime Minister (Mr. Mazankowski) met just this week with Premier Peterson. They have agreed to establish a committee involving themselves and the western Premiers. The purpose will be to explore opportunities for improving the economic competitiveness of western coal in Ontario. I applaud the initiative of the Deputy Prime Minister in this particular regard.

Not only will the Canadian acid rain abatement program reduce the damage Canada is doing to itself, it will also reduce the transboundary flow of air pollution from Canada into the eastern United States. In 1980 the transboundary flow from Canada to the United States was about 1.5 million tonnes. By 1994 this will be reduced to about 0.8 million tonnes. This should help alleviate some of the damage being caused in the northeastern United States. In the Adirondacks, for instance, as much as 25 per cent of the acid rain which falls is of Canadian origin. By significantly reducing our contribution to acid rain damage in these areas, Canada is honouring its international obligation not to pollute other countries to the extent of injury to human health or property.

• (1830)

More than half of the acid deposition in eastern Canada comes from U.S. emissions. Areas such as Muskoka-Haliburton through to Quebec City receive about three-quarters of their acid deposition from the United States. In 1980, about four million tonnes of sulphur dioxide flowed across the border into eastern Canada. In order that acid rain damage be eliminated, Canada is seeking a reduction in the transboundary air pollution flow to about 2 million tonnes of sulphur dioxide per year and implementation of a U.S. program to reduce the transboundary flows to this level on a targeted and scheduled basis.

What the United States does to honour its commitment and how it does it are its own legitimate domestic decisions. Whether the transboundary flows are reduced to the level required is Canada's business. With this in mind, we should judge the extent of our satisfaction with U.S. actions not by dollars spent or technology used, however important that is, but rather by what really matters, reductions in transboundary flows of air pollution.

Canada and the United States have a long and outstanding history of resolving transboundary environmental problems. The special envoys on acid raid put what needed to be done rather well in their report, and I quote:

> The foundations of that response—the joint statement and the memorandum of intent—are already in place. A precedent for that response already exists in the Great Lakes Water Quality Agreement.

What remains is to borrow from that precedent and build upon those foundations a bilateral accord which will jointly address a common problem in the best tradition of U.S.-Canadian environmental relations. We know exactly what should be in that accord and we are prepared to meet our obligations to the United States. We want the Americans to do likewise.

Mr. Caccia: Mr. Speaker, I notice that the Parliamentary Secretary in indicating progress being made with the provinces and the cuts implemented by each of them did not include any reference to Nova Scotia and New Brunswick. Did I miss something or did she omit those two provinces and, if so, why?

Mrs. Browes: Mr. Speaker, I wish to speak to that particular issue because the commitments that have been made with the federal Government are ones that we believe the provinces should maintain. As the federal Minister of the Environment said just a few moments ago in this House, we believe the provinces should keep those commitments and we will do everything in our power to make sure that happens.

[*Translation*]

Mr. Deputy Speaker: It being 6.34 p.m., it is my duty to inform the House that, pursuant to Standing Order 82(12), the proceedings on this motion have expired.

The House adjourns until tomorrow at 11 o'clock, pursuant to Standing Order 3(1).

The House adjourned at 6.34 p.m.

HOUSE OF COMMONS

Thursday, March 5, 1987

The House met at 11 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, there are times when I wish I was paid by the page, and today is one of them. I have the honour to table, in both official languages, the Government's response to Nos. 332-522 to 332-557 inclusive, 332-567 to 332-574 inclusive, 332-578 to 332-591 inclusive, 332-594 to 332-601 inclusive, 332-604 to 332-611 inclusive, 332-613 to 332-618 inclusive, 332-624, 332-625, 332-668 to 332-671 inclusive, 332-678 to 332-682 inclusive, 332-686 to 332-701 inclusive, 332-703, 332-704, 332-717, 332-729 to 332-735 inclusive, 332-766 to 332-768 inclusive, 332-855 to 332-867 inclusive, 332-879 to 332-881 inclusive, 332-934 to 332-944 inclusive, 332-1006 to 332-1014 inclusive, 332-1113 to 332-1115 inclusive, and 332-1118 to 332-1122 inclusive.

* * *

PATENT ACT

PRESENTATION OF REPORT OF LEGISLATIVE COMMITTEE

Mr. Arnold Malone (Crowfoot): Mr. Speaker, as the Chairman of the Legislative Committee on Bill C-22, an Act to amend the Patent Act and to provide for certain matters in relation thereto, I have the honour to present the Bill to the House of Commons with amendments. Your committee, Mr. Speaker, is recommending about 30 amendments, many of which are of a technical nature.

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is appropriate that, on the same day as the committee reports on Bill C-22, I have an opportunity to present a petition on behalf of many Canadians from British Columbia who are calling upon the Government to reconsider the changes it is proposing to the Patent Act relating to prescription drugs. The petitioners believe that the increase in drug prices for average Canadian consumers will severely restrict the ability of average Canadians to buy necessary prescription drugs. They are calling upon the Government to reconsider its decision to proceed with Bill C-22.

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I also have a petition from Newfoundland which indicates concern about fishermen in Canada who depend upon unemployment insurance to survive the long winter months. The petitioners recognize the economic pressures on fishermen created by shorter seasons and lower prices and that unemployment insurance benefits have become critical for their survival and that of their families. They are calling upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) reject any recommendation which would deprive fishermen of their right to collect unemployment insurance and to enter into consultations with all representatives of fishermen in Canada in order that improvements to the program offered to fishermen be made.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Bill Blaikie (Winnipeg—Birds Hill): Mr. Speaker, it is timely, after having just heard that the Bill to change the drug patent laws in Canada has cleared committee and will be back in this House for debate, to present petitions from hundreds of my constituents who responded to the opportunity to petition which was afforded them through my householder. I take great pleasure in presenting the names of these hundreds of my constituents who are opposed to the federal Government's plans to change the Patent Act relating to prescription drugs. The petitioners believe that these changes will increase drug prices for Canadian consumers and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they call upon Parliament to reject these proposals. We hope against hope that in the coming days and weeks during third reading stage we will be able to change the

Government's mind on this very unfortunate piece of legislation.

Mr. Rod Murphy (Churchill): Mr. Speaker, I also have the honour to present a petition pursuant to Standing Order 106. The petition relates to the changes to the Patent Act which have now been reported from committee. The petitioners express their concern that the Government is changing the Patent Act relating to prescription drugs. They believe that these changes will increase drug prices for Canadian consumers, will severely restrict the ability of average Canadians to buy necessary prescription drugs, and will unfairly hurt those Canadians whose health needs require the purchase of prescription drugs on an ongoing basis. The petitioners believe that the Government is giving concessions to the United States at the expense of average Canadians as a result of the free trade negotiations. The petitioners are from a number of communities in my riding including The Pas, Thompson, Flin Flon, Lynn Lake and Leaf Rapids. They are very concerned that the committee was not allowed to travel and hear from ordinary Canadians.

• (1110)

Mr. Maurice Foster (Algoma): Mr. Speaker, I have the honour to present petitions with several hundred names from various communities throughout the Algoma—Manitoulin area which call upon the Government to withdraw its legislation relating to the Patent Act which will have the effect of increasing drug costs and provincial medicare programs, and generally working a hardship on low-income families, those who are ill and those who do not have forms of insurance to cover health care costs.

CANADA POST—OPPOSITION TO CLOSURE OF RURAL POST OFFICES

Mr. Maurice Foster (Algoma): Mr. Speaker, I also have several other petitions calling upon the Government to reinstate the full postal service in rural communities and not close or privatize the post offices as is being proposed for dozens of post offices throughout the Algoma—Manitoulin area.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, pursuant to Standing Order 106, I have the honour to present three petitions signed by residents of Winnipeg and various towns in Manitoba including Teulon, Stonewall, Balmoral, Petersfield, Deloraine, Goodlands and Gimli. The petitioners say that the federal Government's proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers and severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, they pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

We intend to debate this issue at considerable length at report stage and third reading.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I also have the honour to present a petition signed by a number of residents of the area surrounding my constituency. The petition consists of another group of names to be added to the hundreds of other petitioners from my constituency.

The petitioners wish to tell the federal Government that the changes to the Patent Act will increase the cost of prescription drugs and, therefore, they call upon Parliament to reject these proposals which will increase the costs of drugs to Canadians.

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I have another petition with respect to a different area. The petitioners pray and call upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) rejects any recommendations that would deprive fishermen of their right to collect unemployment insurance, and enters into consultation with representatives of the fishermen of Canada in order that improvement to the program offered to fishermen is made.

Mr. Bill Blaikie (Winnipeg—Birds Hill): I rise to present a different set of petitions having to do with the anxiety of the fishermen that the Government is seriously thinking of taking away their right to collect unemployment insurance. They are of the view that unemployment insurance must be improved so it can better meet the needs of those who risk their lives to provide food for Canadians and for the world market which is so important to this nation's economy. They, therefore, call upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) rejects any recommendation which would deprive fishermen of their right to collect unemployment insurance, and to enter into consultations with all representatives of fishermen in Canada in order that improvements are made to the program offered to fishermen.

The Acting Speaker (Mr. Paproski): I would just like to bring to the attention of Hon. Members again that if they are going to present petitions they should present them all at the same time. I would hope that the Hon. Member for Winnipeg—Birds Hill (Mr. Blaikie) would do that the next time around.

* * *

Mr. Lewis: Mr. Speaker, I rise on a point of order. In keeping with your comments, we all recognize that the presenting of petitions is an ancient and honoured parliamentary tradition. I believe that Hon. Members of this House would do well to honour the tradition that one presents the

petitions which are presented to one to present in the House and not shuffles them around the Chamber in the middle of the comments you just made so that another person could be put up to give a petition. I have absolutely no difficulty with any Member of Parliament presenting a petition which has been given to that Hon. Member to present. However, I find it offensive to have a pile of petitions brought into the Chamber and shuffled from one Member of the New Democratic Party to another.

Mr. Riis: Mr. Speaker, I believe the Parliamentary Secretary was referring to me who passed along a sheaf of petitions to my hon. friend from Comox—Powell River. I think if the Parliamentary Secretary were to look actually at the petitions the Hon. Member will present, he would find they are actually in his name. I was asked to bring the petitions into the Chamber to present to the Hon. Member because he was previously involved with a committee meeting. Therefore, he will be presenting his petition. It is in his name and it is a petition which was sent to him for presentation.

Mr. Skelly: Mr. Speaker, of course, my House Leader, as always, is eloquent on these matters and absolutely factual even when there are errors on the part of the Parliamentary Secretary.

* * *

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Ray Skelly (Comox—Powell River): Mr. Speaker, I too have the honour to present petitions which stand in my name on the issue of the Government's intention to remove unemployment insurance benefits from fishermen, thereby depriving them of the substantial income required by fishing families all across Canada. The petitioners urge that the Government provide them with relief from this nefarious plot to remove basically a substantial part of their family income.

I too would join with many colleagues in the House in support of the petitions which urge that unemployment insurance be provided to fishermen in a fair and equitable way.

* * *

Mr. Lewis: Mr. Speaker, under the circumstances I accept fully the explanation of the House Leader of the New Democratic Party and withdraw my comments with respect to this particular incident.

Motions

SECRETARY OF STATE

AUTHORIZATION TO TRAVEL FOR STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I have two motions to present which have been discussed with the Official Opposition and the New Democratic Party and I will place them separately, if I may.

I should like at this time to move that the Standing Committee on Secretary of State be authorized to adjourn from place to place within Canada, a total of seven days, between March 23 and April 15, 1987, in relation to its mandate under Standing Order 96(2) to inquire into the Women's Program with the Secretary of State Department, and that the necessary staff accompany the committee.

Motion agreed to.

* * *

TRANSPORT

AUTHORIZATION TO TRAVEL FOR STANDING COMMITTEE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I would also move that the Standing Committee on Transport, pursuant to its Orders of Reference dated Wednesday, February 4, 1987, and Wednesday, February 11, 1987, be authorized to adjourn from place to place within Canada for a period of two weeks and that the necessary staff accompany the committee.

• (1120)

Mr. Gauthier: Mr. Speaker, I rise on a point of order. As Whip of the Liberal Party I have no difficulty with the Parliamentary Secretary's first motion. He knows that when we are specific in motions with respect to making certain travel arrangements Whips of all Parties have no difficulties in concurring. However, with respect to the Hon. Member's second motion I have some difficulty.

I would like to make the point that authority is requested for the committee to adjourn from place to place within Canada for a period of two weeks. There are no dates attached to the motion, whereas in the first motion there were some dates. I will give my consent today. However, I would like the Parliamentary Secretary to ask committee chairpersons, and committees in general, when they want to travel across Canada not to make motions open-ended in terms of dates. It would be better if we had arrangements which set out specific dates. In this way it would be much easier for us to work in the House and to have our Members present when they are needed.

Mr. Lewis: Mr. Speaker, my hon. friend makes an excellent point. I think it would be to the benefit of all Members of the House, especially those in the position of Whip. I will take the

Hon. Member's point and carry it forward to committee chairpersons.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Some Hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPERS

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all the questions on the Order Paper be allowed to stand.

The Acting Speaker (Mr. Paproski): Is it the pleasure of the House that all questions be allowed to stand?

Some Hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-12, an Act to amend the Prairie Grain Advance Payments Act, as reported (without amendment) from a legislative committee.

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)) moved that Bill C-12 be concurred in.

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

Some Hon. Members: Agreed.

Motion agreed to.

Mr. Mayer moved that the Bill be read the third time and passed.

He said: Mr. Speaker, I would like to say a few brief words on the situation facing Canadian grain producers. I would then like to make some comments on the Bill itself.

I do not think it is any secret that international grain prices are extremely depressed. If one considers what has been happening around the world, one realizes that there is an excess amount of product over what has come to be called "real demand". If one looks at the producing countries which are causing the problem, one will see, at least in my view, that it is being caused by the European community. Through its agricultural policy the European community has been subsidizing agriculture significantly since the Treaty of Rome. As a result of not placing any limits on over-all production, very large subsidies have caused production to increase dramatically. Not only have levels been very much of an incentive to production, but the fact that prices paid to producers in Europe have been constant has also been an incentive to produce. Any businessman or farmer knows that if one can plan on a year-by-year basis on certainty of prices, then that in itself, as well as the fact that one does not have to be concerned about varying prices, is an incentive to production. If we consider the over-all level of prices and the price support system which the Europeans have in place, we will see that that price level is also a very substantial incentive to producers in Europe to increase their over-all production.

I would now like to provide Hon. Members with two examples of this which I think make the point. If we consider the southern Prairies in our country, we see that we produce very high quality Durum wheat. It is probably second to none in the world. It is recognized around the world as being of very high quality. In the current crop year, our producers are receiving $130 per tonne as an initial payment. European producers are receiving $480 per tonne, over three times what the Canadian producer is receiving. If we do our arithmetic and translate that figure into Canadian dollars, we see that the Europeans are receiving about $13 a bushel for Durum wheat.

In terms of the barley market internationally, Europeans are one of our major competitors. They produce considerable quantities of barley for export. Presently, our producers are receiving $80 per tonne as an initial payment. If we look to what is happening in Europe, we see that European prices are over three times what the Canadian producers are receiving. The Europeans are receiving $285 per tonne. The price varies from time to time, but that is the general level. So when we compare $80 per tonne to $285 per tonne, we see that that is a very attractive price as compared to what Canadian producers are receiving.

With respect to other commodities, almost every agricultural commodity that Europe produces is now in a surplus position. For example, with respect to beef, Canada has a high quality beef herd. As far as Canadian beef producers are concerned, there is probably a gene pool in terms of Canadian beef which is second to none around the world. If we consider Europe, we see that through incentives to production Europe has gone from being a net importer of something in the order of 300,000 tonnes of beef in 1978 to being the largest exporter in 1984. If we consider what Europe exported last year, we see that Europeans exported something in the order of 600,000 tonnes of beef. In addition, they have about 700,000 tonnes of beef in storage, according to the figures that we have seen. That is a tremendous amount of product in storage for which there is no apparent market at the price that the Europeans are paying to produce it.

If we talk about quantity of products, again, we should look at what is happening with respect to wheat. As recently as 1977, just 10 years ago, Europe was a net importer of wheat to the tune of about 24 million tonnes. With respect to last year,

as far as Europe is concerned, it was a net exporter of wheat to the tune of close to 15 million tonnes. It has gone in a very short period of time from being a major importer to being a major exporter. In fact, it is now the third largest exporter of wheat in the world after the United States and Canada. I can also talk about Japan in this vein. Japan is another country which protects its agricultural sector from the realities of the world market-place.

This is a very difficult situation that we face. What we have been doing as a Government is to take two deliberate approaches. If we are to find a lasting solution to the problem, it must be found at the international level. This is why Canada has been placing so much emphasis on talks with respect to agricultural products and trade problems internationally. It was our Prime Minister (Mr. Mulroney) who at the last summit placed agriculture on the agenda. That is why we have been so concerned about having agriculture form part of the GATT agenda and why we have been so supportive of the GATT process. We have done this so that this time around at the GATT discussions agriculture will be included as a main agenda item. This is why we are pursuing every other international meeting in which we are involved, pursuing it in the sense that we want to have agriculture as part of the discussions because it is a very major problem.

• (1130)

We also make sure that we sell our grain and oilseeds. Last year Canada increased its world share of the wheat market. In the present crop year we have the prospect of again increasing exports. In order to do that, we are suffering severe price penalties because the price is extremely low. We all know how serious the situation is. We have been attempting to deal with the situation through some direct government involvement. Some Acts have been amended to allow for stabilization money to be made available sooner. The Western Grain Stabilization Act was put through the House two years ago to allow for interim payments under that Act prior to spring seeding. It was supported by all Parties in the House, and it has been well received by producers.

The Government has removed the tax on farm fuel. Under the Special Canadian Grains Program we are at present paying out the largest financial support program in the history of the country, as far as farmers are concerned.

The Bill in front of us provides for cash advances to farmers in the Wheat Board region who have harvested their grain but have not had an opportunity to sell it. This will be of assistance to farmers in providing them cash more quickly than if they had to wait for delivery opportunities and quotas to open up. It will also help the business community because there will be extra cash in circulation prior to the time when grain would normally be sold and when producers would realize the cash from the sale of that grain. This Act was first introduced in 1957. The former Minister of Agriculture under Mr. Diefenbaker, the Hon. Member for Qu'Appelle—Moose Mountain (Mr. Hamilton), made one of the most interesting speeches I have heard in the House. He talked about the time when he introduced the Act and brought it in.

This Act is being amended today so that producers will be in a position to benefit from it in a more timely and a more easily administered fashion. To state it very briefly, at present the forms for which producers apply each year have to be set by Order in Council. The forms vary little from year to year. The Canadian Wheat Board is the organization that administers this Act. One of the amendments will allow the Board itself to set the prescribed form. It will be simpler in detail, and will allow for less red tape and hold-up.

In the Bill there are also provisions for emergency cash advances for unthreshed grain. In the fall of the year if the harvest is late and the producers have not been able to harvest their grain and receive the cash advance, there are provisions in the Bill to allow for emergency cash advances. One of them is for unthreshed grain, so that the producer can have half of the cash advance if he has grown the grain but has not yet had an opportunity to harvest it by November 15. In this case there will not be an Order in Council required and it can simply be done at the discretion of the Minister of the day. This will speed things up.

We are doing the same thing concerning cash advances for drying tough and damp grain. At present there are provisions in the Act that allow for a $3,000 assistance package and an interest-free cash advance that allow producers to take advantage of that extra loan if they have grain that has been harvested but it is in a tough or damp condition. If there has been a difficult harvest season, this will assist people to dry the grain and get it into marketing condition.

The Hon. Member for Mackenzie (Mr. Scowen), who is a registered seed grower, and who is well recognized in his area as a very good farmer, has been concerned about one of the aspects of this Bill. In his area of northern Saskatchewan, which is indicative of the northern Prairies in general, farmers dry grain on a more regular basis than in other parts of the Prairies. The Hon. Member has been concerned that we should take a look at this Bill and try to make use of it to assist producers and to encourage them to dry their grain. This is one of the ways in which to assist producers to get a crop off a little sooner. In many cases in doing so, they will harvest a higher quality product.

Canada is well known for its high quality grain. This amendment will be used to provide the Minister of the day with more discretion to decide when there can be cash advances for drying. That provision will be used on a trial or test basis in northeastern Saskatchewan, covering part of the riding of the Hon. Member for Mackenzie, and probably part of the riding of Prince Albert, to look at doing exactly what the Hon. Member suggested, that is, to make use of cash advances to assist producers to harvest grain in a higher quality condition. In that manner, they will be in a better position to market a better quality product.

Without the efforts and the insistence of the Hon. Member for Mackenzie, we would not be engaged in this project. We look forward to working with the producers and Members from that area to see how this will work. We will then see the success rate, and on that basis how this measure can be used in other parts of the Prairies.

In addition, we will be able to set the rates of the cash advance in a simpler fashion which will not involve an Order in Council. It will be in the regulations in such a manner that an Order in Council will not be required.

In the Bill, we will also be amending the procedure by which a producer who rents land can obtain a cash advance. At present that producer has to receive a signature from his landlord before he can receive the cash advance. The Advance Payments for Crops Act, which applies to other crops in the Prairies as well as other crops in the rest of the country, has provisions that simplify this, so that there will be less hold-up in receiving the cash advance for people who rent land.

The Act is also being amended so that everybody is treated fairly across the country. Nobody will receive a larger cash advance than $30,000. There is some concern that we may be limiting cash advances, because at present producers can receive a cash advance under the Western Grain Advance Payments Act, and they are also eligible for a cash advance under the Advance Payments for Crops Act. One of the amendments limits the total amount of advance that any producer can receive to a maximum of $30,000. In our view, that is a fair and even-handed way to proceed. If there is concern that the cash advances are too low, then we can look at raising the over-all levels so that everybody is treated fairly. The present situation is such that not everybody across the country is eligible for two cash advances, one under the Advance Payments for Crops Act, and one under the present Bill. By limiting the amount to the maximum everybody is treated evenly.

Another amendment concerns people who, because of the fact that they irrigate, grow more grain than other people who farm under dry land conditions. Farmers who irrigated may in fact have enough grain on hand to be able to qualify for the maximum, or certainly a fairly large amount. However, because of the way in which the Act presently sets the amount for which they are eligible on an acre basis, they in fact are not eligible for the full amount for which they should be eligible based upon the amount of grain they have grown, harvested, and stored on their farms.

• (1140)

One amendment changes that so that the maximum amount a producer is able to receive will be directly related to his production, not to the amount of acres which he farms. That is an improvement and something which everyone welcomes. It treats people in an even-handed way, based upon the amount of production on their farms.

There are two other amendments. I might say that repayment under the Act has been very good, but unfortunately there are cases where producers have gone into default. When they go into default and cannot repay the cash advance, because it is a loan, interest rates are set at the time their loan is declared in default. Let us say some producers went into default four years or five years ago when interest rates were extremely high, from 16 per cent to 20 per cent. Those producers are still paying interest rates at that level, because there is no provision in the present Act to adjust interest rates after they have been initially set.

We are amending the Act to set interest rates yearly, based upon current conditions. Again I think it is a step in the right direction because it treats people on a fair basis. People who have gone into default are having a bad time, obviously, and they do not need to be penalized further in today's situation by having to pay interest rates which are as much as 8 per cent and 10 per cent higher than present interest rates.

Another amendment allows the Canadian Wheat Board, which administers the Act, much more discretion in terms of making adjustments for people who, for one reason or another, have not been able to deliver grain. It can be because of weather conditions, road problems, washed out bridges, personal hardships in their families, or such things. The way the Act is presently written, the Canadian Wheat Board does not have the latitude to make some adjustments based upon common sense or upon an approach which includes information which should be relevant to producers who have had problems in terms of delivering grain and therefore fulfilling their obligations under the Act once they have taken a cash advance.

All in all I think the legislation has worked well. As I said, it has been in effect for almost 30 years. It is one which benefits farmers and local communities served by farmers, because it puts cash into the hands of farmers quicker than would otherwise be the case. The amendments we are discussing today will streamline the administration of the Bill in such a way that the functioning of the Act will be more timely and more responsive to the needs of producers.

In conclusion, we very much appreciate the co-operation from all sides of the House, not only at second reading but during its consideration in committee and here today. I thank the Hon. Member for Mackenzie who made some very useful suggestions. As a result of the amendments before us today, we will be able to look at the concerns he raised and take them into account. We will be able to operate on a trial or experimental basis advances for drying purposes, which will encourage people to harvest their grain and get it off in a more high quality condition than would otherwise be the case.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to participate in the third reading debate on Bill C-12. The Minister has given a very good summary of the legislative provisions of the Bill. Unfortunately, he did not answer the $64,000 question about which all farmers in western Canada

are concerned, that is, what will be the exact initial price for grain in the coming crop year. I should like to talk a little about that this morning.

However, at the same time I agree with the Hon. Minister that the Bill improves the legislation for cash advances. Many of the amendments are technical in a way, but they provide significant improvement for farmers who utilize this very good Act and its provisions.

My regret is that we did not pass the legislation last October. The Bill was actually brought in on October 7. We debated it first on October 21 and again on October 28. Then it went to committee and did not return until December 3. In fact, if we had been able to pass it in the House on October 21, or if we did not have so many government Members speaking on the Bill on October 28 and so on, the amendments to the legislation could have been available to farmers in this crop year.

As the Minister outlined, the amendments are pretty significant. They are based upon stored grain instead of cash advances on an acreage basis. Farmers who are paying high interest rates due to default on previous cash advances could have had the benefit of a lower interest rate throughout the winter. Farmers who were tenants could have had the advantage of a cash advance rather than being denied it throughout the winter, which was one of the most difficult winters faced by western grain farmers. These provisions would have been extremely beneficial, but I guess they are better late than never. Essentially we miss a whole year of the benefits under the program.

When we first debated the Bill and offered to expedite its passage last October 21, I do not believe the quotas were open to any extent in most areas of the West, so cash advances would have been very valuable to farmers at that time.

I want to inquire about some of the most devastating news to hit western Canada yesterday. It was indicated that the Canadian Wheat Board recommended that the initial price be reduced by 20 per cent. Just to put that into perspective, two years ago or three years ago the initial price for No. 1 wheat was $170 per tonne. Two years ago it was $160 per tonne. Last year it was $130 per tonne. If the recommendations of the Canadian Wheat Board are acted upon, we will see the initial price for No. 1 wheat being down to $105 per tonne. I do not think any sector of the economy has faced such a devastating blow as to see its gross price drop from $170 per tonne to $105 per tonne. If there is any other such sector, it is perhaps the petroleum sector. That industry has faced a similar kind of reduction in the value of its commodity. Unfortunately, grain, wheat, barley, oats and crude oil are produced essentially in our two western Provinces of Alberta and Saskatchewan.

• (1150)

I was surprised yesterday when the Minister seemed to deny the report in the House that the Wheat Board was recommending a 20 per cent reduction in the initial price of wheat. Clearly the Minister of Agriculture (Mr. Wise) was telling those attending the CFA conference in Hull that that was the recommendation. We have had to face the most devastating news two years in a row. There was a 19 per cent reduction in the initial price of wheat last year, and now there is a 20 per cent reduction this year from something around $3 Canadian a bushel Canadian to about $2.50 a bushel or even lower.

There is concern that the Government is not coming clean with Canadians. Perhaps the reason the Prime Minister (Mr. Mulroney) is so low in the polls these days is that he does not come clean with Canadians about exactly what the true facts are. In any event, the Minister of Agriculture indicated yesterday, as reported in a *Canadian Press* story, that farmers should not count on massive Government aid when deciding what to plant this year. That was the devastating news in the Budget.

There was a great deal of talk about the special grains program put in place last fall but which is really only being paid in this fiscal year. There has been nary a word about the new crop year. Do people decide to plant crops this year? Will the price be as low as $2.50 a bushel for No. 1 wheat? You can imagine what the price of barley and the price of No. 3 feed grains will be if the price of No. 1 wheat is as low as that. Why is there no clear indication from the Government about what is to happen?

If we look through the Budget papers, we see no commitment about the new crop year. We do not know whether there will be a special grains program, whether there will be a deficiency payment, whether the existing price for wheat will be maintained, or what is going to be done. The Minister talked about the problems with the EEC and about the price of beef and meat stored by the EEC. However, he did not get into the details on this main agricultural Bill as to what he is going to do about the initial price of wheat this year or whether there will be an additional special grains program. Clearly those questions are on everybody's mind.

We also see that there is no action whatever concerning the farm debt crisis in the Budget papers. Even with a 19 per cent reduction in the price of wheat last year in Saskatchewan and a 17 per cent reduction in the property values—that is an average, it is probably twice that in some areas of the province—there is nary a word in the Budget about new financial assistance relating to the farm debt crisis.

I just had the opportunity a few days ago of looking at the Farm Credit Corporation situation. The FCC is the major federal Government lending agency. It has some 75,000 mortgage accounts across the country. It is interesting to note that 18,000 of these, clearly 25 per cent, are in arrears. Those arrears have grown by 30 per cent in the last 12 months, from January 1986 to January 1987, from $260 million to $377 million. This 30 per cent increase is an increase of $117 million.

The Minister of Agriculture has had a moratorium on Farm Credit Corporation foreclosures in this past year. We are told

now that some 5,200 of them, or almost one-third of those mortgages in arrears, have been in arrears for more than two years. The FCC's experience is that once mortgages are in arrears for more than two years, it is almost impossible to recoup. That is why we are extremely concerned about there being nothing in the Budget on the farm debt crisis. There is no financial assistance, whether in the form of reduced interests or lower mortgage rates. This is in spite of the reduced price of grain last year. Now we have this double whammy of an increased reduction in price again this year.

I hope we can get a clear pronouncement about where the Government is going on the initial price of grain. But first the Government has to come clean and say that the Wheat Board has recommended a reduction of 20 per cent, if that is what it is. The Minister of Agriculture says that this is what it is. The Minister responsible for the Wheat Board does not say what it is. As a matter of fact, at the CFA meeting yesterday the Minister was surprised because he did not know about that recommendation, and yet members of the advisory board to the Canadian Wheat Board said that this is what was being recommended. We really need a clearer indication of where the Government is going and on what basis a special grains program will be put into effect. I do not think that can be weighted off and negotiated a year from now, next fall or in December. It may not happen at all. There is no election in Saskatchewan this year. If there had been no election last year, it is highly questionable whether there would have been a special grains program.

There are a number of serious problems with the special grains program. People who have switched to alternative crops, peas, lentils and others, to reduce the acreage of wheat are not getting any assistance. I think the Government has to exercise its responsibility, provide leadership and make it clear on what basis there will be assistance and whether there will be assistance, because it is not clear at this time. The Minister heightened that uncertainty when he said yesterday at the Canadian Federation of Agriculture's annual general meeting that farmers should not count on massive government aid when deciding what to plant this year. Here we have the price of wheat going down and probably the prices of all grains going down by 20 per cent perhaps to a price that is even lower in actual dollars than what was paid in the 1930s. Yet the Minister is saying that farmers should not count on any assistance in that regard from the federal Government.

• (1200)

I looked very carefully through the Budget papers to see what assistance would be provided under the Western Grain Stabilization Fund, because that is a major support program. One-third of the money is put in by the farmers and two-thirds by the federal Government. People in the industry have suggested that the fund may be as high as $1 billion this year. I think it would be useful for the Government, which is not exactly enjoying a lot of popularity in Canada right now, to make it clear how much will be paid out under the Western Grain Stabilization Fund and when it will be paid. Will it be paid on the basis of two-thirds or 70 per cent in a timely manner in April with the balance in October as it was last year?

In the Budget papers it is suggested that the contribution by the federal Government to the fund in this coming year will be some $99 million. I am told by people from the Department that in fact that fund is about $90 million in the red right now. It is difficult if not impossible to find out exactly how much will be paid out under the Western Grain Stabilization Fund.

I believe there is concern as well with the Government coming clean and outlining exactly what the initial grain price will be. We saw a deficit in the past crop year, 1985-86, of some $201 million, mostly on barley. Some people in the industry have suggested that the deficit in the pool accounts this year will be as high as $400 million to $500 million. Perhaps the Government could spell out exactly what the arrangements on initial price and the special grains or deficiency programs will be. Will it be resource neutral, and on what basis will it be established? It would be very useful to know those things because we will be facing an impossible situation if there is no support or stabilization.

At the Canadian Federation meeting yesterday, I spoke to people from the Saskatchewan and Manitoba pools. They said that many farmers facing a price of $105 per tonne will simply not be able to go to the bank to get the cash flow required to plant this year. I think it is imperative that the Government make it clear what the initial price will be and what kind of stabilization program will be provided.

It seems to me that at this time, farmers are facing greater uncertainty than they have at any time in the past 50 years. In his first three Budgets, the Minister of Finance (Mr. Wilson) increased personal taxation by some 50 per cent while dropping back on corporations by 5 per cent. The Minister of Transport (Mr. Crosbie) has not given any commitment on grain freight rates in the coming year.

We know that the former Minister of Transport, the Deputy Prime Minister (Mr. Mazankowski), was able to instruct the grain transportation agency to reduce its volume from 30.5 million tonnes to 28.5 million tonnes last year. The Prime Minister was therefore able to say at a press conference last April that he had frozen freight rates. Freight rates really were not frozen, the grain transportation agency was simply instructed to reduce its estimate. The impact of that has been that all of the money that was in the tally-averaging fund of some $70 million has been used up so now western farmers are facing a $100 million increase in the cost of the transportation of grain. The price they will have to pay to transport grain will increase from $6 a tonne to about $9 a tonne at a time when the value of a tonne of grain is dropping from $130 to $105 per tonne, if we believe what the Minister of Agriculture and the Wheat Board Advisory Committee have reported to us. However, we should wait, of course, to hear exactly what the Minister responsible for the Wheat Board (Mr. Mayer) will say.

We are facing a difficult time. The Minister of Finance increased personal taxation by 50 per cent in the last three Budgets. The Minister of Transport has increased the cost of shipping grain by 50 per cent. The Minister responsible for the Wheat Board has reduced the initial price of grain over the last three years from $170 a tonne to $105 a tonne. The Minister of Agriculture said yesterday at the Canadian Federation of Agriculture meeting that in fact farmers should not count on massive support this year. At a time when the worst financial disaster to strike western Canada is before us, the Minister is telling us not to count on support.

There is one footnote to this difficult time in western Canada and that is the fact that the Minister of National Revenue (Mr. MacKay) is carrying out a wide-scale tax audit of farmers' investment tax credits in Manitoba and Saskatchewan particularly. The farmers claimed these tax credits in 1983 and 1984. If there is anything unnerving to farmers it is to see that kind of widespread tax audit going on. I believe that many farmers who are being audited are honest, responsible people who have bought machinery, tractors or combines after entering into legitimate, fair and proper contracts. Now the Department of National Revenue is sending its men throughout the country at a time when farmers are under extreme financial stress. The Department of National Revenue is moving across the Prairies calling into question these accounts.

Yesterday I had a meeting with a number of producers from the Canadian Cattlemen's Association. A producer from near Saskatoon described the initiative on the part of the Department of National Revenue as being a whole can of worms. He made a fair deal to purchase a combine. I have forgotten the exact figures, but the same techniques are always used. The farmer buys a combine or a tractor at, say, $100,000. He pays $40,000 or $50,000 to the farm implement company and then signs the agreement and pays the money or makes arrangements to borrow the money to make the payments. Now, three or four years later, the tax department embarks on a program which the Government is, incidentally, phasing out, and this is also causing a great deal of hardship. Officials from the Department of National Revenue are saying that the amounts allowed on tractors or combines are not right. The farmer was not terribly concerned about how much he was allowed for his tractor or combine. He was concerned about the difference. However, the dealer sold the machine at list price, and now the tax department is changing the rules. The producers I talked to yesterday are going to court to fight it all the way. We hear that repeatedly from farm communities, particularly those in Manitoba and Saskatchewan. They say they get great sympathy from the Minister of Agriculture and the Minister of State for the Canadian Wheat Board, but not from the Minister of National Revenue. When we put questions to him in the House, he said this is a general program. That may be, but it is farmers who are being nailed. We think what the Government is doing is extremely unfair and it should be called off.

• (1210)

I do not want to hold up passage of this Bill. It should have been passed last October, and I suppose its main impact will not be felt until next September or October. However, the advantages will be felt at that time, and it is a beneficial package. I hope the Minister will soon make a statement concerning the initial price of wheat, the assistance to be provided in the way of a deficiency payment, and on what basis, so that farmers will know whether it is possible to plant a crop this year. It is important that the Government clarify these points quickly so producers will know where they are in the coming year.

Mr. Mayer: I have a point of order, Mr. Speaker. If I might, there are two points raised by the Hon. Member which I think should be clarified. First, the Hon. Member should know that even if this Bill had been passed on October 21, it could not have been used for the current crop year. Unless the amendments were in place prior to August 1, it would have been impossible to apply them for the current crop year. I suspect the Hon. Member is confusing the crop year with the calendar year.

In line with that, we will, as soon as this Bill is passed, be looking at what kind of interest rate relief we can give to those in default. Where we can make use of one of the amendments which allows for interest rates to be moved down, we will do it as quickly as we can. We may be able to do it sooner than on August 1, which is when the rates are normally set.

As well, the Hon. Member should know that the Canadian Wheat Board has made recommendations to the Government as to what the initial price should be. The 20 per cent figure being used did not come from the Canadian Wheat Board, it came from other analysts.

The Acting Speaker (Mr. Paproski): I appreciate the point of clarification but it is not a point of order.

Mr. Gauthier: On that same point, Mr. Speaker. We have a rule in the House which allows for questions and comments after speeches except in the case of the Minister and the first two Members replying. However, I know the Hon. Member for Algoma (Mr. Foster) would love to take whatever time is required to reply to the Minister.

The Acting Speaker (Mr. Paproski): I do not want to—

Mr. Foster: I just want to reply to the point of order.

The Acting Speaker (Mr. Paproski): You mean you want to reply to the point of clarification?

Mr. Foster: Yes.

The Acting Speaker (Mr. Paproski): Because it was not a point of order. I will allow it, but I think it is unfortunate that the first three speeches do not have a question or comment period. However, because the Bill is so important and I know

the Hon. Member would like to clarify his statement, I will recognize him.

Mr. Foster: Mr. Speaker, I am delighted to know that the Minister hopes to be able to deal with the question of reducing interest rates for this crop year. Had we been able to do it last October, it would have saved those people in default a lot of money.

Concerning the recommendation of the Canadian Wheat Board, I was really quoting what the Minister of Agriculture told members of the Canadian Federation of Agriculture more than I was quoting press reports to the effect that the initial price recommended by the Board was 20 per cent lower than last year. That would bring it down from $130 a tonne to $105 a tonne. That would be really devastating, and I hope the Minister will, at an early occasion, clarify those several points regarding the initial price and also with respect to whatever grain assistance program is going to be provided.

The Acting Speaker (Mr. Paproski): I wish to thank Hon. Members for those points of clarification.

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, I want to begin with a comment on the comment by the Minister of State for the Canadian Wheat Board (Mr. Mayer). On October 21, when the Minister first spoke on this Bill, I suggested that it could be referred to committee at the end of that sitting. Many of the factors which led to the crisis in Canadian agriculture are still in place. That is what I said then, but it was not referred to committee at that time. I now want to go to part of the reason why I suggested that it go through. I quote directly from page 588 of *Hansard* of October 21, 1986, where the Minister said:

> I hope the Opposition will look at this legislation very favourably and give it reasonably quick passage. There are a couple of provisions which, if we can pass this Bill without a lot of delay, can actually be of some use to producers this year. Most of the amendments will have to wait until next year before they will have full effect, but some amendments, if we can have reasonably quick passage of the Bill, will be of use to producers this year.

That is a direct quote from the Minister from last October 21. We believe everything the Minister says, so we thought they could be used last year.

I will not spend too much time on the Bill because we have already spoken on it. We support it at third reading. We got it through committee in one sitting and back into the House by December 3, which was much later than we had hoped or expected. It has not come back before the House until now.

• (1220)

Grain used to move through the system only at the call of the exporters. Back in the old days this meant a great variation in the prices paid for grain when the farmer brought it to the elevator. At that time the location of the farmer could be a great advantage. Farmers who lived near Winnipeg could get into the market earlier. Those who lived in the Peace River country or in northern Saskatchewan, as I do, had problems getting the crop in when it was needed. Those farmers could not take advantage of the call of the exporter for the kind of grain he wanted.

The quota system solved this problem to some extent, but did not solve the problem of not being able to deliver on time. Farmers still needed the money as soon as harvest was over, and they could not earn it as effectively as they may have under other circumstances. There are still some problems with it. For instance, last year there was no quota until the end of October, which meant that farmers did not receive any cash flow until that time. The situation still exists to a certain degree today.

The answer to this broad problem was the Prairie Grain Advance Payments Act which was introduced by the Member for Qu'Appelle—Moose Mountain (Mr. Hamilton) when he was the Minister. In introducing that Act he attempted to solve both of those problems at the same time and, effectively, succeeded. That was not only an advantage to the farmers, but also an advantage to the Wheat Board because there was not so much pressure on it to ensure that every farmer had an opportunity to deliver some grain. If their particular type of grain was not called for, the farmers could get an advance payment instead and did not have that much of a problem. This allowed the Wheat Board to be much more specific in calling the type of grain it needed for the sales it had made. Now, five or six weeks before the boat to be loaded arrives at the harbour, the Wheat Board calls up enough grain to fill the boat without any time being lost.

This Bill amends a very important part of the cash flow structure of farmers. It is, to some extent, a housekeeping Bill in that it straightens out problems that have shown up over the years in the advance payment structure. With regard to productivity, farmers who are producing far above the average per acre will be able to use the grain they have on hand rather than the amounts of grain which would be expected to be produced on those acres. That is very important in northern Saskatchewan, northern Alberta and northern Manitoba where we produce much larger crops per acre than they do in the south. As the Minister suggested, the yield of farmers who are irrigating is doubled again. That, therefore, is a worthwhile change.

The provision for current interest rates is a relief needed badly by some farmers who are in default. It is very bad that they are being charged higher levels of interest. Under this Bill the landlord is no longer required to sign. A real problem for a farmer-producer who was renting from five different people was that he had to get five different signatures before he could get an advance payment, even if the advance was on grain which had nothing to do with the landlords. This Bill gives the Minister the power to have forms passed without going before the Cabinet, which makes good sense. The provision for emergency advance payments for unthreshed grain and drying without going before Cabinet is a logical approach because it is the Minister who will make that recommendation to Cabinet in the end. Finally, the fact that grade will be recognized in the amount of the advance payment means that a farmer can get

more advance payment for less grain if he has higher quality wheat or, vice versa, he can use a larger portion of his wheat at a lower level.

The suggestion made by the Hon. Member for McKenzie (Mr. Scowen) that the Minister should have the authority to make advance payments at the start of the crop year to enable producers of grain to better finance the drying of damp and tough grain has some value, particularly in my part of the country. I believe we could have much more higher quality grain coming off the fields if farmers were willing to take it off a little earlier and dry it. Last year is a good example. The division between No. 3 and No. 1 was large enough. With no payment on No. 1 and No. 2 it did not make that much difference, but it could have made a large difference. With No. 1 and No. 2 being our prime products, it is important that we encourage farmers to produce as much of the high quality grains as possible because they are the grains which many of the buyers are looking for.

We will push this legislation through as quickly as we can today. However, I want to take this opportunity to comment on a couple of other things relative to farming. This particular Bill is one of a series, I suppose, of Bills which have been passed over the years to allow farmers to have some kind of security that at the end of the year the production from their land will bring them enough at least to pay the cost of preparing the land, planting and harvesting. They should have some feeling of security that there is going to be a return for their work and investment. The legislation we now have in place has given considerable support to the farmers, that is, the Western Grain Stabilization Act, the Prairie Grain Advance Payments Act and the deficiency payments brought in last year.

• (1230)

These are all factors which contribute to some kind of security for a farmer that when he plants in the spring he will at least be able to pay his costs in the fall. However, that kind of security is fast disappearing. It disappeared to some extent last year, and this year it is of major concern to farmers. The Minister of Agriculture (Mr. Wise) and, I suppose, the Cabinet in general, need to look at farming in general. They need to take a global look or, I suppose a better word would be a "national" look at agriculture, and try to put in place something which would ensure, within certain conditions and reasonable limits, that a producer who produces well and is efficient will at least get back his cost of production.

After the last year of disaster, to some extent, in grain prices, we now have a situation where farmers are finding they really do not know what they should seed next year. They do not even know if they should seed at all. If they do not receive some commitment or some security of return, we cannot be surprised if many farmers decide they just cannot afford the fertilizer and therefore will not put it in. Many of them might say they cannot afford the spray so they will not use it, or they may decide they cannot even afford to summer fallow this year because the cash flow is too small. Those are the kinds of questions producers in the Prairies are asking themselves and the kind of questions we here in this House must be able to address. We should be able to give them some answers which would make them a little more secure than they are at the moment.

There may be no seeding this year, unless we have some kind of commitment from the Government that there will be a return at least at the level of last year, and there are other areas in which the Government could take action.

It is very interesting that the Minister of Finance (Mr. Wilson) in speaking to a group of people yesterday suggested that he could do nothing about the problems of the Prairies, that they were world problems. The problems of the farmer are spread between the cost of production and what he receives for his product. Therefore, there are two things which can be done. Either we can guarantee a higher level of return or we can do something about the cost of production. There is no reason why the Government could not look at a rebate for farmers of taxes on fuel. There are a lot of costs relative to the use of fertilizer such as the taxes on gas to be used in the fertilizer machinery. There are the taxes on fertilizer, generally. The cost of fertilizer could be reduced. Even the cost of chemicals could be reduced by allowing generic chemicals, which the Government is moving towards to some extent, and by making sure it does not take its pound of flesh each time a product for farming is purchased by the farmer.

At the moment the greatest factor in costs of production to farmers is the interest which is paid for their debt. The Government could put a moratorium on interest payments for a period of time as long as it does not increase the farmers' debt at the end of that period of time. That would at least give him a cash flow. The farmers at present have no commitment to ensure that they will receive the cost of their seed back if they plant this spring. They need that assurance, otherwise we are going to have a tremendous number of farmers making a decision—which they may in the end make anyway—to get out of farming. They are going to start making that decision before their spring work this year because they really have no incentive for starting that cycle of production.

I think it is important that Hon. Members of this House recognize the problems faced by the grain farmers. I could spend a lot of time on that subject. I hope members of the Government who are farmers are making the point as often as possible with their colleagues in Cabinet that low prices are the cause but increasing the prices is not the only solution. We can do it in other ways. What we need over the next couple of years is a structure which will allow the survival of the farmers who are now on the land. We have had about six years of culling out those farmers who are inefficient and bad managers. This has been going on for six years. Why should it continue? Most of the people who are presently farming are efficient farmers and producers. The concern I have is that they be given the opportunity to survive. We in this Parliament

have a responsibility to ensure that it is possible for them to survive.

I am glad the Minister of Transport (Mr. Crosbie) is here because there is another area which greatly affects farmers, and that is, transportation itself. It is one of the areas which for many years was the only factor in the farmers' input costs which they could be assured was going to be the same the following year. That was finished a few years ago when the Crow rate was dismantled. We now have greater transportation costs than we had in the past. That is something about which the Government could do something. It would increase the amount of money going back into the pockets of farmers from grains.

• (1240)

It has come to light recently that there are a number of lines in the North which need upgrading. I consider this to be a very unsavoury situation. For instance, in my constituency, the Blaine Lake Subdivision which was supposed to have heavy steel, has been taken off the priority list of the technical committee for some reason which no one can put their finger on. I suggest it is probably because of political interference.

These types of situations do not help farmers. They create the type of environment in which they feel that everything is going against them. What the Government and all of us should be doing is putting in place the type of structure that would give them the security to go on producing.

The Acting Speaker (Mr. Paproski): If there are no questions or comments, the Hon. Member for Mackenzie (Mr. Scowen) on debate.

Mr. Jack Scowen (Mackenzie): Mr. Speaker, it is a pleasure for me to stand today in my place and talk about Bill C-12 and other matters which I would like to bring to the attention of the House. I commend the Minister for his excellent coverage of the Bill. I think that because he has covered it so well we do not have to talk too much about it. I understand that Members of the House are in agreement with this particular Bill. I think it has been agreed that we should pass it as soon as possible.

I would like to make a few comments on what the Minister stated about my proposal with respect to the drying of grains in certain areas which, over the years, have suffered from heavy rainfalls. A lot of people do not understand this situation, which is why I would like to explain it. The Hon. Member for Prince Albert (Mr. Hovdebo) and I come from a part of the country which is along the fringe of a forest area. To the north there are a great many lakes and trees which attract rainfall. We have a higher amount of rain than the rest of the province, which allows for increased production in most years as compared to the other prairie provinces. This is all fine and dandy when the crop is growing. However, when harvest time rolls around it becomes a public nuisance, which makes it very difficult to harvest the grain when it is in its peak period.

The Bill in front of us calls for the Minister to be given a chance to give a cash advance in case of emergency. In our particular part of the country the emergency starts at the time the crop is ripe. As the rains fall on the crop, the quality of the grain quickly deteriorates. Not only does the grain drop in quality but the number of bushels for which the farmer is finally paid decreases. For instance, we now try to swath our grains, and wheat in particular, about the third week in August. Of course, the seeding time usually establishes when one's crop is ripe. We try to let it ripen to a certain standard. We swath the grain and try to pick it up within about four days, depending on the weather, and then we dry it.

Over the last few years we have been successful in producing No. 1 and No. 2 wheat in the particular area about which I am talking. These grains weigh up to about 65 pounds per bushel and are of high quality. Those who are not fortunate to get their crops off early, having to leave it until October, will have grain that will weigh as little as 55 pounds per bushel. It usually turns out to be No. 3 grain or feed grain, which causes a considerable loss to farmers, both in terms of bushels and in price.

I have always been an advocate of trying to get the crop off and drying it. Our farmers have had dryers for many, many years. Even though one may have a dryer it is not always possible to follow the process. However, with dryers and modern combines we can harvest the grain. The straw is tough and the grain may be fairly tough. With modern dryers we can usually salvage a fairly good grain. This is the reason I would like to try this particular run along the fringe line in our area.

I think the Canadian Wheat Board keeps pretty good records with respect to what is dried and what is not. It can tell from the samples it takes. I think this would be a beneficial experiment. If it were it could expand into other areas. Over the last couple of years the Prairies have suffered from deterioration of crop. Farmers on the Prairies have not had the experience of drying grain as we have had in the North. They have had a few disasters. For example, they have burned grain and so on and so forth simply because they do not know how to operate the dryer in an emergency. They try to do things too quickly. We use the same type of equipment but because of our experience with this problem we are able to dry the grain very nicely.

Something I did not mention earlier is the fact that in the early part of the year when the humidity is down and the temperature is up the cost of drying grain in late August to early September is about two-thirds less than when it is done in October or November when the humidity is higher and the days are shorter. At that time of year temperatures are considerably lower. Even the temperature of grain is down to the point where the cost of just bringing its temperature up to where the moisture can be brought out of it is considerable.

I would now like to make a couple of comments with respect to the speech of the two previous speakers. The Hon. Member for Prince Albert made some very good suggestions. I have to agree with his observations with respect to what is going on at

the present time. There are a great many problems out there. I think that we should get together on some of the problems in order to make life a lot easier for our farmers. They are now in a position in which it is difficult to have optimism with respect to what to do. As Members of Parliament I think we have to work together to try to get a number of these problems solved. This Bill is one of the ways in which we are trying to do this. The Special Canadian Grains Program was another one. Between the Special Canadian Grains Program and the Grain Stabilization Program, farmers should be able to receive enough money by seeding time to put in a crop. We also must get together and solve the further problem of the shortfall in income of the farmer for another year. I have some suggestions on that problem.

• (1250)

I wish to comment on the points raised by the Hon. Member for Algoma (Mr. Foster). I agree with him on some points, and there are some that I object to. I take the signal from the Minister of Agriculture (Mr. Wise) a little differently from him in what he has said about what the Government may or may not do in the future.

The signal that I receive from the Minister of Agriculture is that farmers should be careful not to overdo the planting of crops this year and should try to stay within a reasonable amount of planting simply because there may not be a great amount of money to cover twice as much crop as there was this past year. That creates a problem with an over-production situation. We must be careful when telling farmers what we are doing to encourage production. I do not agree with the Hon. Member for Algoma when he stated that we are very low in the polls, and there are a lot of problems there for our side.

Mr. Marchi: You may not bottom out yet.

Mr. Scowen: That is quite possible, we may not bottom out yet.

In my experience, and I have a few years on the Hon. Member and probably a little more experience, the most popular boss does not always do the best job. In my experience, whether it is a boss or whether it is a president of a club, the one who is not the popular one is usually the one who gets the job done. Our farmers want the job done and our economy back in place. When the smoke clears, we will find that all is well in the Canadian economy with the way things are being done at the present moment. I have to bring that touchy subject up.

Another subject that I would like to talk about is one that I have brought to the attention of the House many times, that is, the interest rate set by the Farm Credit Corporation and the situation that was created in 1982 by the previous Government. I realize that the Act that was introduced in 1982 can be amended. I think that it should be amended so that the Farm Credit Corporation conforms with the original intent of that program. It was there to assist farmers, not to charge them an interest rate that they cannot possibly pay. Farmers cannot pay that interest rate at this particular time. They cannot pay penalties on land that they are trying to sell to cut down their capital cost and interest. The farmers cannot handle the situation that presently exists in the Farm Credit Corporation.

I would like to see the Farm Credit Corporation set up a different system and establish a separate corporation where farmers and the Farm Credit Corporation, or farmers and banks, would be able to go to a separate corporation and put their joint equity into one place. This would allow the banks to maintain the holding price on their books at a level that would allow the farmer to have an equity in the joint venture. The farmer would be allowed to buy back his shares so that eventually he would own the land. I have approached the Farm Credit Corporation on this subject, and I would like to bring the Farm Credit Corporation back in front of the Standing Committee on Agriculture to try to find a way to set up this idea.

Mr. Foster: I was interested in the comments of the Hon. Member for Mackenzie (Mr. Scowen). He has put forward some important items with regard to the Bill before us, and the impact it will have on his area.

The Hon. Member commented on the Leader of his Party and said that the most popular boss does not always make the best one. That is true. The Hon. Member certainly has a boss who is not very popular these days, so he should probably do a bang-up job. The Hon. Member did not explain how he was going to become popular, but we will have to wait and see how that will be done.

Mr. Crosbie: Get to the point.

Mr. Foster: I can hear the Minister of Transport (Mr. Crosbie) revving up. Of course, he is very sensitive about these issues. He often makes comments which do not make much sense. He certainly has a problem this year because the western freight rate issue is one that is before him.

In the 1984 election the Government promised that it would freeze existing grain freight rates to producers in western Canada. The caveat was put on until the farm situation was better. Clearly in the last few weeks the farm situation is much worse, yet we are told that the price of grain freight rates will increase from $6 to $9 a tonne at a time when grain prices dropped 20 per cent last year and 20 per cent this year. I would hope that when the Minister of Transport revs up, he will say something constructive about that grain freight rate problem. It is worrying and concerning western agriculture, because it involves $100 million of additional costs.

I was interested when the Hon. Member for Mackenzie said that when the smoke clears the economy will be seen to be very good.

The Acting Speaker (Mr. Paproski): On that basis, I think we should call it one o'clock. It being one o'clock, I do now leave the chair until 2 p.m. this day.

At 1 p.m. the House took recess.

S. O. 21

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*English*]

STATUS OF WOMEN

CRITICISM OF GOVERNMENT POLICY

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, this is International Women's Week, and the women of Canada want action from the Government, not more words, rhetoric, and photo opportunities.

Over the last two years women in Canada have witnessed the erosion of the Government's commitment in the area of employment and training. Total government expenditures on employment and training have dropped by 32 per cent in real terms. The 30 per cent seat reservation for women to train in non-traditional occupations has been eliminated. The budget for preparing women for the workforce has been reduced by 40 per cent.

No action has been taken to implement the recommendations of the Wallace Report on part-time work when over 70 per cent of part-time workers are women. In government employment programs 76 per cent of female participants are being trained in low-paying traditional ghetto jobs.

Once again, women want action and commitment from the Government, not more press releases.

* * *

[*Translation*]

INFORMATION

ROLE OF JOURNALISTS

Hon. Suzanne Blais-Grenier (Rosemont): Mr. Speaker, I have just been vindicated by the Quebec press council concerning a complaint I filed against the newspaper *La Presse* and an unsigned article written by journalist Michel Vastel.

Stressing that the choice and handling of information is a matter of media judgment, the press council does acknowledge that the information published in that article was harmful to my reputation. In addition the press council emphasizes that the harm done to me has never been fully corrected since the retractation published by the newspaper *La Presse* did not fully dispel all doubts in the mind of the reader.

Mr. Speaker, let us refrain from making overly hasty generalizations. Some journalists are good, others less so. There are good and honest politicians whose only interest is to serve their constituents.

However, time has come indeed for professional journalists, like other professionals, to establish their own code of ethics and self-discipline mechanisms. As indicated by the press council, in his role of public informer the journalist must produce balanced information which faithfully mirrors facts and incidents, and fully respects the individual.

* * *

[*English*]

ABORIGINAL RIGHTS

SOUTH MORESBY—HAIDA PEOPLE'S HERITAGE

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, the South Moresby archipelago, including Lyell Island, is part of the traditional homeland of the Haida people. The Haida have never ceded their aboriginal title to this unique part of the world containing over a quarter of all seabirds which nest on Canada's West Coast. It has the highest concentration of nesting bald eagles in Canada and the highest density of Peale's peregrine falcons anywhere in the world.

The Haida have a special responsibility to preserve this part of their heritage, which is also part of the world's heritage. Unfortunately this is being threatened by clear-cut logging on part of Lyell Island at Windy Bay. The giant Sitka spruce, cedar, and hemlock which grow in this beautiful part of our world are a part of our world heritage which must not be destroyed.

Canadians of all political Parties must join in demanding that the Government of British Columbia co-operate with the Government of Canada to—

Mr. Speaker: Order, please. I regret to advise the Hon. Member that his time has expired.

* * *

[*Translation*]

CANADA POST CORPORATION

SITUATION OF REGIONAL WEEKLY PUBLICATIONS IN QUEBEC—NECESSITY TO OBTAIN INFORMATION

Mr. Édouard Desrosiers (Hochelaga—Maisonneuve): Mr. Speaker, Quebec regional weekly publications are very concerned because of unfair competition from Canada Post.

Several months ago a number of parliamentarians asked for information, but a certain individual, Mr. Pollock, refuses to give us that information.

Mr. Speaker, it is common knowledge that a mailman today earns close to $40,000 a year. But there is unfair competition. Some people pay one, two and even three cents for each flier delivered to Canadian households. We sought information:

What is the cost of surplusses given to every mailman working for Canada Post?

Mr. Speaker, as a Canadian Member of Parliament I demand that we be given any relevant information we need.

* * *

[*English*]

FISHERIES

EAST COAST TUNA FISHERY

Mr. George Henderson (Egmont): Mr. Speaker, Atlantic fishermen no longer have any confidence in the federal Minister of Fisheries and Oceans (Mr. Siddon). Despite their blatant overfishing off the south coast of Newfoundland, the recent Canada-France fisheries agreement will give French trawlers new quotas despite the fact that quotas for Canadian fishermen have already been cut back. Where is the fairness?

Prior to this fiasco we had the Bayshore tuna deal where the Minister rejected the advice of his own advisory committees and, at the request of Premier John Buchanan, approved the sale of 401 tuna to Japanese vessels in order to bail out the Premier's friends.

What did the Minister say? His reply was: "I make no apologies for having Canadian fishermen and our officials on board Japanese vessels to find out how they are catching fish we cannot fish". That was on December 8, 1986.

I refer the Minister to project report No. 63 entitled "Japanese Tuna Longlining Off Canada's East Coast". This study was done in the fall of 1983 by the development branch of the Scotia-Fundy region in Halifax. The report even has some nice coloured pictures. I hope the Minister will read this report and then he will understand how fishing takes place in Atlantic Canada.

* * *

[*Translation*]

WOMEN

GREATER PARTICIPATION IN PUBLIC ADMINISTRATION

Mrs. Anne Blouin (Montmorency—Orléans): Mr. Speaker, when this Government came to power, it promised to double the number of women on federal councils, commissions and boards. During this week of festivities to mark International Women's Day, we can point with pride to the considerable progress that has been made. Mr. Speaker, since September 1984, over 25 per cent of the Government's discretionary appointments went to women, an increase of 67 per cent over the previous Government's record.

We have every reason to be proud of the progress made during the past few years. However, there is a lot of catching up to do. As a country we cannot afford to under-utilize half of the pool of skills available, and as a Government, we must continue to provide models for future generations of young Canadian women.

* * *

• (1405)

[*English*]

SCIENCE AND TECHNOLOGY

CRITICISM OF GOVERNMENT'S RESEARCH SPENDING LEVELS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, yesterday the Prime Minister (Mr. Mulroney) announced the pending federal-provincial agreement on scientific research in Canada. He said such an agreement was remarkable, but what is truly remarkable is how little his own Government cares about scientific research.

When in the Opposition his Party talked about doubling Canada's research and development spending, and then as the Government it instituted the continuing cuts at the National Research Council, the granting councils, Government departmental research institutes and our universities. It is his Government which also cut the federal share of funding for health and post-secondary education by $2 billion, and now it wants to cut get federal-provincial co-operation to fund research.

Can the Prime Minister now say how the deficit ridden poorer provinces will participate in his program when their equalization grants are also being cut back?

I call on the Prime Minister to say if and when his research policy will get Canada closer to the accepted expenditure target of 2.5 per cent of the Gross National Product. Scientific and university communities in Canada are waiting for these answers, not more speeches that make more vague promises about our scientific future.

* * *

THE ECONOMY

EXISTENCE OF GOVERNMENT PROGRAMS—GREATER USE URGED

Mr. Terry Clifford (London—Middlesex): Mr. Speaker, today's *Globe and Mail* reported a survey of 200 prominent Canadians who said "Canada is a second-rate power moving towards third-rate status". I disagree.

Our Government Ministers and their Departments, such as agriculture, forestry, youth, small business, international trade and external affairs are producing resources and innovations to help Canadians understand and participate as a nation of traders offering bold new technologies, products, and people

resources to the world. The fact that these programs exist is positive. The fact that Canadians do not know about them is not.

Our Government must tabulate, examine, and then deliver these resources and programs to Canadians. I urge all elected representatives to ensure that no dust settles on these resources. We've got them, let's use them. The challenge is there for all Canadians to guarantee that Canada enjoys the first-rate status we deserve. For we are, Mr. Speaker, *nulli secundus*.

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[*Translation*]

SOCIAL SECURITY

PARTICIPATION OF WOMEN HOMEMAKERS IN CANADA AND QUEBEC PENSION PLANS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): As usual, on the occasion of International Women's Week, the Prime Minister (Mr. Mulroney) and his Government are making endless promises to the women of this country. I think we should recall that the Prime Minister and his colleagues made the same gesture in July 1984 in Sherbrooke, when the Prime Minister, who had promised to reinstate full indexation of family allowances, promised to give homemakers access to the Quebec and Canada pension plans.

Again, in the Throne Speech on November 5, 1984, the Prime Minister solemnly promised he would give homemakers access to the Quebec Pension Plan and the Canada Pension Plan.

Mr. Speaker, today there are still three million women in Canada who are not entitled to participate in the Quebec Pension Plan and the Canada Pension Plan and are doomed to poverty because of this Conservative Government.

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[*English*]

HUMAN RIGHTS

U.S.S.R.—REUNIFICATION OF FAMILIES WITH RELATIVES IN CANADA

Mr. Bill Attewell (Don Valley East): Mr. Speaker, as Chairman of the Canadian Parliamentary Group for Soviet Jewry, I want to commend and applaud the Prime Minister (Mr. Mulroney) and the Secretary of State for External Affairs (Mr. Clark) for their unrelenting efforts to persuade the U.S.S.R. to allow Soviet Jews to be reunited with their families in Canada.

• (1410)

When Foreign Minister Shevardnadze visited Canada in October, 1986, he was given a list of 42 families wanting to reunite with relatives here in Canada. Yesterday we heard the good news that 22 of these families representing 57 people will receive exit visas. Today members of the B'Nai Brith Hillel National Student Secretariat are in Ottawa to highlight the issue of Soviet refuseniks and dissidents. While we all welcome and rejoice over yesterday's announcement that 57 Russian Jews will be allowed to emigrate to Canada, we must keep in perspective the fact that there are still at least 400,000 who want to flee the tyranny of the U.S.S.R.

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NUCLEAR ARMAMENTS

CALL FOR END TO CRUISE MISSILE TESTS

Ms. Pauline Jewett (New Westminster—Coquitlam): Mr. Speaker, I urge the Prime Minister (Mr. Mulroney) to make strong objections to any weakening of the ABM and SALT treaties when he meets with U.S. arms negotiator Paul Nitze. Tomorrow my Party will propose a motion to the House calling for an end to Cruise missile tests in Canada. The motion will read:

> That this House, alarmed by the role of air launched Cruise missiles in the violation of SALT limits and alarmed by threats to the integrity of the ABM treaty, aware also of the possibility of a negotiated elimination of all medium-range nuclear missiles in Europe, calls for strong initiatives by the Government to strengthen arms control and disarmament, including the termination of Cruise missile testing in Canada.

I urge all Hon. Members of the House to support the motion when it is debated tomorrow and when it comes to a vote on Monday. I urge Canadians everywhere to contact their Members of Parliament to appeal to them to vote in favour of ending Cruise missile tests in Canada.

* * *

STATUS OF WOMEN

TRIBUTE TO CONTRIBUTIONS AND ACHIEVEMENTS OF FARM WOMEN

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, as this is International Women's Week I would like to recognize publicly the special contribution farm women have made and continue to make to western Canada. In the history of the Canadian West, men and women worked together to break the land and to settle the Prairies. It was no accident, therefore, that the first Canadian women to receive the franchise were those on the Prairies who had demonstrated so convincingly that they deserved the right to vote.

Farm women still share equally, but often without recognition and fanfare, in the many tasks associated with farming. In

addition, many women have added to their workload by taking off-farm jobs. The economic significance of their contribution has never been in question. However, I look forward to the day when the voice of farm women is more frequently heard in governing circles on rural municipal councils, as leaders of farm organizations, and as representatives of rural constituencies both at the provincial and federal levels.

I would like, therefore, to applaud the Minister of Agriculture (Mr. Wise) for appointing 24 women out of a total membership of 79 to federal farm debt review boards, as farm women as well as farm men are severely affected by the financial crisis which exists today. However—

Mr. Speaker: I regret that the Hon. Member's time has expired.

* * *

ENVIRONMENTAL AFFAIRS

ACID RAIN—SITUATION IN NEW BRUNSWICK

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, after hearing testimony from the New Brunswick Environment Minister and the New Brunswick Power Corporation, we, the members of the Acid Rain Committee, are wondering if anyone is in charge of acid rain control in New Brunswick. The Minister seems confused about whether the New Brunswick Power Corporation reports to Cabinet or whether it is the other way around. In addition, the Government of New Brunswick now seems to be having second thoughts about its commitment. The timing of this could not be worse because the Prime Minister (Mr. Mulroney) will go to the summit in April without a unified Canadian agreement to reduce SO2 emissions.

Our committee is left with no recourse but to invite Premier Hatfield to appear before the Acid Rain Committee so we may see if he knows anything about acid rain in his province. Only the Premier can sort out the *Alice in Wonderland* acid rain policy of New Brunswick, but time is of the essence.

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CULTURAL AFFAIRS

SIGNING OF CANADA-CHINA FILM CO-PRODUCTION AGREEMENT

Mr. John Gormley (The Battlefords—Meadow Lake): Mr. Speaker, I know all Members of the House will join with me in recognizing the work of the Hon. Minister of Communications (Miss MacDonald) on her trip to the People's Republic of China. The Minister has succeeded in signing a film co-production agreement with China as part of her visit to promote Canadian culture and telecommunications.

A co-production agreement is a legal accord between two governments intended to lessen the cost and risk of film production. This agreement allows film producers to draw on Government, business and private funds in both countries. Under the agreement, films are made as co-productions and are considered to be national films in both participating nations. The agreement can also ease restrictions on the movement of people and equipment across borders to facilitate production.

In the past Canada has signed film co-production agreements with France, Italy, Germany, Israel, and the U.K. This agreement is a major achievement for Canada and is the first co-production of this magnitude ever undertaken by China. The Minister's and the Government's commitment to international film production should be applauded.

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• (1415)

EXTERNAL AFFAIRS

DENIAL OF DIPLOMATIC ACCREDITATION

Mr. Svend J. Robinson (Burnaby): Mr. Speaker, I rise to commend strongly the action of the Secretary of State for External Affairs (Mr. Clark) in his recent decision not to grant diplomatic accreditation to General Amos Yaron as military attaché for Israel. The Minister is to be commended for his courage in taking this step which he acknowledged is not done very often.

In view of the fact that an Israeli inquiry found that Yaron was well aware that more than 700 Palestinian civilians were brutally murdered by Christian militiamen in the Sabra and Shatila camps in Lebanon, this action is entirely appropriate. We know well the history of that slaughter in September of 1982, and the action taken by the Minister in placing Canada's position clearly on the record in this area is to be commended. Finally, I would note that this was done despite the fact that General Yaron was accredited to Washington. The Minister must be congratulated.

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[*Translation*]

OFFICIAL LANGUAGES

DEMAND FOR AMENDMENT OF STATUTE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, bilingualism is not dead in Canada. Although certain individuals do not consider it as a significant issue, this does not mean that it is a non-existing cause: three feature articles in the newspaper *Le Droit*, two in *La Presse*, a long column in *Le Devoir*, three articles in the *Globe and Mail*, and so on.

The issue is raised practically every day in nearly all newspapers, yet certain Members of this House still do not see that if the debate still goes on, I am telling you, ladies and gentlemen, it is because it is a matter of national scope.

Scandals fade away, but major issues remain. Today the Commissioner of Official Languages will give the Prime Minister a study on official bilingualism and the private sector. I sincerely hope that this initiative of the commissioner will prompt the Prime Minister to table the amendments to the Official Languages Act at the earliest opportunity.

ORAL QUESTION PERIOD

[*English*]

CHILD CARE

GOVERNMENT POLICY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, the last two years are littered with the broken promises of the Government. As you may have noticed, we see this week that the Tory promise machine is spewing out some new ones. Canadians are asking the Prime Minister why they should believe his promises about child care when his Minister of Finance said last night in committee that he knew of no specifics of the program. Why, when he was talking to the Advisory Council on the Status of Women, did the Prime Minister not tell the whole truth and admit there was no program and no money had been allocated in the Estimates for any such program?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, the question from the right hon. gentleman surprises me. We indicated to him and the House that, upon receipt of the parliamentary task force report on child care, we will meet with the First Ministers and elaborate on a comprehensive program in this area. This has been sadly lacking in Canada over the many years his Government was in office, and I hope we have his help and support in implementing this kind of program to benefit Canadian women.

Mr. Turner (Vancouver Quadra): Mr. Speaker, that is not the impression he was attempting to give to the women he was talking to on Monday morning.

[*Translation*]

REQUEST THAT PRIME MINISTER RESPECT PROMISES

Right Hon. John N. Turner (Leader of the Opposition): Take the Prime Minister's latest promise which he very appropriately made last night in Waterloo: his new science policy. And like Napoleon, when he took his hand out of his vest it was empty: a science policy, yes, but no money, whatever the Prime Minister may have promised during the election campaign about doubling spending on research and development in four years. My question to the Prime Minister is therefore: When is he going to start keeping his past, present and future promises with real money?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, those are the key words: real money. The Leader of the Opposition is suggesting that we use borrowed money, since the Government's finances were in such a sad state that interest rates—

Some Hon. Members: Oh, oh!

Mr. Mulroney: Let them laugh. Interest rates went up because of the amounts the Government had to borrow. So borrowed money is not the way to solve a serious problem that has been with us for many years.

Another example of how not to go about it is the scheme used by the Hon. Member for Westmount and his colleagues and I am referring to the Scientific Research Tax Credit. The Government of Canada and the research community lost out as a result of flips involving hundreds of millions of dollars, and all because of this measure that was introduced by the previous Government. We have started by creating an advisory board at the national level. The first meeting, last Monday—

Mr. Speaker: Order. The Leader of the Official Opposition.

* * *

• (1420)

[*English*]

AGRICULTURE

REQUEST FOR GUARANTEED RETURN FOR FARMERS

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I have cited two programs announced this week by the Prime Minister with regard to which there are no specifics and there is no money allocated in the Estimates. Perhaps the most bitter are the promises made to the regions of the country. The grain economy is collapsing. We anticipate, as indicated by the Canadian Wheat Board, perhaps a 20 per cent reduction in initial prices this year.

What about the Prime Minister's promise to the family farm? Will he give a firm undertaking today, which was not given yesterday or the day before, that he will guarantee the same return to farmers as they had last year, particularly in view of existing circumstances?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my right hon. friend will search for many areas in which to criticize the Government, and he may find some. However, one of the least valid would be in the area of protecting the interests of the Canadian farmer and the Canadian family farm. The Government has consistently worked with the provinces and the farm leaders to be of assistance to Canadian farmers. We did that most recently in

the autumn through an emergency program which put hundreds of millions of dollars directly into the pockets of western farmers. We have helped Canadian farmers in many real ways and will continue to do that to their benefit in the future.

* * *

[*Translation*]

CHILD CARE

REQUEST THAT PRIME MINISTER EXPLAIN DEFINITION OF NATIONAL DAY CARE SYSTEM

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question is directed to the Prime Minister. This week, in connection with the Conference on the Family . . . Only a few minutes ago, the Prime Minister stated that Canada would have a national child-care system. The Minister responsible for the Status of Women has said that an agreement concerning details of the child-care system will be concluded by the end of June. I wish the Prime Minister would explain to the House what he means by a national child-care system. I am asking the Prime Minister, since he made the statement.

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I would like to address the question put by the Hon. Member. She will know that following the meeting of the First Ministers in Vancouver the Prime Minister very clearly put the federal Government in the forefront of a process and conclusion for a child care system. That system has a number of components which are in train, such as meeting with Social Affairs Ministers and the parliamentary committee to formulate a strategy to be presented to the provinces by the end of April and to be concluded by the end of June. The Member knows the plan. She is part of it. We are hopeful that the report will come out in the next two weeks. The Prime Minister has said very clearly that that plan will be in place and that the resources will be there to fund it.

[*Translation*]

REQUEST THAT GOVERNMENT SUBSIDIZE DAY CARE SYSTEMS

Mrs. Lucie Pépin (Outremont): Mr. Speaker, my question was directed to the Prime Minister who, after all, made the statements and the promises. The Budget provides no funds for day care. Again, I want to ask the Prime Minister whether his Conservative Government is going to provide any leadership on day care, and by that I mean subsidize a day-care system and set national standards. My question is directed to the Prime Minister. What does the Prime Minister mean by day care?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are indeed going to deal with setting up a national child-care system.

Mrs. Pépin: What is it?

Mr. Mulroney: Since the Hon. Member insists on asking the question, I have to say it is a system that should have been in place years ago in this country.

Mrs. Pépin: What are you going to do?

Mr. Mulroney: When the Hon. Member presided over the Council on the Status of Women, she failed to urge her Liberal friends to set up a system.

Mrs. Pépin: Certainly not! I was the first person to bring the matter up.

Mr. Mulroney: It really is too bad in this country. Promoting the status of women is a priority for the Government of Canada. I think we have already introduced some important measures, and we shall introduce more, including this national child-care program.

* * *

• (1425)

[*English*]

THE ECONOMY

INVESTMENT INFLOWS AND OUTFLOWS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, my question is directed to the Minister of Finance. It arises out of the balance of payments figures which were tabled earlier this week. Those figures show that in the two and a half years since the Conservative Government came to power there has been no net inflow of foreign direct investment. At the same time the figures show that Canadian direct investment abroad, the kind which directly creates jobs, has increased by $11 billion since the Conservatives came to power. Can the Minister confirm those figures? And can he tell the House whether he is concerned about the evidence that investment is going out of this country rather than coming in?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I commented on this specifically in the Budget. However, I can remind the Hon. Member of what the Budget said. The inflows of capital in 1986, I believe, were 70 per cent higher than they were in 1984. The Hon. Member knows that one of the reasons for the strength in the Canadian dollar is the very substantial increase in portfolio investment, investment which is coming in from Europe, Japan, and the United States. They are showing confidence in the direction in which this country is going. That is the reason the dollar today is higher than 75 cents as compared to this time last year when it was a little over 69 cents.

INVESTMENT LEVELS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, does the Minister recall the statement made by his Leader during the course of the 1984 election campaign that: "The Government

would send a signal of confidence around the world to come and do business in Canada again"? Under those circumstances, can the Minister explain that while we have proven ourselves able to borrow money abroad, foreign direct investment in Canada has actually fallen and that $11 billion of Canadian direct investment, which could have been creating jobs here in Canada, has gone outside Canada? Are you concerned about that? And what are you going to do about it?

Mr. Speaker: Order. I would ask Hon. Members to refrain from using the direct personal pronoun "you". I know Hon. Members will try a little harder.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, the Hon. Member should reflect on things which are being said outside this country. As I commented to the Hon. Member yesterday afternoon in committee, I would hate to have to walk around being a pessimist my whole life in the same way he does. If the Hon. Member looks outside the country he will know what the OECD is saying what the European Management Forum is saying and how our status in the European management standings has gone from No. 11 a couple of years ago to No. 6 today. There is the recent report from Japan by the Japanese industrial leaders who came here in October and have gone back with a glowing report on things we are doing in this country. That is quite contrary to what was the case 10 years ago when the same group was here under a man by the name of Makita. The Makita Report damned the policies of the previous Government and that turned off a lot of investment which could have created jobs here in Canada.

[*Translation*]

INQUIRY CONCERNING POSSIBLE NUMBER OF JOBS CREATED BY $11 BILLION

Mr. Mike Cassidy (Ottawa Centre): It is very hard to be optimistic if you are one of the 1,250,000 unemployed people in this country.

Yesterday, the Minister acknowledged before the Committee on Finance and Economic Affairs that, not including Quebec, the number of jobs in the nine other provinces in this country increased by only 5,000 between January 1986 and January 1987.

Could the Minister inform the House how many jobs could have been created in the Atlantic provinces, Quebec and Western Canada if the $11 billion invested by Canadians outside this country had been invested here in Canada to create jobs for Canadians?

• (1430)

[*English*]

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, what I also point out to the Hon. Member is that if he had taken the exact same figures from the middle of the year, which is the most recent period, he would have seen that there was a better balance between the job creation in Ontario and job creation outside Ontario. Off the top of my head I believe the figures are something in the order of 116,000 in Ontario and 74,000 or 76,000 outside Ontario. There is still an imbalance. However, it is quite a bit better than the figures which the Hon. Member points out.

Yes, we are not happy with that imbalance. That is why we are doing so much to try to address that imbalance. That is why we have dealt with the problems in western Canada through drought payments, the farm fuel tax rebate, the special grains program, the assistance to the oil and gas industry, and the change in the—

Some Hon. Members: Order, order.

Mr. Speaker: The Hon. Member for Algoma.

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CANADIAN WHEAT BOARD

INITIAL WHEAT PRICES—REQUEST FOR COMMITMENT

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is directed to the Prime Minister. It concerns the promises that the Government has made to farmers. In 1984 the Prime Minister promised to make Canada a superpower in grain exports. Yesterday the Minister of Agriculture told farmers at the Canadian Federation of Agriculture meeting that, in fact, the Wheat Board was recommending a 20 per cent reduction in initial prices. Does the Government plan to keep its promise of making Canada a superpower when our farmers are receiving $2.50 per bushel while their American counterparts receive $6 per bushel? Will the Government make a commitment today that our farmers will receive at least as large a return as they did in the last crop year?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, the Hon. Member refers to Canada being a superpower in agriculture. In fact we have one of the best beef herds in the world. We have dairy cattle which are the best in the world. With respect to grain, our grain is recognized as a standard by which other countries set their grading systems. If the Hon. Member is talking about market penetration, he should know that last year Canada increased its share of world markets. This year we have the prospect of increasing our share of world markets.

Some Hon. Members: Hear, hear!

Mr. Mayer: As we all know, price remains a very serious problem. We are dealing with that in many, many ways.

GRAIN FREIGHT RATES

Mr. Maurice Foster (Algoma): Mr. Speaker, my supplementary question is for the Minister of Transport. In his absence perhaps the Minister of State for the Canadian Wheat Board could respond. In the 1984 general election the Government promised to freeze the grain freight rates for western

farmers. We have now learned that grain prices are to be reduced by 20 per cent. Is the Government prepared to freeze those freight rates for another year in view of the reduction in grain prices? The senior grain transportation committee is already indicating that transportation rates will increase by 50 per cent. Will the Government keep its promise to freeze those freight rates for the coming crop year?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, if the Hon. Member had looked back at the debate on the Western Grain Transportation Act, he would know that if we had followed the Liberal projections the Liberal freight rate for the moving of grain would be something in the order of $11 per tonne. It is considerably less than that. The Minister of Transport indicated in the House the other day that he would ensure that any adjustments that may be required, in accordance with the provisions of the Liberal formula that was adopted under the Western Grain Transportation Act, would be very minimal and would take into consideration the current state of agriculture in western Canada.

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FISHERIES

FUTURE OF STAR-KIST PLANT IN NEW BRUNSWICK

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is for the Minister of Fisheries and Oceans. Yesterday representatives of some 400 workers from the Star-Kist plant in New Brunswick came to Ottawa in a last-ditch attempt to save their jobs and to have the plant reopened. The Minister said only that he has not in any way prevented the plant from reopening. Does the Minister have any positive proposals, anything that he can and will do to help reopen that plant or to find other sources of work for these unemployed people? The people of St. Stephen want not only a Minister who claims innocence, they want a Minister who will give some leadership, and not stand on the sidelines.

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, it is interesting that this is the first question a member of the Opposition has asked in at least one year on behalf of these workers.

As I indicated to the media and to the workers who visited Ottawa yesterday, the Government of Canada is extremely frustrated that the H. J. Heinz Co. has chosen not to reopen the plant at St. Andrews and St. Stephen, New Brunswick. We have been encouraging the company to do so. We have offered every form of assistance to enable the reopening of that plant for at least the past 12 months. I encourage the Hon. Member and all members of the Opposition to join the Government in appealing to H. J. Heinz, a respected international corporation, to get that plant reopened and those workers back to work.

MINISTER'S POSITION

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my supplementary question is also for the Minister of Fisheries. Since workers gave the Minister a ticket to fly to New Brunswick to meet with them there, and since the Minister has accepted the invitation and will be going to meet with them, will he make a statement to the House when he returns outlining concrete proposals to help those workers, either with respect to the reopening of the plant or finding some other source of employment?

Hon. Thomas Siddon (Minister of Fisheries and Oceans): Mr. Speaker, again, the Hon. Member from the Opposition has not been doing his homework. We have indicated repeatedly that various forms of assistance have been offered to the H. J. Heinz Co., including offers of financial assistance, for a period of time going back to last June and July. It would behoove the Opposition well to encourage H. J. Heinz, with the Government, to get the plant reopened or relieve the dilemma of these workers and tell them whether or not it intends to reopen the plant. If the Hon. Member has any other suggestions I would like to hear them.

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REVENUE CANADA

TAX AUDIT OF FARMERS

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my question is for the Minister of National Revenue. The Minister has told the House repeatedly that there is nothing unusual about the tax audit of the western farmers. Perhaps the Minister would explain to the House, then, why he has hired the services of an additional 403 investigators in his Department and why the retroactivity of this particular audit goes back not one, not two, not three but five years and beyond. Will he explain to the House why agricultural organizations in western Canada are so outraged at the harassment that their members are facing from the Ministry of National Revenue?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, I welcome the question from my colleague from Nova Scotia. With respect to the question that he raised I want to inform him that, first, he is mistaken if he thinks that some of the additional person-years are just directed for audit purposes. As I mentioned in the House a couple of days ago, for the most part they are to provide services, for example, the tracing down of maintenance skips, as well as investigations concerning the child tax credit and services such as that.

Yesterday I assured the House, including the Leader of the Opposition, that certain criteria were being applied, that this was not directed at western farmers but was a nation-wide audit. In view of the concerns that have been expressed, and continuing inquiries I have made, I have instructed my

Department to pause in this particular audit to make certain that none of these audits are falling into the category of being unreasonable. I also want to make certain and illustrate to the House that our Department is sensitive to these concerns. We will be doing an inventory of the audits that have been done up to this point to make certain that the criteria that I have told my colleagues about in the House are in fact the criteria which are being adhered to.

• (1440)

SCOPE OF TAX AUDIT

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, my supplementary question is directed to the same Minister. I welcome that new information. But would the Minister confirm for Members of the House that the directive that he issued to expand the tax audit nation-wide was issued to hide the fact that he and his Ministry singled out and targeted the western farmers because they knew they were in their most vulnerable position at this time? Is that not the real reason?

Hon. Elmer M. MacKay (Minister of National Revenue): Mr. Speaker, as you and other Members of the House know, I have been a Member of the House for some time. I can assure you, and all Members of the House, that that is about the most absurd suggestion that I have heard since I have come here.

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AGRICULTURE

SPECIAL CANADIAN GRAINS PROGRAM—REQUEST FOR EXTENSION

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is directed to the Minister of Finance. In response to a question from my colleague from Ottawa Centre, the Hon. Minister said that we were being pessimists. At the Finance Committee meeting yesterday afternoon the Minister said that there was a problem in western Canada caused by factors outside our control. They, western Canadians, are prisoners of market forces outside the boundaries of this country. The Minister also said that there was very little that he could do about it. There is something that the Minister can do about it, and my question to him is this. Why does he not stand up at this time and announce an extension to the Special Canadian Grains Program? Western farmers want to know before they seed what the Government will do to help them.

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, I am going to be generous and say that the Hon. Member read the headline to the story that he is reading from, because he surely did not read the transcript of the meeting of the committee yesterday, or the second half of the story. I did say that I cannot control an international price. But I did go on to say that yes, there are a lot of things that we are doing about it. I outlined the following, and I will run down this very quickly—the Atlantic Opportunities Program, the Atlantic Initiatives Program, the Cape Breton Investment Tax Credit, the special report that the Prime Minister is asking for—

An Hon. Member: Order.

Mr. Speaker: The Hon. Minister has obviously quite a lot of information that he would like to give to the Opposition. I am sure that both Hon. Members could find a way to exchange that information.

* * *

ENERGY

REQUEST FOR SPECIAL FUND TO HELP SMALL OIL PRODUCING COMPANIES

Mr. Rod Murphy (Churchill): Mr. Speaker, I will take your advice. I do have a list to give to the Minister of things that he could do immediately to help western Canada. One other example of what he could do now, and I ask him if he will, is make the commitment that he will take the $450 million that will be gained as a result of the increased tax on gasoline and promise that money as a special fund to small, independent producers in western Canada? Will he help those oil producers, and use the money that has been collected?

Hon. Michael Wilson (Minister of Finance): Mr. Speaker, if the Hon. Member has not heard, I will tell him that I am going to Calgary tomorrow and I will be meeting with the three oil and gas industry associations. I will be discussing the concerns that they have on the outlook for their industry.

I do wish to refer the Hon. Member to a comment made by the Alberta Wheat Pool. They praised the Government of Prime Minister Brian Mulroney for its handling of problems in the agriculture industry. It is really quite an extraordinary hard time right now and they felt that so far the present Government has responded well. That is action.

Some Hon. Members: Hear, hear!

Mr. Murphy: Why don't you quote Getty?

Mr. Blackburn (Brant): Who wrote that, Bill Fox?

Mr. Mazankowski: The *Winnipeg Free Press*.

* * *

NATIONAL DEFENCE

REPORTED INTEREST IN ALBERTA RANCH LAND

Mr. Gordon Taylor (Bow River): Mr. Speaker, my question is directed to the Associate Minister of National Defence. Given that the beautiful Kananaskis country on the eastern slopes of the Rockies west of Longview, Alberta, should be

retained for ranching and tourism; and given that the Canadian army which is marching into this Kananaskis country to buy several hundred acres of land should not be asked to retreat or back up, will the Hon. Associate Minister of National Defence give this command to the army: "About turn and advance right out of the Kananaskis country?"

Hon. Paul Dick (Associate Minister of National Defence): I wish to assure the Hon. Member that the Canadian army is not marching into the territory he is discussing. The fact is that we have not offered to purchase any ranches, in spite of the newspaper reports. The fact is that the owner of the ranch has offered to sell to the Canadian army at a certain price.

Mr. Riis: For twice the price.

Mr. Dick: We have not accepted that offer. We have had evaluations done, and the price seems to be too high according to the Minister, and according to the person who offers to sell. We have asked for more information.

* * *

APARTHEID

SOUTH AFRICA—ECONOMIC SANCTIONS INQUIRY

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. When the Prime Minister was on his South African tour he promised additional economic sanctions against South Africa. The Deputy Prime Minister has promised that the Prime Minister would make a statement about his tour upon returning to the House, which we patiently await. Yesterday the Secretary of State for External Affairs indicated that as early as January he had been authorized to impose additional economic sanctions against South Africa. Why have these sanctions not been imposed? What are they? What is he waiting for at this point?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, even though the Hon. Member declined to take part in the very useful discussion yesterday in a committee of this House on policy with respect to South Africa, he does know the procedures with regard to Cabinet and the authority of Ministers. What I indicated to the committee is that I have received the authority of my cabinet colleagues to take further measures with respect to South Africa when the Government concludes that it would be appropriate to do that.

We have had singular success in concerting our actions with those of other members of the Commonwealth, other members of the Economic Summit, and other countries. We intend to continue along that path of working with others. The Prime Minister has signalled his intention to seek to have the question of South Africa on the agenda of the Economic Summit in Venice. As the Hon. Member knows, we will be hosting meetings of *La Francophonie* and the Commonwealth in Canada later this year. In the context of all of those engagements working with our friends who share our determination to bring an end to apartheid in South Africa, Canada will continue to exert the leadership it has shown to date.

[*Translation*]

GOVERNMENT POSITION

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, there is nothing to write home about in that answer. Yesterday, unfortunately, I was at another committee, a good many sit during the afternoon. I have the impression that the Government does not intend to do anything before the Commonwealth conference. Is it true or not?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, as it often happens, the impression of the Hon. Member for Saint-Henri—Westmount is unfounded. I have no idea whether this position is endorsed by his leader or whether, with respect to South Africa, he is giving the same position as that which relates to Cruise missiles.

* * *

[*English*]

STATUS OF WOMEN

TRAINING FOR FUTURE EMPLOYMENT

Ms. Margaret Mitchell (Vancouver East): Mr. Speaker, my question is directed to the Minister responsible for the status of women. The Minister will know that the Canadian Advisory Council on the Status of Women, and other groups, have criticized the Canada Jobs Strategy because it is mainly training women for low paying pink collar jobs. What is the Minister doing to change this program in order that women can train for better paying non-traditional jobs, rather than being locked into low-paid clerical, sales, and service work?

Hon. Gerry Weiner (Minister of State (Immigration)): Half of the jobs created by the Government have been created in the women's sector.

Mr. Angus: So much for the status of women.

Mr. Blackburn (Brant): Are you going to take that sitting down, Barbara?

Mr. Weiner: The Canadian Advisory Council on the Status of Women has stated that they are pleased that the Government recognizes the importance of providing federal training programs which are specifically designed for women. That is what Sylvia Gold said.

Oral Questions

SKILLS TRAINING PROGRAMS

Ms. Margaret Mitchell (Vancouver East): I see that the Government recognizes International Women's Week by ignoring the advocate for women.

My question is directed to the Minister responsible for the status of women during International Women's Week. What will the Minister do to persuade the Minister of Employment and Immigration to reconsider his policy of contracting out low skills training programs, instead of providing adequate funding to colleges and universities for skills development programs that will move women into higher paying jobs?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, what the Hon. male—Member—has—

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

• (1450)

Mr. Speaker: Perhaps we could just start over again.

Mrs. McDougall: Thank you, Mr. Speaker. I will see if I can get my tongue and my teeth moving together. The Hon. Member fails to notice that when we on this side of the House talk about women, it is not just myself in the Government. The women of Canada have 40 allies, most particularly the Prime Minister.

Some Hon. Members: Hear, hear!

Mrs. McDougall: Let me also say that the Canadian Jobs Strategy was the first employment program by a Government in Canada which had targets for women. The participation rate by women is 46 per cent, compared with 37 per cent in previous programs. The Government, through the appointments process as well, has helped the women of the country. It is a record that cannot be challenged by anybody.

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RESEARCH AND DEVELOPMENT

FEDERAL FUNDING

Mr. David Berger (Laurier): Mr. Speaker, my question is for the Prime Minister. I should say that I am glad the Prime Minister finally made it to Waterloo. Since he took office that university has lost the dean of its maths faculty to Tennessee; a leading chemist to Princeton; and professors in computer science, engineering, and accounting to U.S. industry, U.K. universities, and Switzerland. The Prime Minister's biggest export has been our brains—

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

Mr. Speaker: Some days I would like to help.

Some Hon. Members: Oh, oh!

Mr. Berger: Unfortunately, Mr. Speaker, I could not say the same thing about the Tories. After freezing budgets for university research and cutting payments for post-secondary education, how can the Prime Minister possibly expect Canadians to believe his latest promises regarding research and development? When will the Government put its money where the Prime Minister's mellifluous mouth is?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, with regard to research and development in science and technology, I referred earlier to one—and I think most fair-minded people would agree—of the great tragedies which has hit—

Mrs. Finestone: That is old history.

Mr. Mulroney: The Member says that it is old history. In 1984 a tax program of the previous Government was devised which cost the research community probably $2.6 billion in lost revenues. When we consider that the federal Government commits the largest expenditures, $4 billion per year, in terms of research and development, that was an enormous historic loss brought about by the Government of which my hon. friend was a member. I know he regrets it as much as I do. It left Canada in a situation whereby when Government changed, among industrialized countries Canada had one of the lowest rates of scientists and researchers in the population—for example, 280 per 100,000 in the U.S., 240 in Japan, 150 in Germany, and only 90 in Canada. That is an enormous tragedy which was brought on by some decades of neglect. There is enough responsibility to go around for all Members of the House.

The Government is committed to working with the universities, the research centres, and the provincial Governments to make research and development in science and technology the cornerstone of future sustained economic growth in Canada that it should have been for decades.

Some Hon. Members: Hear, hear!

[*Translation*]

NEED TO STOP BRAIN DRAIN FROM CANADA

Mr. David Berger (Laurier): Mr. Speaker, had the Prime Minister taken five minutes of his time yesterday to listen to the students, the faculty and the administration of the University of Waterloo he would have realized that his policies so far have been worse than a failure—his policies, not ours. When will he listen to academics throughout this country and put a stop to the brain drain from Canada for which he bears full responsibility?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my friend is asking whether I spent five minutes to listen to the students. I was with them for several hours. I had

an opportunity to deliver a speech and then listen to the students. I met with faculty members and research directors. Last Monday I chaired the first meeting of the Advisory Council on Science and Technology which includes 40 of the most important individuals in the field from all levels of Canadian society. We are preparing at the federal level—with higher, not lower appropriations—a new initiative in research and technology here in Canada with the support of the provinces and of universities such as the University of Waterloo which I visited yesterday. I can tell my friend that I was given a warm welcome by students and faculty members alike, and only modesty prevents me from telling you that there were standing ovations all the time!

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[*English*]

IMMIGRATION

INTRODUCTION OF VISA REQUIREMENT FOR CHILEANS

Mr. Dan Heap (Spadina): Mr. Speaker, my question is for the Minister of State for Immigration. When the Minister announced the regulation requiring transit visas for the Chileans travelling through Canada, he refused to give a grace period to complete their flight such as he gave last year to the Portuguese when he imposed the visa there. Will the Minister now apply that grace period principle equally and fairly by allowing the plane load of Chileans now stranded in Buenos Aires to proceed to Canada?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, we have been working expeditiously and humanely in handling every claim since last Sunday in Buenos Aires. One must not play with people's lives. A country such as ours cannot be held to ransom. Our record in landing real refugees in the country, the moral leadership we have shown, and our commitment to refugees must not be underestimated.

GOVERNMENT POLICY

Mr. Dan Heap (Spadina): Mr. Speaker, that was no answer, but I would point out that the Minister knows that the Chileans are fleeing a dictatorship that tortures and murders its opponents and has secret police in Buenos Aires following them on the streets, while not one of the 3,000 Portuguese refugee claimants who came to Canada had any reason to fear imprisonment or death in Portugal for their views. Therefore, will the Minister explain to the House was his act of discrimination against Chileans, shown by the regulation which specifically mentions them, based on Canada's interest in selling military equipment to Pinochet, or was it based on the fact that most Chileans are of non-European race?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, our policy, straightforward, is that every real refugee who comes to our door will be given a haven and settled here. I may remind the Hon. Member what his Leader, the Hon. Member for Oshawa, had to say on a recent Webster radio show: "If a person has had a fair and just hearing, if he has had all the rights of appeal inherent now in Canadian law and he is found not to be a real refugee, then kick him out of the country".

Some Hon. Members: Shame, shame!

Some Hon. Members: Hear, hear!

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NARCOTICS

ADDICTION RESEARCH FOUNDATION FUNDING

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is also for the Prime Minister and it deals with his credibility. I was disgusted earlier this week to hear him pontificate about a national drug epidemic, and I would like to ask him to explain his bloated pronouncement. We heard this morning that the Addiction Research Foundation in Canada gets more research money from American government agencies to study drug abuse than it gets from Canadian federal government sources. Can he explain that in light of his bloated announcement?

• (1500)

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, regarding the drug strategy, the Prime Minister stated clearly—I agree with him, many people agree with him—that for parents and young people who are caught in the vortex of drug abuse, for them, for their families and for society it is an epidemic. Where we can help them get out of that vortex, we will.

DRUG SNIFFING DOGS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, I would like to ask the Prime Minister, given his personal concern about the national drug epidemic, at the very least will he guarantee that the Estimates will provide for six new dogs, six dogs, which have not yet been budgeted for, to cover a total of 28 dogs in airports across the country for his fight against drug abuse, which is an absolute farce.

An Hon. Member: That is a lot of Alpo.

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the concern the Government and many members in our society have for drug abuse is not a farce. Does she feel that there should not be a response? Does she feel that when kids are involved in drug abuse that that is not an epidemic—

Mr. Speaker: The Hon. Member for Oshawa.

THE CONSTITUTION

MÉTIS CLAIM TO LAND RESOURCE BASE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a question for the Prime Minister. Almost two years ago he promised the Métis people of Canada that he would meet with them to discuss their claim for a land and resource base. Since it is just three weeks from now that the First Ministers will be meeting on an historic occasion to discuss constitutional amendments exclusively devoted to aboriginal peoples, why has the Prime Minister not lived up to his commitment to meet with the Métis to discuss this important matter? Will he do so before the conference takes place?

Hon. Ray Hnatyshyn (Minister of Justice and Attorney General of Canada): Mr. Speaker, the Prime Minister has, in fact, met with the Métis representatives. He has also appointed me as an interlocutor with respect to this very important group of Canadians. I think the commitment of this Government with respect to the Métis is precedent setting. We have taken a greater interest on the federal side with respect to these people than any predecessor Government in Canada. We are committed to working toward a constitutional amendment which will set a constitutional basis for self-government which will also define the rights of aboriginal peoples generally across the country. We look forward to working toward success and we are committed to that end.

FORTHCOMING CONSTITUTIONAL CONFERENCE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my supplementary question is for the Prime Minister and I hope he will answer it. I chose my words with care. I know the Prime Minister met with the Métis. That was not the point. The point was that the Prime Minister promised to meet to discuss their claim to a land resource base. Since they did not discuss that at the meeting to which the Minister referred, will the Prime Minister live up to his commitment to meet with the Métis to discuss that? In relation to that, in the proposal that will be put before the First Ministers in three weeks time, will the Prime Minister assure that there will be recognition of the Métis' need for a resource and land base?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I thank my hon. friend for his question in such an important area. He might be well advised to review the facts. A lot of important questions have been raised at that meeting and others.

Mr. Broadbent: Did they discuss land?

Mr. Mulroney: My hon. friend is acquainted with the complexity of the land base problem, the resources, and the jurisdiction that controls those resources. There are lawsuits galore in this regard including, I think, litigation against the Government of Manitoba.

Mr. Murphy: The same thing with the federal Government.

Mr. Mulroney: I have asked the Minister of Justice and the Minister of Indian Affairs along with Senator Murray, to meet with the leadership of these various groups, hopefully next Friday, to try to do the very best we can to ensure that the conference, scheduled for the end of the month which deals with, among other things, this fundamental issue, will finally result in a substantial degree of success that will bring justice and fairness to the native peoples of Canada. We are deeply committed to seeking energetically and thoroughly that kind of solution for the native peoples, and we hope we have the full support of all Members of the House in that endeavour.

Mr. Speaker: The last question goes to the Hon. Member for Parkdale—High Park.

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SPORTS

FUTURE OF CANADIAN FOOTBALL LEAGUE

Mr. Andrew Witer (Parkdale—High Park): Mr. Speaker, my question is directed to the Minister of State for Fitness and Amateur Sport. Reports in today's media indicate the the CFL and a group of U.S. football teams are planning to join forces to establish a new North American football league. Since this in essence would mean the demise of the CFL and its importance as a unifying national institution, what action will the Minister take to preserve the integrity of the Canadian Football League?

Hon. Otto Jelinek (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I am in regular contact with the CFL on a number of issues. I can inform the Hon. Member and this House that those reports are not only speculative but unacceptable to the CFL and to the CFL Commissioner, Doug Mitchell. The League is attempting at this time to try to make itself a more viable operation. We are assisting in that process in trying to get outside government sponsorship for a new TV deal that will be announced in the near future so that Canadians can continue to take advantage of seeing this very unifying league called the Canadian Football League, and the Grey Cup.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Hon. Herb Gray (Windsor West): Mr. Speaker, may I ask the Government House Leader to give us the customary statement of business for the coming week.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Yes, Mr. Speaker. As a result of consultations with the Opposition House Leaders, I think

there will be general agreement for the following order of business. Today we will continue with Bill C-12, amendments to the Prairie Grain Advanced Payments Act, followed by Bill C-21, the Shipping Conferences Exemption Act; followed by Bill C-3, an Act to amend the Radio Act. Friday, tomorrow, will be another allotted day. I believe it will be a New Democratic Party opposition motion. On Monday and Tuesday, I would propose to call Bill C-40, which is second reading and possibly reference to the Committee of the Whole of the borrowing authority Bill. I will be able to report on future business perhaps later next week.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, just following up the report by the Government House Leader to facilitate business of the house, I might indicate to the Government and to the Official Opposition that, indeed, Friday is a designated day for the Opposition. The New Democratic Party will be putting forward a motion dealing with testing of the Cruise missile in Canada, and calling for that to stop.

GOVERNMENT ORDERS

[*English*]

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Mayer, that Bill C-12, an Act to amend the Prairie Grain Advance Payments Act, be read the third time and passed.

Mr. Don Boudria (Glengarry—Prescott—Russell): Mr. Speaker, I am pleased to have the opportunity today to speak on Bill C-12 as presented in the House of Commons. The Hon. Member for Algoma (Mr. Foster) made some very eloquent remarks earlier today and described for us the Bill and its details. I will try to touch on some issues which concern me and which I believe concern much of the agricultural community across the country as they pertain to this piece of legislation and about farming issues generally.

First, we know that the cash advance is based on grain stored and not necessarily on acreage. We know that the interest rate on defaulted advances is a floating rate instead of a fixed rate as it had been in the past. Of course, generally that is a good thing because it will assist in bringing the rate down for some people who are financed at a higher rate. However, we are hoping that the Government would bear in mind that in the unfortunate possibility that interest rates rise again, there should be some way of assuring the farming community that the floating rate will not become a floating rate similar to that of chartered banks which in the past brought those rates up very dramatically because interest rates had risen. I do have a concern about the potential for the future. Of course, in the immediate future it will be of benefit to those people who will be able to reduce their payments.

• (1510)

As I understand it, the total of the cash advance will be $30,000 and those people applying under this Bill will not be able to apply as well under the advance payment Act. Of course, this could lead to abuse as, I understand, it has on occasion in the past. I also understand that there is an escape clause for farmers who cannot deliver grain under certain special circumstances.

All of this will, of course, be a modest improvement. We should remember, however, that the main issue is not being addressed. I know that it is not the specific purpose of this Bill, the Bill to the amend the Prairie Grain Advance Payments Act, to resolve all the problems of grain producers. No one pretends that that is the role of this Bill. However, it should be noted nevertheless that it is high time the Government became aware of the major concerns of the agricultural community and saw to it that some of these issues are resolved.

My colleague, the Hon. Member for Algoma, raised in the House previously the possibility that the price of wheat will go down from somewhere in the order of $3 to $2.50 this year in terms of payments made by the Wheat Board. I must say that that is a very big concern for Canadian farmers. Over the last few days, we have heard of the concern and worry that exists in the community. People are wondering if it is worth their while to seed this year. That is a very unfortunate kind of decision that farmers will be faced with making this year. As unfortunate as it is, I think we should realize that it is not something that will be necessary for only one year. Unfortunately, there are many more years during which the U.S. Farm Bill will apply, and therefore the problems in the agricultural community will be there for some time. It could be that unless the Government faces reality, that very unfortunate decision some farmers may have to make in the next few weeks will apply not just for one year but for several years to come or at least until the expiry of the U.S. Farm Bill.

[*Translation*]

Last year, Mr. Speaker, together with some of my colleagues, I had the opportunity to visit Washington. On that occasion, we were briefed about the American farming legislation. I can assure you that the message we got from the United States was very dismal indeed for all Canadian farmers.

[*English*]

The U.S. Farm Bill or the United States Food Security Act, 1985, is one of the reasons there are all these problems in the agricultural community at this time. Perhaps the United States is not the only cause of this problem. There are a number of other causes for the difficulties in the agricultural community now, including the fact that the United States enacted the United States Food Security Act, 1985, as a retaliatory measure against the European Economic Community which was, in the eyes of the United States, subsidizing its own agriculture to a level which was unfair. It was basically these unfair subsidies from the EEC that apparently caused

the United States to impose its own unfair subsidies to match the other ones.

Of course, the Canadian farmer is not faced with the possibility of competing against the U.S. farmer or the European farmer but in fact is competing against the Treasuries of the countries of western Europe and the United States put together. Canadian farmers are very effective and productive. Some would say that they are too productive since there is an over-abundance of product at the present time. It is unusual, though, that those very productive Canadian farmers are having such difficulty making ends meet. They certainly do not deserve to face the hard time they are facing now. However, because they are competing against the subsidies of foreign countries, they are nevertheless faced with this very difficult situation.

When my colleagues and I visited Washington last year, we attended a briefing session at which we asked representatives of the Canadian Embassy in Washington what efforts had been made by the Government of Canada to attempt to have this particular Bill either delayed, changed or altered in such a way that it would not damage Canadian agriculture as it has now. We asked our representatives in Washington specifically which lobbying firm they had hired in order to fight off this very offensive piece of legislation. Of course, we know that in the past, Canada has hired United States lobbyists. Mr. Deaver is one example of a lobbyist who was hired to lobby on the issue of acid rain. There was quite a bit of controversy over that, but we will not touch on that at this time. The point is that for other very important issues, the Government of Canada sought the assistance of professionals in order to ensure that we had as much help as possible to either delay, defeat or alter legislation before the U.S. Congress.

When we asked our people in Washington what kind of resources they had to fight off the U.S. Farm Bill, a Bill containing $70 billion in U.S. subsidies, they said that they did not hire anyone. Of course, that is not the fault of the staff of the embassy, that was a decision that should have been made by the Government of Canada. The staff of the embassy were, I am sure, doing their best with their own limited resources. There were one or two people with expertise in agriculture lobbying 535 U.S. legislators.

Not surprisingly, the United States adopted the U.S. Farm Bill. It did not change it in any way to accommodate Canada. It did not alter it in such a way that it could provide any form of relief for us. Following the passage of the U.S. Farm Bill, First Bank Agri-Services, which I gather is a division of the Bank of Montreal, commissioned a study to be done by Chase Econometrics Incorporated. Chase Econometrics, a very reputable firm, undertook the study which predicted the effects the U.S. Farm Bill would have on Canadian agriculture. Looking at some of the tables in this document, you will see the basic loan rates for major U.S. crops over the next two years. The basic loan rate is for all intents and purposes nothing less than the price you get for your product. In 1985 the U.S. price for wheat was $3.30, and $2.55 for corn. They predicted it would be $2.40 to $2.70 in 1986, $2.28 to $2.85 in 1987, $2.17 to $2.71 in 1988, $2.06 to $2.57 in 1989, and $1.95 to $2.44 in 1990. According to that study, the price of agricultural commodities will go down every single year from now until the end of 1990.

• (1520)

It is very sad to have to make public that kind of information. It tells me that the Government of Canada will have to develop a very serious aid program for the agricultural community, not just for the next three or six months but from now until the end of 1990. That is when the U.S. Farm Bill expires. It is not you or I who will be able to convince the Americans, now that they have passed this unfortunate legislation, to alter it. It is too late. We should have done our work properly before the Bill was passed. We should have lobbied, we should have sent delegations, including Members from both sides of the House. We should have employed the Canada-U.S. parliamentary group. We should have done everything to try to make our American counterparts aware of the fact that we, their trading partner and ally, were going to be very seriously affected by this legislation. But we did not do anything.

It is unfortunate that the Government of Canada did not see fit to do whatever was in its power in order to obtain amendments or, even better, defeat that legislation.

The challenge now is for the Government of Canada and, yes, its taxpayers to support the agricultural community during this time of crisis. The crisis will not end after a few months. The Bill was passed in December of 1985, signed by the President, and it will be there until 1990.

I will just take a few moments to describe some of the features of that legislation just in case the people in the grain industry think they are the only ones suffering. They are not, but of course that will not make them feel much better because their difficulties will remain. By the time that U.S. legislation has expired there are several other areas of agriculture that will have been hurt. Section 104 of the legislation deals with the avoidance of an adverse effect of the milk production and termination program on beef, pork and lamb producers. According to Canadian government officials, this could depress international prices and North American domestic prices and displace Canadian exports to Third World countries. Section 153 will depress international prices and displace Canadian exports in the dairy industry. Section 1006 affects wheat and feed grain exports, which is what we are dealing with now. That section provides the Secretary of Agriculture with discretionary authority to establish a program applicable to any of the 1986 to 1990 crops for wheat or feed grain and provide incentives for the export of such crops from private stocks. You no doubt recall the issue being raised in this House about the effect this measure was having on the Canadian agricultural industry. The U.S. was giving extra subsidies for exports and it caused us to lose that export potential or lose customers we already had. There were certain Middle East

countries where that has happened over the last few months or so.

[*Translation*]

Finally, Mr. Speaker, needless to say that I have found in my document pages upon pages of sections in this US Farm Bill which have or could have highly detrimental effects on our agricultural industry.

When the United States is willing to spend 70 billion dollars of their own currency to pre-empt foreign markets and recover their so called fair share of the market-place, the message I get is that a foreign country as a means of retaliation is trying to steal away customers from other nations. I find this quite regrettable.

Even if we support Bill C-12, I should not like my honourable colleagues in the House to return to their ridings over the weekend to make their constituents believe that they have done a lot of good and solved all the problems facing the farming industry, for such is not the case. The problems of the farming community will be with us for quite some time and in the coming years they will certainly require on the part of the House and on the part of the Government and the Canadian public the desire and the collective will to give badly needed support to our farming community.

[*English*]

The Acting Speaker (Mr. Paproski): There are no questions or comments. Is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

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

* * *

SHIPPING CONFERENCES EXEMPTION ACT, 1986

MEASURE TO ENACT

Hon. Monique Landry (for the Minister of Transport) moved that Bill C-21, an Act to exempt certain shipping conference practices from the provisions of the Competition Act, to repeal the Shipping Conferences Exemption Act, 1979 and to amend other Acts in consequence thereof, be now read the second time and referred to a legislative committee.

Mr. Alan Redway (York East): Mr. Speaker, it is a pleasure to rise this afternoon and say a few words in support of Bill C-21.

• (1530)

Mr. Ouellet: Mr. Speaker, I rise on a point of order. I hesitate to do this, but I would like to seek the indulgence of the Member. As he probably understands, we are before the Transport Committee dealing with Bill C-18. I came here specifically to make a short intervention on this legislation before returning to the Transport Committee. If the Member has no objection, I would like to be allowed to speak and then return to the Committee. If he has no objection to that, he could speak later.

Mr. Redway: Mr. Speaker, I guess it depends on how short the Hon. Member's intervention will be because I, too, have other commitments. Unfortunately, I will have to leave the Chamber at four o'clock. I do not expect to be too long.

The Acting Speaker (Mr. Paproski): The Hon. Member for York East (Mr. Redway) has the floor.

Mr. Redway: I thank the Hon. Member for Papineau (Mr. Ouellet) for his kind indulgence. It is very appropriate that we are debating this particular Bill today because in the business section of *The Globe and Mail* this morning there was an article entitled: "Canada a second-rate power moving toward third-rate status, survey says". That particular article was referring to a survey of some 200 leaders from business, government, labour, universities, consumers and women's groups who, according to the report, took part in a poll by Hay Management Consultants and indicated that they believed that Canada is now a second-rate economic power moving toward third-rate status because there are a number of difficult issues confronting Canadians which neither Canadians nor the Government are prepared to face up to. Two of those issues were Canada's declining competitiveness and the excessive regulation of many industries. It therefore seems quite appropriate to me that we are dealing this afternoon with Bill C-21 which deals with both those areas. It is an attempt to provide for greater competition in the liner conference shipping segment of our economy. It is, at the same time, an attempt to try to deregulate that sector to a degree in order to provide for that competition.

This Bill is designed to provide greater competition in liner conference shipping. While it does exempt conferences from certain provisions of the Competition Act, it has three provisions which will encourage greater competition: independent action, confidential service contracts, and a complaint procedure.

Clause 4(3) of Bill C-21 requires shipping conferences, as a condition of exemption from the Competition Act, to provide in their basic agreement the right of independent action for individual members of the conference. Independent action means that a member line can provide a service in a manner or at a rate that is different from those rates provided in the tariff of rates established by the conference. It also includes the provision of a service by a member line that is not provided for in the conference tariff. This provision will allow individual conference members to compete vigorously with non-conference competitors. It provides a means for conference members

to avoid the ponderous, time-consuming rate review committees that conferences have created to review their tariff of rate structure in the past.

A second feature of independent action is a provision that requires a member contemplating independent action to give notice of its intended action to other members of the conference. The benefits of this provision are two-fold. First, it protects the interests of other members of the conference and, second, it encourages other members of the conference to join this rate, thus providing cheaper shipping services to more Canadians. A clause in this section allows other members of the conference to join the independent action on or immediately after the day on which the independent action is first taken. The notice period is important and must balance the need to protect the interest of members of the conference and the need to respond quickly to requests for project rates or other requirements with short response times.

In the past, shippers have criticized conferences for not responding quickly enough to requests for lower rates which are required when quoting prices for particular projects. Shippers, when quoting prices for such projects, must make decisions on the costs in days or weeks and, as transportation is often the most significant element in the over-all cost, they need a decision on a reduced rate within the same time frame. Too often a representative of a conference member line undertakes to get a lower project rate established by the conference only to return in two or three weeks to indicate that, although the line he represents was prepared to carry the goods at the proposed rate, the other members of the conference turned down the request. In addition, to ensure that shippers are aware of this competitive rate, the conference must publish the independent action rate or service item not later than ten days after the receipt of the notice.

The independent action provision will encourage conferences to be more responsive. Canadian exporters and importers do not wish to lose contracts and members of the conferences do not wish to lose cargoes for transportation. This provision provides a mechanism whereby individual conference members can provide the response that shippers require and ensure that both shippers and conference members benefit.

Independent action is not a new thing. It has been practised by conferences on a voluntary basis for many years. The difference intended here is that the conference can no longer agree that its members should not take independent action. For some specific commodities conferences may have no rates quoted in their tariff. These rates are commonly called "open rates". For commodities with open rates individual conference members may, of course, quote whatever rate they wish. This is a form of voluntary independent action, the sort of thing which this Bill will enshrine.

It is not likely that a large number of independent action rates will appear as a result of this provision. As the action rests with conference members, it is expected that they will agree upon a lower rate in most cases and that the new rate will become the conference rate. This provision will strengthen, however, the bargaining position of the conference member seeking a lower rate and provide a downward pressure on freight rates, providing benefits to all Canadian importers and exporters.

• (1540)

The provisions governing service contracts also provide further elements of competition. Service contracts are defined as a contract between a shipper of goods and one or more members of a conference whereby the shipper agrees to provide to those members, for transportation by them over a fixed period of time, a specified minimum quantity of goods, and in return those members agree to carry the goods at a specific rate schedule and agree to provide a specific level of service.

The existing act requires all rates to be filed and available for all shippers. This provision has prevented shippers from taking full advantage of their economic power, as conferences must always consider the implications for their total trade. Clause 4(1)(c) of Bill C-21 allows conferences to establish the terms and conditions respecting the use of service contracts by their members. Clause 12 of the Bill ensures that service contracts will remain confidential. The Bill also provides that members of a conference are no longer bound by these terms and conditions after notice is given to the other members of the conference. The conference may establish the length of this notice period but such notice may not exceed 15 days.

A further element of competition can be found in Clause 14(1) of the Bill which deals with the complaint procedure. The existing act requires the Canadian Transport Commission, after receiving a complaint against an agreement or action of a conference, to use the public interest test as the means of determining the suitability of the agreement or act. Bill C-21, on the other hand, allows the Canadian Transport Commission to order the conference to remove the offending feature of an agreement or action if that feature has, or is likely to have, by a reduction in competition, the effect of producing an unreasonable reduction in transportation service or an unreasonable increase in transportation costs.

All of these elements of Bill C-21 combine to provide a significant increase in competition in the liner conference shipping area while ensuring that the public interest is protected. That is, of course, exactly what the article in *The Globe and Mail* today referred to, the survey by the Hay Consulting Firm which indicated that Canada was slipping as an economic and trading nation because of our declining competitiveness and excessive regulations of many industries. This Bill is aimed at correcting, at least in part, those problems, and I trust Hon. Members of the House will agree to pass it quickly in order to ensure that Canada retains a first rate position in the world of trading nations once again.

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, it gives me pleasure to take part in the second reading debate of Bill C-21, to repeal the Shipping Conferences Exemption Act, 1979, and

to exempt certain shipping conference practices from the provisions of the Competition Act.

I must say that, as former Minister of Consumer and Corporate Affairs, it is difficult for me, as a matter of principle, to accept a bill which provides exemptions from the Competition Act. However, I know that shipping operations must take into account what is going on throughout the world, and there have been similar pieces of legislation in Canada throughout the years. However that may be, I am still very reluctant to accept such a bill which exempts an important sector of the Canadian economy from the provisions of the Competition Act.

Second, I must also say that I am very reluctant to accept this Bill because it follows from the general principles contained in the policy statement of the Conservative Government entitled *Freedom to Move*. This Bill, along with Bills C-18 and C-19, which were recently debated in this House, represents the entire policy of this Conservative Government and reflects an overly favourable leaning toward large Canadian shippers. I repeat that the biggest Canadian shippers are clearly favoured by Government policies. I would have no objection if the other shippers also benefited. However, it seems to me that, in all its initiatives, this Government always favours only the wealthiest, the strongest, and the biggest in our society. I find it difficult to explain such a behaviour, such an instinctive reflex on the part of the Government.

[*English*]

Bill C-18, Bill C-19 and now Bill C-21 are all Bills for big shippers, which means that the Government is trying to make us believe that a big shipper Bill means favourable returns for consumers. The logic at the outset could be simple and appealing. However, I think there are many flaws in this policy and approach of the Government. Unfortunately, these Bills place some big shippers of given goods in a favourable bargaining position *vis-à-vis* the carriers and *vis-à-vis* the other small shippers. Theoretically this could lead to lower transportation costs for the shippers and the savings should normally be passed on to the consumer. Unfortunately, it does not always happen that way.

[*Translation*]

What makes me sad, Mr. Speaker, is that this proposal might at first glance seem attractive, especially for a Government which is systematically and shamefully taxing the middle and lower classes of our society and whose budgetary demagogy has virtually cost it the respect of the entire population—if we ask people whether they are satisfied with their Government, whether they still have confidence in this Government, everyone spontaneously says that they feel wronged and frustrated as this Government thinks only of the wealthy and attacks the neediest members of our society through all its initiatives—at first glance, it therefore seems that this would be a perfect opportunity for the Government to improve its image and say that freer trade and deregulation of transport in Canada will benefit the consumers. but I think the situation is actually quite different. The reason unfortunately, is the danger that in the long run, because of pressures that may be exerted by the major Canadian shippers on transportation companies, we will rapidly be faced with a significant number of transportation company bankruptcies or wind-ups in Canada. And those shippers, who originally would have liked to benefit from lower costs and other windfalls brought about by deregulation, will be the first to get caught and forced to surrender to a few large corporations which will control the transportation market and will then set their own rates.

I think the danger in that deregulation exercise is the possibility that the supply of transportation in Canada become too heavily concentrated into the hands of few companies. Whether it be rail transportation or trucking, airlines or even shipping companies, that deregulation exercise can bring about disaster and job losses to thousands of Canadians. Only this week, before the Transport Committee, officials of CP Rail told us that because of this Government's deregulation proposals, some 8,000 miles of rail will have to be abandoned by the CPR because of maintenance costs and because of pressures for lower freight rates stemming from deregulation. Now, 8,000 miles of rail, that means whole communities, towns and villages will be without the service they had grown accustomed to. This means that remote areas in Canada will simply be abandoned because market logic requires that anything not profitable is slashed. And this is what CP Rail will be doing.

We believe that essentially the same thing can happen in the shipping industry if this Conservative legislation is enacted as it now stands. There is a danger that the larger shippers may exert pressure on the conferences, which will obviously bring rates down. This of course will profit a few major shippers, but it can also force out of business the conferences that are now serving the Canadian public.

The ramifications of the Bill are all the more disquieting that, if one reads the briefs that were submitted by the various conferences, there does not appear to be anyone supporting Bill C-21.

I will quote just one excerpt from a brief that was submitted by the Eastern Canada Caribbean Rate Association.

• (1550)

[*English*]

This is one of the conferences which has submitted representations concerning Bill C-21. After reading many of the briefs I have come to the conclusion that they all seem to oppose the Government's initiatives. Thus I will not read into the record all of the opposing representations, but I will read one as an example of the type of representations that we are now receiving against this initiative of the Government. I quote the brief of ECCRA, which is the acronym for the Eastern Canada Caribbean Rate Agreement, which states:

> ECCRA feels that it cannot stand by in silence facing the prospect of Bill C-21 being enacted into legislation by the Parliament of Canada. Should it become law, this Bill would be highly detrimental to the interests of ECCRA and all

other Conferences shipping to and from Canada. ECCRA feels that Bill C-21 would not make good legislation. There are many provisions which would contribute to this. Prohibitions of the right to establish "multi-modal rates", prohibition of 100 per cent loyalty contracts, ambiguity in certain terms such as "predatory practices", "designated shipper group", and "ocean carrier", and yet another sunset clause are all of some concern to ECCRA. However, the most troubling provisions are those concerning Independent Action and Service Contracts contained in Section 4 of Bill C-21.

It is the position of ECCRA that the Conference system in Canada would be destroyed if the new legislation fails to allow Conferences the right to regulate service contracts. This right currently exists under U.S. legislation and prohibiting such Conference control in Canada will create uncertainty and instability within the Canadian shipping industry. ECCRA earnestly believes that Conferences must be able to decide whether service contracts should be entered into with the shippers by the Conferences or by the individual lines. It should be pointed out that such an imbalance between the Canadian legislation and the corresponding U.S. legislation could be very dangerous. The present competition from American ports like New York and Seattle—

There are many other American ports that are not mentioned in this paper which come to mind. I am thinking in particular of the ports of Boston, Portland and others that could be in competition with Canadian ports.

—represent a potential drain of cargo from Canadian ports.

Most other major trading nations such as the U.K., Germany, Japan, Korea, Taiwan and Sweden have little or no legislation regulating Conferences. Conferences have been allowed to operate freely as this has been considered to be in the national interest of those countries. The federal Government of Canada should be doing everything it can to encourage carriers and Conferences to operate in Canada, not to discourage them by increasing regulation, creating uncertainty and perhaps legislating their demise.

Canadian government policy has been to allow and encourage Conferences to operate in Canada. At the same time it has been government policy to encourage and foster healthy competition. These two policies are not contradictory. Conferences certainly do not fear competition and have existed for some time in an environment of fierce competition. Low rates are already the reality of today's market-place. However, Section 4 of Bill C-21 could quite possibly lead to the destruction of the Conference system operating in Canada and gravely damage the national interest. The possible ramifications of the current provisions in Bill C-21 need to to be thoroughly examined and most certainly Section 4 should be amended if government policy continues to be to allow and encourage Conferences in Canada.

If that policy has changed, there has been no proper and in depth study done that would justify such a change in policy. ECCRA hopes that the Committee will heed its warning and examine the entire matter in detail before acting.

[*Translation*]

Of course, this point of view is that of a conference. I am not ready to endorse entirely this statement before having the chance to question the authorities of the Department who have drawn up this Bill. I do not mean the Minister because once again I am sorry the Minister is not present to introduce his Bill and to answer my questions. However, when the legislative or parliamentary committee does consider the Bill I hope the Minister will make a point of appearing before it and submit himself to our questioning. Anyhow, if he fails to appear, we will do as usual and address our questions to his officials who seem to be more interested than he is in transportation matters.

However, it is obvious that we have to raise questions, get some information and learn whether the Government's policy has changed. We know that every five years, the shipping conferences have been granted exemptions from the Competition Act. The 1979 legislation expired in 1984.

We are now in 1987 and the Conservative Government has not yet found the time to introduce a bill to settle this matter. We are only now tackling the matter which should normally have been settled in 1984.

However, as the conference is asking in its paper: Has the policy changed? Bill C-21 now under consideration is entirely different from the legislation introduced in 1979. If we want to extend the 1979 legislation, there is quite a number of useless clauses in this Bill. But if the Government wants to create the impression that it wants to exempt the fishing conferences from the provisions of the Competition Act while suffocating them and making sure that they are not exempted, I suggest that it should come right out and say so. Why play hide and seek with the conferences? If the Government no longer wants the shipping conferences to be exempted from the provisions of the Competition Act, it should say so frankly and not introduce such a Bill. It should declare: From now on, the forces of competition will apply freely, the market place will be wide open, and any shipper will be able to do business with any shipping conference. As shipping conferences, you will not be allowed any longer by mutual agreement to establish what is called a conference and impose your terms and set your prices. The deal should go to the lowest bidder.

From reading this brief, I get the impression that the Government is not doing exactly what it says it is doing. It is using a Bill to extend the 1979 legislation and do more. Do you know what this reminds me of, Mr. Speaker? Bill C-75. The Government tried to use Clause 4 of that Bill to charge a fee to all ships using the St. Lawrence seaway and the Great Lakes for Canadian Coast Guard services. It was a general legislation which provided for a series of changes which everybody accepted or was ready to accept. On top of that, however, there was this Clause 4, and for the first time the Government could arbitrarily charge fees to all Canadian users. You know what happened. The Liberal opposition, supported in this by all the parties involved in the shipping industry in Canada, fought mercilessly to force the Government to delete clause 4 from Bill C-75.

My Montreal colleague, the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers) is smiling, I see. He knows quite well how detrimental Clause 4 of Bill C-75, had it been maintained, would have been to the Montreal harbour, to the transportation of goods in the Montreal harbour and all the other harbours along the St. Lawrence river. Thanks to the representations of the Montreal Board of Trade, the transport minister of the Quebec government, and a journalist of the *Journal de Montréal* who wrote a very important report in which he insisted and tried to shake up the Minister of Transport to get him to change this famous section 4, the Government finally came to its senses and recently introduced Bill C-34, which was a true copy of former Bill C-75 of the last session, but without the famous section 4.

I wonder if the same thing might happen with Bill C-21. Taking advantage of the fact that it must renew the agreement under the Act of 1979, the Government comes to us with a bill

and says: Now that the five years the legislation was to apply are over, we must give the exemption back to the shipping conferences, and that is what we are doing. When one reads the legislation, one realizes there is more to it than that. It is not only more, but even the opposite of what is intended or what we are told is to be done.

I draw the attention not only of the Government but of the public in general to the strange administrative method which seems to come naturally to the Conservative Party. We are not really sure the Conservatives know where they are going. Every time we read the particulars of a bill they introduce, we find out there is much more in the bill than appears at first glance. So, until we start a clause by clause study of the bill, I hope the transport minister will have an opportunity to review this and let us know exactly what his intentions are.

In conclusion, I would like to quote a comment.

• (1600)

[*English*]

—a comment that has been sent to me by Mr. Ronald B. Gottshall who is Managing Director for the Transpacific Westbound Freight Agreement. He has written the following to all the members of the Transport Committee. This gentleman lives in the United States. In light of the tabling of Bill C-21 he felt that he wished to notify us of the danger of this legislation. I wish to quote what he said:

> Legislative measures which undermine the ability of the conference system to do its job in promoting rate stability and equity are contrary to the economic interests of a trading nation.
>
> The United States has stood largely alone in taking legislative steps to weaken the conference system, with consequences that have been devastating for its own merchant marine and which, before long, will be shown to have deleterious consequences for its foreign commerce as a whole. Although changes in the law contained in the present Bill largely follow the U.S. model, there is no objective evidence suggesting that U.S.-type changes undermining a conference system are wise or in the national interest of Canada. The premises of the U.S. legislation were accepted by the U.S. without any basis in objective studies, and early experience with the U.S. legislation strongly suggests that these premises are unsound. We would hope that Canada would not follow such a course.

Here again the Canadian Government has a tendency to copy Americans. Here again we see the Conservative Government trying to do exactly what took place in the U.S., without really looking at it and analysing it to find out whether or not it is in the best interests of Canada. The gentleman I just cited volunteered advice. He told us to be careful, that we were copying the American initiative, and that he was not sure it was a good thing. Indeed, it does not seem to have been in the best interests of Americans.

• (1610)

Therefore I ask the Minister why we are trying to do something which does not seem to be right. Is it because we have a phobia that we must do exactly what the Reagan administration is doing? I find it absolutely repulsive that everything initiated by the Conservative Government is a carbon copy of bad American initiatives, particularly in the field of transportation. I think we are embarking upon a very dangerous path.

Deregulation in the United States, as we know, has created many difficulties and many problems. A number of areas in the United States have been deprived of services they used to have as a result of deregulation. Thousands of employees in the transportation field have lost their jobs in the United States because of deregulation. However, we have a Government which blindly follows the American experiment with its Bill C-18, Bill C-19, and Bill C-21. I hope the Government will wake up before it is too late and will look at it in a way which protects the Canadian interest.

I have no objection to being friendly with the Americans or to believing that the United States of America is a great country. However, that does not mean that we must be a carbon copy of that country. Certainly our Government must consider the Canadian interest first, not necessarily the North American approach to everything which comes under discussion between Canada and the U.S.

American authorities have put pressure upon the Conservative Government to deregulate the transportation field. We know why. If we deregulate the transportation industry in Canada there is a great chance that substantial chunks of our trucking industry will be taken over by the Americans. We have been told that with deregulation and with the implementation of Bill C-18 and Bill C-19, Canadian railways are bound to lose a lot of traffic to American railways. We have been told time and time again that the deregulation process of the current Government would substantially benefit American transportation companies.

It is important that the Government wants to help Canadian shippers. I have no objection to doing our best to help them, but I do not want it to be done in a way which jeopardizes our Canadian transportation industry. If we want to help shippers, let us do it in a balanced way, in a way which takes into account the interests of small shippers as well. I do not want legislation which favours exclusively big shippers through confidential contracts where, because of their power and force, they could negotiate confidential contracts at a much lower rate than they would normally receive.

Who will pay the difference? Obviously small shippers will not receive the same deal on confidential contracts as big shippers. Transportation companies must survive, so what they lose through confidential contracts with big shippers they will get back from small shippers. I do not think the legislation is fair and balanced as it is conceived. Therefore I want reassurance from the various Ministers that Bill C-18, Bill C-19, and Bill C-21 will not impair our vital transportation industry which, over the years, has provided hundreds of thousands of jobs for many Canadians in all parts of the country. In every region of the country there are people working for trucking companies, railways, airlines, and maritime companies. There are good jobs everywhere in Canada in the field of transportation. Unfortunately these jobs are unduly threatened by the action of the Government.

Unless the Ministers assure us of security of employment in their legislation, I am afraid we could not accept such legislation or such a move on the part of the Government. We need more assurance and more information.

In conclusion, I must say that I regret the absence of the Minister. I understand that he might be busy somewhere else, but I hope he will be in committee when we give the legislation clause by clause consideration.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Paproski): Order, please. It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Cape Breton—Richmond East (Mr. Dingwall)—Cape Breton Development Corporation—Size of federal funding; the Hon. Member for Spadina (Mr. Heap)—Immigration—Salvadorans and Guatemalans—(*a*) Request for explanation of Canada-United States agreement. (*b*) Processing of refugee status applications; the Hon. Member for Essex—Windsor (Mr. Langdon)—Automotive industry—(*a*) Elimination of 9 per cent tariff on automobile trade between Canada and the United States—Government position. (*b*) Request for maintenance of tariff differential.

GOVERNMENT ORDERS

[*English*]

SHIPPING CONFERENCES EXEMPTION ACT, 1986

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Crosbie that Bill C-21, an Act to exempt certain shipping conference practices from the provisions of the Competition Act, to repeal the Shipping Conferences Exemption Act, 1979 and to amend other Acts in consequence thereof, be read the second time and referred to a legislative committee.

Mr. Ernie Epp (Thunder Bay—Nipigon): Mr. Speaker, it is a pleasure to take part in the debate on Bill C-21, an Act to exempt certain shipping conference practices from the provisions of the Competition Act, to repeal the Shipping Conferences Exemption Act, 1979, and to amend other Acts in consequence thereof.

Clearly this Act is one of the package of Bills the Government has put forward to change practices in the transportation industries in and touching on Canada. It is to make changes which are likely to have the most detrimental effect for the companies involved in transportation and to have the most serious effect for those employed in the industry. I regard this Bill as no less contentious than Bills C-18 and C-19 which have already been debated in this House.

• (1620)

I want to consider some of the problems likely to result from this Shipping Conference Exemption Act, 1986 which is before us. The matter of shipping conferences themselves deserves a little bit of consideration in order to make clear what one is dealing with. Shipping conferences are an organization of carriers involved in a particular direction of trade, an organization to ensure that trade is carried on in an orderly way. What the carriers recognize in coming together in such an organization is that there are possibilities of competitive practices which might be of advantage to someone for the moment, presumably to someone interested in shipping and having some product moved, but which could in fact have a quite serious impact on other carriers in the trade and which would be disruptive to orderly conduct of that trade.

It is obvious in putting it this way that I want to deal in the first part of my comments this afternoon in a fairly penetrating way with competition as it exists in the ocean shipping industry and as part of the recognition of the nature of competition in our economy generally. I think I need to do that because the Government puts forward this Bill with very little regard for its consequences, without an appreciation of the contradictory potential of it. With the Government putting it forward, particularly as a program of removing regulation from transportation, it appears to suggest that completely unregulated, untrammelled, unwatched or supervised competition will somehow be a good thing. If we had competition of that sort in an industry like ocean shipping, Mr. Speaker, we could have predatory pricing practices which would destroy the operations of other competitors in the short run, and which might very well destroy ongoing operations of the company indulging in it. We would have in a competitive situation, if it were completely open, a ship arriving in a port without a cargo, conceivably looking for return cargo, fair game for someone wanting to undercut rates being quoted by others, then grabbing the cargo and going on his way. If the competition were severe between vessels of various carriers, one could see practices of this sort very quickly driving operations into the ground, into a deficit area that would make it impossible for companies to survive.

It was 100 years ago that practices of that sort led to the development of the shipping conferences in the merchant marine of Great Britain. It was the necessity to get some kind of organization of trade to ensure that it would be carried on in an orderly way and in a way that provided an amount of profit to companies which allowed them to pay decent wages to their workers and cover their operations. It was that kind of concern initially that led to the organization of these conferences. The result gradually was the spread of such arrangements from country to country, which has been well described by someone already quoted by the Hon. Member for Papineau (Mr. Ouellet), Mr. Ronald B. Gottshall, Managing Director of one

of the super-conferences these days, the TransPacific Westbound Rate Agreement. Mr. Gottshall has observed in comments on Bill C-21 that:

> Every major and successful trading nation permits and in most cases encourages strong conferences in its foreign commerce. Pacific basin and European countries like Japan, Korea, Taiwan, England, Germany and Sweden, whose economies are heavily dependent on exports and imports, all permit a strong conference system. They do so because stability and equity of ocean rate making, which is strong, enforceable conference system provides, promotes the growth of commerce.
>
> Price instability and discrimination in shipping rates, as these successful trading nations have found, is inconsistent with national trading interests and the development of export commerce.

Those observations on the use made by important trading countries of the conference system can be applied to the Canadian situation. We clearly have not obtained all those gains from a sound conference system. One of the results should surely be the development of a Canadian merchant marine operating on the oceans. We have not seen that happen. I regret that very, very much.

We in our Party have long been concerned about the shipbuilding industry across Canada in several great port cities. We have been concerned about the possibilities of developing the steel and other industries that are subsidiary to shipbuilding. We have been concerned about the possibility of employment for Canadians in a merchant marine. We regret very deeply the failure of Governments past, the present Government particularly, but really no less so the Party which is now the Official Opposition and its failure to do anything about the development of a Canadian merchant marine. If we had done that, we would have strength in a variety of productive areas and employment for Canadians.

Perhaps I shall say in all honesty the reason that has not happened is partly the result of international conditions. After the Second World War the United States led the way in encouraging flags of convenience, registry of vessels in Panama, Liberia and other places. Those vessels lacking safety, labour and other provisions were able to undercut any vessels registered in North America. In the United States the domestic shipping industry has been maintained largely because of the Jones Act which has required American bottoms, American registered vessels, for coastal trade. If it were not for that kind of basis, there would not be very much of a registry in the United States either. I realize those were the international factors within which our Governments operated, but I do not think they made any effort to have the system changed in order to encourage a Canadian merchant marine.

Recognizing that the possibilities of a conference system which have been exploited by many countries were not used in the Canadian situation, we now find ourselves faced with the situation of how to regard the conference. My justification for it has been in the way of making possible employment and productivity in Canada, which is only possible if shipping can be carried on in a profitable way by companies registered in Canada. I am clearly putting forward a case for the conference which is founded on the profitability within checks, of course, of companies involved in ocean shipping.

There, Mr. Speaker, is one of the most ironic aspects of my comments this afternoon and our debate of this Bill. One would expect a Conservative Government to have a due regard for decent profits in every industry, no less so among companies carrying on the business of ocean shipping. I submit that Bill C-21 will be highly disruptive of ocean shipping and will have a most deleterious effect on the profitability of companies in the business now. So many of them are running in the red already in the economic circumstances of our time and Bill C-21 will only make it worse.

• (1630)

I need to say very hastily in making these observations for my caucus that when I talk about the profitability of these companies, I want that to be within a reasonable range of operations. There, of course, is the very basis of our case for regulation. If we are to avoid the cut-throat, destructive competition in ocean shipping which the conference system was designed to prevent, then the only reasonable response to the situation of organization through conference is to ensure that the system is regulated, that the rates are registered with an authority and that there be the possibility of investigations, roll backs and so on. That of course is the system that has prevailed with the Canadian Transport Commission. That is the organization that we want to maintain in this area.

What do we see instead of that? A number of concepts are being put forward by this Bill that will threaten the viability of the conference system which the Bill appears to be renewing and protecting from the competition law of Canada. If it were applied here, it would of course prevent this kind of an agreement or collusion, if you will, among carriers in one particular industry. First, the Bill continues the exemption from the Competition Act, but puts forward mechanisms likely to be quite disruptive to the conference organization for which the Bill allows. It does so by means of two different arrangements. One is the arrangement for independent action and the other is the arrangement for confidential service contracts.

The proposal for independent action is, by its very nature, a destructive feature for the conference. We have an organization of carriers who have established the rules for their trade, including rates that shall be charged, and who ensure that there will be competition in this system on the basis of published rates known to all. At the same time there is a provision for an individual carrier to break with that agreement and establish a rate, which I recognize must be published, allowing it to undercut the arrangement it has made with others.

The length of time that should prevail if independent action were to be allowed is one of the important features here and the Bill in Clause 4 allows a company to take independent action on 10 days' notice. That is not very long. I note from the material Mr. Gottshall presented to us the insistence of one of

the conferences, the Transpacific Westbound Freight Agreement organization, that if there is to be independent action, there should be at least 30 days' notice given. Thirty days' notice allows the other members of the conference to react to the situation. It allows them to consider the possibility of matching that rate.

If the point of independent action is to reduce rates, and I am sure those who developed this Bill had that objective, then a competitive process in which the others have time to respond to information that has been given in order to establish a new rate would seem to be a fine result to achieve. Mr. Gottshall also suggests that there should be for these arrangements a life of at least six months to a year, so that this action would be continued and there would be some measure of stability in the industry when such changes take place.

These comments on the matter of independent action are ones that need to be taken very seriously when considering whether or not it is advisable to introduce this disruptive element into the operations of the conference. If independent action is dubious, when we consider the possibility of confidential service contracts, we consider going back to the worst era of companies doing anything to their competitors in order to make money for the short run no matter what may happen in the long run. This particular provision seems to me to be completely incredible. Even if we were to accept the possibility that the Canadian Government is simply aping the U.S. Government in legislation that came into effect two and a half years ago, it would still be completely incredible.

This provision allows a shipper to make a confidential arrangement with one carrier. Surely large shippers who have much cargo to move will have the ability to persuade a particular carrier to reduce the rate for him. He will be allowed under the Bill to keep that rate secret so that others are not sure, although there will undoubtedly be rumours about what kind of contract exists. This arrangement is surely designed to disrupt the conference system entirely. That makes one wonder what is the point of Bill C-21.

If we are to renew the exemption of the conference system from the impact of the competition Act, then why do we have these destructive elements in the Bill? If in fact we do not want the conference system to operate, then let us make it immediately open to prosecution under the Canadian Competition Act and not fool around with a Bill that supposedly extends or renews the exemption while undercutting it in these particular ways.

These proposals for independent action in Clause 4 and for confidential service contracts in Clause 12 are the two most contentious elements in the Bill. There are other smaller items that are not much less contentious than these for those who are involved in the industry. The ironic thing about Bill C-21 is that it is not only the carriers who are opposed to it. There is no doubt that the carriers are opposed to it, as I can assure Hon. Members from what I have seen in the way of briefs presented. The Hon. Member for Papineau has already read substantially from one of those briefs while saying that others have already come before the Transport Committee. We do have evidence that the carriers are opposed to the Bill, but we also have before us the quite astonishing fact that the Shipping Federation of Canada, an organization of persons in ports who act as agents in the shipping trade, are no less opposed to it. These are the people who have been opposed to the development of the Canadian deep-sea merchant marine, the reason I feel anything but sympathetic toward them. They have come to Members of Parliament with their critique of and opposition to Bill C-21. Regarding the matter of confidential service contracts, they say that these would primarily interest the shippers of commodities, raw materials and semi-finished products, perhaps a dozen such commodities representing a significant percentage of Canada's water-borne exports. They go on to say:

> Confidential service contracts would primarily interest the shippers of those commodities and undermine the ability of conferences to be stabilizing forces—so much so that the continued existence of the conference system would be pointless, if not made impossible.
>
> The deep-sea shipping industry has faced a shippers' market for several years now and pressures resulting from the new proposals relating to service contracts and independent action would only lead to lower rates at a time when rates are already at levels which inhibit shipowners from operating profitably. The result of this interaction between shippers and shipowners would not be in anyone's best interests and would result in shippers ultimately suffering a long-term loss for a very minor short-term gain.

We have at times heard about short-term pain for long-term gain. This is promise of long-term loss for a very minor short-term gain. That is the reaction of the Shipping Federation of Canada to the Bill.

• (1640)

We also have very great concern about what may happen if both Bill C-19, which deals with trucking, and this Bill are passed. The U.S. has so-called private ports, Elizabeth, New Jersey, being one, which have freedom from a good deal of the law on contracting. That results in very low costs. If the trucking legislation is changed in such a way that U.S. trucking companies can run into Canada very easily it becomes quite possible that much of the container business in particular could become centered in a few American ports from which they could be run into Canada. That would have very serious consequences for some Canadian ports, Saint John, New Brunswick, perhaps being the best example. Conceivably Halifax could be affected as well. Who knows what its impact might be in Vancouver. We can see employment in Canadian ports suffering considerably as a direct result of this legislation.

That is an indication of how serious the consequences of this Bill may be and how important it is that the Standing Committee on Transport be allowed to consider it fully. This legislation should go to the standing committee and not be left to a legislative committee to deal with separately. It is part of the deregulation complex and it should be possible for the standing committee to consider the various dangers resulting from this system.

The question of what the intention actually is in this legislation forces us to consider for a few moments the context of the American legislation within which the Canadian legislation was surely put forward. The U.S. passed legislation a few years ago in this area and it seems the Canadian Government is putting forward similar or even worse legislation in this Bill. The U.S. does not allow for the confidential service contract. That is a Canadian wrinkle which, as I have said, is likely to be completely disruptive of the industry. Last year, of 29 carriers operating in the westbound trade from North America to Asia, less than half actually belonged to the Transpacific Westbound Rate Agreement. Of those, 13 companies lost an average of $50 million. Among those companies we find U.S. Lines, now undergoing reorganization with a court-appointed receiver because of the financial plight it fell into and in the circumstances which were only made worse by the American legislation. I want to note the following comments of the Shipping Federation of Canada:

> Although we are totally opposed, for the above reasons, to suggestions that Canada's legislation emulate that of the U.S., if the Minister is adamant that it be so patterned, then it is our strong recommendation that the passage of new legislation here await the trial period of the U.S. legislation and the study to be conducted by the Federal Maritime Commission as to whether or not it is workable for the longer term. The trial period extends over five years, of which two and a half years have passed, leaving two and a half years more experience to be gained. In the circumstances, it would seem prudent to extend our current legislation until that review has been conducted by the Federal Maritime Commission.

The Federation is well aware of what has happened in the U.S. where it passed a law with little investigation of the situation. Congress legislated in the hope that shipping conferences dominated by other countries in the Pacific, particularly Japanese and Hong Kong interests, would have some sort of freedom of independent action which would allow the American companies to do better against their Asian competitors within the conference system. While the protectionist intent of the legislation was quite clear, its economic effect has been completely destructive of the American companies operating in these conferences. Witness the comments by Ronald B. Gottshall, managing director of the Transpacific Westbound Rate Agreement, speaking in New York on January 8, 1987. In his comments on the policy he says the following:

> The last part of the declaration of policy, which states that the Act's purpose is to encourage an economically sound and efficient U.S.-flag fleet, is one which in my opinion seems doomed to failure as a general purpose of the Act. While there is evidence that there will be an American flag fleet, the question is not "how big?", but instead "how small?".
>
> In my position as managing director of an agreement covering many nationalities and flags, I believe it is essential that each trading partner maintain a presence in trade to represent the transportation interests of its constituents. Without dwelling on the U.S. flag fleet, it's possible that as a result of its adverse effects, the Act won't help anybody.

He then says more specifically concerning the effect of the Act:

> Now that we've heard the worst, what do we do about it? Six months ago I was of the opinion that we could survive the five years until review of the Shipping Act and that perhaps even a longer review period was necessary because of the cyclical nature of the shipping business.
>
> Now I'm not sure that we can wait that long. The abuses brought about by "pro-competitive independent action" and "service contracts" have exacerbated the situation, and there may be fatal results for a significant number of carriers before any scheduled review. The shipping public, particularly in the North American trade, customarily presses for faster transit times and more frequent departures; point-to-point services; and systems that will track cargo at any point in the transportation scheme. At the same time, and even though everything they want costs money, many of these shippers firmly believe that transportation costs can be consistently depressed without any effect on the transportation system. To be sure, there was an old saying that, "carriers may go, but ships remain", meaning that there will always be an operator for unemployed vessels.
>
> That truism, of course, depended heavily on the banks who in the past were far more willing to extend operating loans to almost anyone. Today, many banks have backed out entirely or substantially reduced their commitment to the shipping business because of its unpredictability and high default rate. Those banks that are still in the business are less willing to finance new carriers, or even extend credit to existing carriers for expansion purposes where the risk factor is high.

He concludes the speech by saying:

> If trade is going to grow and prosper, there must be adequate transportation resources available to carry it. Without being redundant, that takes two things:
>
> A commitment by the carriers to provide the capital and facilities to meet the challenge; and,
>
> A commitment by shippers to pay an equitable price for the services they need and want.

The effect of Bill C-21 will be to allow those shippers who can exploit their strength in the market to force desperate carriers in the short run to undertake contracts that they cannot make a profit on. The result will be quite destructive in the carrier business on the oceans touching on Canada. The fact that 90 per cent of the companies involved in the conferences are owned by Governments of other countries, with the remaining 10 per cent in foreign private hands, if you will, should not be a reason for the Canadian Government to put forward a bill which will be so very, very destructive.

• (1650)

I will conclude my observations on Bill C-21 by pressing, in the strongest possible terms, for this Bill to be considered by the Transport Committee. It is necessary to consider its effects on the ports of Canada, employment in those ports, and on the agencies dealing with the shipping trade in Canada. It is necessary, surely in terms of some regard for the countries, to consider what its effects will be on the various carriers. The fact that the Shipping Federation of Canada is opposed to the Bill, those being the people involved in presenting the cargoes rather than owning the carriers, is the best possible reason to have this matter put before the Transport Committee where it can be properly considered. My colleague, the Member for Thunder Bay—Atikokan (Mr. Angus), and others are very active in this.

The Member for Papineau made some comments on Bill C-75 from the last session. I appreciate that Members can be quite myopic about the rest of the country when celebrating what they accomplished in their own region. However, it is manifestly unfair to my colleague, the Hon. Member for Thunder Bay—Atikokan, and others in my caucus to focus only on Montreal in the battle to have cost recovery for the Coast Guard removed from Bill C-75. The effort was exerted

on the Great Lakes as much as on the St. Lawrence, and perhaps even more, although I do not want to indulge in the same kind of myopic behaviour. The Member for Papineau knows very well as a result of his visit to the Transport Committee, and I believe with the Seaway committee when he came to Thunder Bay last June, that there is as much concern about cost recovery at the head of the Lakes as there is in Montreal. I say that to balance the record on this matter and I am sure he will accept the accuracy of my observations.

I would like to reiterate, underscore, and emphasize in the strongest possible way that Bill C-21 is part of the Government's deregulation package. It will be a destructive element in deep sea transportation as the other Bills will be disruptive in other parts of Canada's transportation industry. We New Democrats think that an industry has the right to make a decent profit. Only with decent profits being made is it possible for workers to negotiate decent wages for themselves while, at the same time, capital obtains the reward that it deserves. In transportation that calls for open, sound organization, information being made available, and regulation of the industry to ensure that the profits do not become excessive. That is our basis for regulation.

I apologize to no one for putting forward this case which respects workers and capital and recognizes the needs of the industry to provide a service as well as recognizing the importance of a well organized transportation industry for all Canadians producers and all those who want the goods. There is nothing for which to apologize. We New Democrats find ourselves in the very strange situation that we are the only ones making such a case these days. The rest of the world seems to have gone mad with some kind of a free enterprise faith and are worshipping very strange gods indeed.

I would like to underscore something which the Hon. Member for Papineau has suggested. There are many briefs before the Transport Committee. The Member read substantially from the brief of the Eastern Canada Caribbean Rate Agreement. I note that the Inter-American Freight Conference has submitted a brief. I have drawn a great deal of advice from the Transpacific Westbound Rate Agreement. The Asian North American Eastbound Rate Agreement has submitted a brief in another direction. I understand that there are 25 briefs expected from the carriers and their organizations. I am sure there will be others.

The Shipping Federation will want to comment on this Bill in a most critical way. They will call for the Government to take it back and give us simply a shipping conference exemption Act and, particularly, to get rid of the provision which exists in the Bill for the confidential service contract. This is not law that the Parliament of Canada should be passing. I call upon the Parliament of Canada to throw it down.

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

Some Hon. Members: Question.

The Acting Speaker (Mr. Paproski): Mrs. Landry (for the Minister of Transport) seconded by Mr. Kelleher, moves that Bill C-21, an Act to exempt certain shipping conference practices from the provisions of the Competition Act, to repeal the Shipping Conferences Exemption Act, 1979 and to amend other Acts in consequence thereof, be read the second time and referred to a Legislative Committee.

Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: On division.

Motion agreed to, Bill read the second time and referred to a Legislative Committee.

* * *

RADIO ACT

MEASURE TO AMEND

The House resumed, from Monday, March 2, consideration of the motion of Miss MacDonald that Bill C-3, an Act to amend the Radio Act, be read the third time and do pass.

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, I would like to seek guidance from the Chair. I started to debate Bill C-3 on March 2 at almost the same late hour. As it is almost two minutes to five, I wonder whether the House would consider calling it five o'clock, or would you like me to speak for two minutes and then continue when the Bill is next before the House? What is the wish of the House, Mr. Speaker?

The Acting Speaker (Mr. Paproski): Does the Hon. Parliamentary Secretary wish to call it five o'clock?

Mr. Lewis: Under the circumstances, Mr. Speaker, I think that would be appropriate. The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) is here and prepared to proceed with Private Members' Hour. Our speakers for Private Members' Hour are here as well.

The Acting Speaker (Mr. Paproski): Therefore, the Hon. Member for Mount Royal (Mrs. Finestone) will be recognized when the Bill is next before the House so that she can make her great speech.

Mrs. Finestone: Mr. Speaker, I would like to take this opportunity to thank you for your consideration, and through you, to thank the Parliamentary Secretary.

The Acting Speaker (Mr. Paproski): It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

DEFENCE OF QUEBEC'S INTERESTS

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie) moved:

That, in the opinion of this House, the government should consider the advisability of establishing a permanent mechanism, consisting of representatives of the government, the official opposition and the government of Quebec, in order to ensure that Quebec interests will be better defended in the future.

He said: Mr. Speaker, I think it would be useful to repeat the motion, whose purpose, and I hope it will be supported by all Quebec Members of the House, is to set up a committee representing both Government and Official Opposition Members, as well as the Quebec National Assembly, and thus provide for better defence of Quebec interests that are being neglected here in Ottawa.

Mr. Speaker, first of all, I would like to mention seventeen issues which, after the thirty months this Government has been in power, and that is since yesterday, have yet to be resolved. These are situations where people have lost their jobs and are waiting for the Government to reverse its decision so they can get their jobs back. There are other situations where decisions are still pending, and as a result, jobs and grants will be lost, and also situations where the sick and the elderly are going to have to pay for the federal Government's cutbacks. I would like to mention, one by one, the seventeen Quebec dossiers that are languishing, Mr. Speaker.

First of all, I think everyone will recall the case of Montreal East and Vickers, Bombardier and the plan to attract new businesses under the designated-area program. Nothing has been done yet.

• (1700)

We have the shipyards. We have not only Montreal East but also the Lauzon shipyards near Quebec City, where the Minister, the Member for Lévis (Mr. Fontaine) and the Prime Minister (Mr. Mulroney) have been making promises, promises, promises and all kinds of announcements, but nothing has materialized yet and nobody is working in the yards. And we have the same situation in Sorel and Montreal. The only projects people are working on now are the frigate contracts that were awarded under the Liberals.

Mr. Speaker, there is the paper mill in Matane. There is also the Desbiens paper plant in the Lac-Saint-Jean area. During the election campaign, the Prime Minister came on a visit and made promises. The Minister of Employment and Immigration sent a circular letter and held a press conference to announce that the plant would at last be opened. They, the Minister and the Prime Minister, are giving us a lot of talk but no action. The plant is still closed and people are waiting for an answer.

Mr. Speaker, in the Saguenay—Lac-Saint-Jean area . . . and by the way, are there any Member from that area?

And what about the potato growers? The Canadian Government decided to pay millions of dollars to potato growers in the Atlantic provinces. There is nothing for Quebec, Mr. Speaker. All they had last week was a cheque for $30,000 to plow under their potatoes, while their counterparts in the Atlantic provinces received compensation. And nobody from Quebec is standing up for them.

Mr. Speaker, at the GM plant in Boisbriand, they are still waiting to hear about the subsidies.

There is another matter that has been going on for some time, in the riding of the President of the Treasury Board (Mr. de Cotret), and I am referring to the employees at Melcher's.

Then there is the famous promise concerning a banking centre in Montreal. It now looks as if we might have a counter to deposit cheques during the night, not to cash them! You read newspaper reports concerning the economic fall-out of the space station—Quebec was awarded only one contract while Ontario ended up with ten of them.

There is the matter of equalization payments.

In the immigration sector, the provincial government asked for financial compensation to be able to cope with the massive influx of refugees into Quebec, but again this Conservative Government said no.

Referring to Bill C-18 provisions related to railway transport, Minister Côté said that the impact will be felt in regions far from Montreal, services will be cut back. Again no answer, and no objections raised by Members.

I read an article today which clearly indicates that the Minister asked for funds to clean up the environment, just like Ontario got to fight pollution in the Great Lakes. Sure enough, we were told the Minister had left for Montreal and said: "No way, not a cent!"

Other files. Quotas in the footwear industry. The textile and clothing sector.

I am working on my 17th file concerning Quebec consumer associations still waiting for answers to their applications for grants to promote the interests of Quebecers.

Mr. Speaker, I have 17 files here which have been pending, unanswered. Talk about other files which were settled, Domtar to name one. Why did Domtar get money? Because we had to set up a survival committee to force the Government—and here I must pay homage to my colleagues from Shefford (Mr. Lapierre) and Richmond—Wolfe (Mr. Tardif) who were very active on the Domtar survival committee—to award grants to Domtar. But this was not new money, it came from the funds given to the provincial government.

Let me get back to the matter of Montreal East. There was a survival committee made up of people from all political parties. You may recall that the Gulf refinery was shut down, but the Member for Mercier did not even lift a finger. Mr. Speaker, a Minister has resigned. A Conservative Member has crossed the floor, he is now an NDP Member and still nothing

has come from Ottawa. As in the other case, the Domtar case, the Provincial Government has obtained that half of the refining facilities remain in operation.

Canadair was taken over by Bombardier—the CF-18 contract. I know that in a few moments the Hon. Member for La Prairie (Mr. Jourdenais), the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosiers), the Hon. Member for Lévis (Mr. Fontaine)—the three or four who were there today—will try to tell us that the obtained that. That is not true. It was Norm Cherry, the Canadair union representative, who set up a survival Committee, a pressure group, and enlisted all Montreal businessmen, all the church establishment. A council speaking unanimously for the greater Montreal area forced the Government into awarding the CF-18 contract to Canadair, and Canadair was purchased by Bombardier, the highest bidder.

The only thing I can give them credit for, Mr. Speaker, is Pétromont, but then it was one of the vice-presidents who got that. The others had nothing to do with it. They will brag, but anyway . . . Mr. Speaker, the Hon. Member for La Prairie has put his head on the block concerning the Champlain Bridge tolls, but everybody still has to pay.

Then looking at the resolution, at its implications, certainly there is not a Member here who will not support the motion if he believes in the interests of Quebecers rather than in stuffing his own pockets, as we saw in those patronage cases, if he is really commited to the interests of Quebecers. He will support this motion, not because the Liberal member for the Montreal—Sainte-Marie riding is asking him to, but because the 50 Melcher's employees under the leadership of Margot Bruneau are asking him to, because Mr. Beaubien, who is the president of the Vickers' employees union and because the presidents of the Bombardier's employees union and the Montreal East citizens' committee are asking for action, on the ground that the people in that area have the right to work. The people in the Hochelaga—Maisonneuve riding have the right to be treated honourably just like the people in any other province in the rest of the country, and they too have the right to get contracts which will give them jobs, irrespective of patronage.

The people from Lauzon to Lévis, those of Quebec city should not always have to—the union is forced to organize a march to hang the member for Lévis in effigy, to organize a sit-in at the office of the Minister of Region Industrial Expansion in the Quebec area just to get a labour contract or they have to come to Ottawa. It is for these people that I am asking for this. The Matane people are sick and tired of the promises the Prime Minister, one hand over his heart and the other over the Gospel . . . Matane: Nothing is settled. It is Mr. John Ciaccia, the Provincial Minister of Energy who says that if the Matane case is not settled, it is because the Federal Government is dragging its feet. He is saying that, not me. The Desbiens plant in the Sagueney—Lac-Saint-Jean riding, the potato producers . . . Is there one single Quebec member of the Conservative Party who can stand up and tell me that the farmers . . . will the Hon. Member for Champlain (Mr. Champagne), as Parliamentary Secretary to the Minister of Agriculture, rise in the House and say: The Quebec potato producers are not so good as those in the Maritimes and therefore cannot be compensated. Is that the Government's decision? He will stand up and say: Yes, the Hon. Member for Montreal—Sainte-Marie is right, Quebec farmers should be treated as equitably as all the other farmers in this country.

You know about the decision, Mr. Speaker, I notice unfortunately that my time is running out when my honourable friends were starting to listen, including the Hon. Member for La Prairie: That might help. I am anxious to hear what they have to say. I am counting on their support and I dare hope for the sake of these people, that with everybody's help we can protect the 10,000 jobs which are being jeopardized in Quebec.

Mr. Gabriel Desjardins (Témiscamingue): Mr. Speaker, it is with great interest that I take part in the debate today, no so much to speak to the basic issue of the motion but to take this great opportunity given by the Hon. Member for Montreal—Sainte-Marie to Quebec Members to show the vigour, enthusiam, competence and efficiency we put into our representations and efforts to promote the interests of Quebec. I would certainly commend the Hon. Member for Montreal—Sainte-Marie for being somewhat more restrained in his remarks. He was more reasonable, less insulting than usual, more disciplined, so I think he deserves praise in that respect.

• (1710)

But as far as the motion is concerned, Mr. Speaker, I think he would have been well advised to introduce it when the Liberals were still in office because we should not forget that Quebec's unemployment rate was over 14 per cent when we came to power. Mr. Speaker, 500,000 young people were without work throughout Canada and various industries were closing down in Quebec. So he would have been much better advised to present his motion when his Party was still on the government side. We will not change the world, the parliamentary system exists, Canadians elected a Conservative Government on September 4, 1984 and, until further notice, we are at the helm in this country.

Here in the House of Commons we have standing committees on which Members of the three Parties sit and which have the power to make recommendations, propositions or representations concerning any legislative measure on which they may or may not agree, Mr. Speaker. In addition, I think it is a well known fact that ours is a Government which practices consultation. With respect to our proposed legislation, we have never had a government which has done so much consultation with the people or the socio-economic organizations in Quebec and the rest of Canada. Mr. Speaker, this is why I suggest that the motion introduced by the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) is quite unacceptable . . .

Mr. Champagne (Champlain): Ridiculous.

Mr. Desjardins: It is even ridiculous, as my colleague the Hon. Member for Champlain (Mr. Champagne) has termed it, since, as I have said before, never has a federal governement had a team of men and women so earnestly committed to the concerns and interests of Quebecers, Mr. Speaker.

An Hon. Member: All 74 ridings.

Mr. Desjardins: Mr. Speaker, there are many Conservative Members from Quebec who would have liked to speak in the House today but, unfortunately, given the little time at our disposal, only a few will have the opportunity to speak for Quebec.

An Hon. Member: What a pity.

Mr. Desjardins: It is indeed a pity since I am convinced that Hon. Members from Quebec, whether they represent the Abitibi—Témiscamingue area, the Saguenay—Lac-Saint-Jean area, the Gaspé, the Montreal region or any other region of Quebec, would have good things to say about what the Conservative Government has accomplished in their respective regions.

Mr. Speaker, the greatest economic achievement of this Government in Quebec has been the signing of regional economic development agreements. This Government has signed close to ten subsidiary agreements dealing with regional development in Quebec, a type of agreement which the liberals refused to sign when they were in power on account of the hostile, contemptuous and confrontational attitude with which they regarded Quebec. As a Government, Mr. Speaker, the first thing we did was to sign economic development agreements with the Government of Quebec, amounting to more than 1,600 million dollars. It is not peanuts, Mr. Speaker, it is 1 billion 600 million dollars and it explains why the rate of unemployment in Quebec has gone down from 14 per cent to the present 10.8 per cent. It comes from that kind of initiatives.

Our Government, Mr. Speaker, has signed economic development agreements with Quebec in several areas, for example, industrial development, forest development, mine development, transportation, tourism and, more recently, agriculture and agri-food development. I am confident that the Hon. Member for Champlain (Mr. Champagne), if he has a chance to speak, will tell us all the benefits that the agri-food agreement with Quebec will bring to agriculture development in that province. These agreements, totalling as I said 1 billion 600 million dollars, have brought down the rate of unemployment and in my area of Abitibi—Temiscamingue, for example, the rate which was 18.8 per cent in 1984 was down to 10.8 per cent in January 1987. There is no doubt, Mr. Speaker, that this improvement can be attributed to our efforts in regional development.

The Hon. Member for Montreal—Sainte-Marie, whom we understand and support, likes to defend the older people and the youth of this country. As a Member from an outlying area called Temiscamingue, I can tell you, Mr. Speaker, that a number of Hon. Members in that same situation would have a proud record of achievements regarding senior citizens and young people. As far as the former are concerned, Mr. Speaker, in a riding like mine, in a period of a year and a half, our Governement has granted 5 million dollars to build housing for senior citizens. Just ask these senior citizens and retirees whether or not they are happy about the money invested to improve their quality of life and environment.

As for young people, which is not only a priority for the Hon. Member for Montreal—Sainte-Marie, but also a major priority for the Conservatives, nearly $2 million have been invested in my own constituency in youth programs and organizations, including $450,000 early this year to create a youth resource centre where 40 disadvantaged young people will be able to receive training to rejoin the labour force. This is a five-year program, which means that, in Temiscamingue, 200 young people will receive training, and education to rejoin the labour market within the next five years. This is how we defend the interests of the population of Quebec.

Another issue which the Hon. Member for Montreal—Sainte-Marie rarely mentions, but of which we talk a lot ourselves is the issue of women. In my constituency, over $1 million have been invested in organizations which defend the interests and the rights of women. This is an enviable record. I could have shown today letters of appreciation from various youth groups and women's organizations thanking our Government for its assistance.

An issue which the Hon. Member for Montreal—Sainte-Marie did not mention, and I can understand him because the Liberals have nothing to brag about in this area, is the environment. Before we came into power, Mr. Speaker, Quebec Members were not even aware that the biggest polluter in Quebec—

Some Hon. Members: Oh! Oh!

Mr. Desjardins: Mr. Speaker, I understand the reactions of the Members opposite. When the Liberals were in power, they did not recognize that the biggest polluter in Quebec was Noranda Mines in Rouyn-Noranda. In fact, the only statement made between 1979 and 1984 by my predecessor, who should have known that the biggest problem in Abitibi-Témiscamingue was pollution and acid rain, was to the effect that he wished the federal Government would put pressure on the United States to clean up the Niagara River. How shocking! The people of my region must be shocked to know that, while their own health and that of our lakes and forests was being threatened, my precedessor spoke about the pollution of the Niagara River. Such an attitude is unacceptable and immoral, Mr. Speaker!

This Government made commitments in Quebec on environmental issues as never before, to the point that $42 million will soon be earmarked, and I ask Hon. Members opposite to take good note of it, $42 million will go to Quebec, to Rouyn-Noranda, for a pollution control system at Noranda

Mines which will at last solve the quality of life and environmental problems in the province of Quebec.

Mr. Speaker, the environmental issue is crucial and Canadians have recognized it in a poll as the most important problem.

Some Hon. Members: Oh, oh!

Mr. Desjardins: I hear them heckling on the other side because they do not like hearing good news, since they never had any themselves. But on this side of the House, some of us have good news to spread.

Mr. Rossi: Mentioning yelping—

Mr. Desjardins: As regards environment, our Government has shown to the province of Quebec in less than two years that it was committed to solve the problem. I see that I have only one minute left but I wish to conclude on this environmental issue which is most important. The Liberals never took any action against acid rain. But after less than two years, we are allocating $42 million to the solution of the pollution problem in Quebec through an air pollution control system at Noranda Mines.

Mr. Speaker, Hon. Members from Quebec are doing more than ever before to defend the interests of the province of Quebec and we will continue to do so.

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I welcome this opportunity to take part in today's debate on the motion presented by the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), and I hope he will be back in the House to hear what subsequent speakers will have to say.

Mr. Speaker, in speaking to this motion, I am not going to try and compete with the Hon. Member for Témiscamingue (Mr. Desjardins), who discussed about thirty or so cases in great detail, and I do not intend to emulate the Hon. Member for Montreal—Sainte-Marie who condemned the Government with a verve that was almost as impressive. Mr. Speaker, I would like to speak to the motion itself, although if anyone is to be commended and thanked, I think all Members of this House should thank the Hon. Member for Montreal—Sainte-Marie for raising the subject of the interests of Quebec and Quebecers.

• (1720)

I would like to consider the mechanism proposed in today's motion, because I think it has some deficiencies. It is important that we take this opportunity to discuss the specific problems facing Quebec's economy today. I am referring to the problems in Montreal East, where plants and refineries were closed down as a result of this Government's policies. There are the potato growers and their problems. The shipyards in Quebec City and Montreal are in trouble. There are problems with the textile and clothing industry in the Eastern Townships and Montreal. These are matters with which all parties represented here in the House are quite familiar. We are all very concerned and take these matters very seriously.

However, Mr. Speaker, when a motion like the one before the House today is presented, we may assume, for the purpose of addressing these problems, we must consider whether it is a practical proposal, a practical mechanism.

Although I admire wholeheartedly the Hon. Member for Montreal—Sainte-Marie and the sincerity and the persistance with which he pursues these issues, occasionally there is a hint of partisanship which also comes to the fore in his motion, and as a Member of the New Democratic Party, I must say that I find no reference to the third party in this House. Mr. Speaker, I note that we have before us a proposal which has to do with the Government or even with Parliament because to be a government institution there are too many players mentioned in the motion, whereas as a Parliamentary institution they are too few.

I should like to ask the Hon. Member for Montreal—Sainte-Marie why such a motion was never moved while his party was in power at the federal level, and especially at the time when his party was in power at both the federal and provincial levels.

Although the idea put forward today is rather new, one should wonder why, when they had the opportunity, the Liberal party of Canada and the Liberal party of Quebec never established such a mechanism as suggested by this motion.

Mr. Speaker, there was a time, not too distant, when it was apparently difficult for the Government of Canada and the Government of Quebec to deal with any issue, when any subject was a source of friction between the two parties. Times may have changed or perhaps priorities. I would suggest to my honourable friends on the Government benches that it might have been a change with people which brought about a change in attitude and resulted in . . . Well, I believe it is easier now than it was ten years ago, for instance, for the federal and provincial Governments to discuss problems, and issues which are now perceived as common and shared problems.

Unfortunately, the proposal put forward today is a ridiculous one. It totally ignores the way our Parliamentary system works, under which, according to our Parliamentary tradition, the powers of Government are used by the executive. The executive power being wielded by this Government, surely it is unfortunate in the present context, but perhaps a few years down the road nobody will be complaining. The power is wielded exclusively by the Government while the Opposition may criticize and make suggestions but cannot act where executive power is concerned.

As I said earlier, Mr. Speaker, with this proposal, such an organization would include the federal Government, the Official Opposition—this is not specifically stated but I suppose so—and the Quebec Governement. It would be an hybrid organization, because from a governmental point of view, it is obvious that such a mechanism would only include

the Quebec Governement and the federal Government, but if the organization were set up at the parliamentary level, it would include the Government, the Official Opposition and the NDP at the federal level as well as the provincial Opposition and the Quebec Government.

Mr. Speaker, this could be a satisfactory and possibly more interesting combination and surely such a structure could be more productive than the one suggested in the motion. However, I should also ask, Mr. Speaker, what will the other provinces think of such a mechanism. Will we receive requests from other provinces for the setting up of such a joint mechanism with the federal Government. With this arrangement, would we be adding another level of advisory organizations within the structure of federal-provincial consultations which I think is already over burdened.

The present motion, Mr. Speaker, recalls to mind many of the traditional features of the Liberal Party which keeps believing it is natural for it to form the government. When it is in power, Mr. Speaker, it advocates parliamentary traditions, it extols the responsibility and powers of government. When they are out of office, Mr. Speaker, then the agenda, the issues are entirely different. They raise matters for consultation. Pretending to promote democracy, they propose all kinds of supposedly democratic mechanisms that frankly have no other aim than to take way from the government powers the Liberals themselves exercise, favour and keep when they are in office. God forbid their return to power!

So, Mr. Speaker, I think that on Monday, on the matter of the Government's borrowings, we would have an opportunity to discuss all the issues we might want to raise, about the interests of Quebec and all other areas of the country. The concept we have here, Mr. Speaker, is not a practical one, even though the spirit in which it is raised is commendable.

Mr. Édouard Desrosiers (Hochelaga—Maisonneuve): Mr. Speaker, I was really looking forward to speaking to the motion presented in the House today by the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart), but when I saw the motion, Mr. Speaker, I was astonished and appalled. How could a Member with his experience present a motion like this? The whole idea is so unacceptable that I fail to understand how the Hon. Member for Montreal—Sainte-Marie could consider asking for a permanent mechanism.

• (1730)

Especially when we consider that as far as relations with the provinces and the ten Premiers are concerned, more meetings are being held than ever before and relations have never been better, Mr. Speaker. As you know, the provincial Ministers meet on a regular basis to discuss current issues, and now for the first time in the history of this Parliament, there are people who defend the interests of Quebec.

Perhaps I may recall, Mr. Speaker, that a few years ago, three refineries in Montreal East were shut down. Where was the Hon. Member for Montreal—Sainte-Marie when thousands of jobs were lost after they shut those three refineries in Montreal East, since he was referring to Montreal East a while ago? Mr. Speaker, the Hon. Member for Montreal—Sainte-Marie was one of the people who were largely responsible for the situation. What did he do about it at the time? He did and said nothing. The Canadian people finally understood and said: For the first time, we can have people able to defend our interests in the Canadian Parliament if we ask the Conservative Party to govern this country. This is when the Hon. Member for Montreal—Sainte-Marie set up a kind of survival committee.

Mr. Rossi: The polls now give you 10 per cent.

Mr. Desrosiers: After the Conservatives were elected, he put together a survival committee to save Eastern Montreal. Can you imagine? He was there a while ago when the President of the Treasury Board went to Eastern Montreal with assistance worth millions of dollars. The Hon. Member for Montreal—Sainte-Marie was there in the case of Chemtech in Eastern Montreal. This created hundreds of jobs.

Mr. Speaker, the Hon. Member was saying earlier that he hoped that the people of Hochelaga—Maisonneuve were being well served. I have news for you, my dear colleague for Montreal—Sainte-Marie. The people of Hochelaga—Maisonneuve have never been better served. I can tell you that, this year, there have been nearly $200 million in subsidies for Hochelaga—Maisonneuve and that hundreds of jobs have been created. We were talking earlier about Versatile Vickers. My dear friend for Montreal—Sainte-Marie, I would like to tell you that the Canadian Government has just set aside $611 million for Versatile Vickers in Montreal, Lauzon and Sorel and that this will create hundreds of jobs between now and 1991.

Do not try to suggest that we are not taking care of the population of Hochelaga—Maisonneuve. You say in your motion that you want the Official Opposition and the Quebec Government . . . The Canadian Government is well able to make its own arrangements. We are well aware that these are your friends. In fact, the Hon. Member for Montreal—Sainte-Marie used to be a Member of the National Assembly. Perhaps he will want to return to it soon. I would not be surprised because, as I said a while ago at the CBC, the interests of Quebec will not be defended by 57, but by 75 Progressive Conservative Members of Parliament after the next elections.

Some Hon. Members: There are going to be major changes!

Mr. Desrosiers: And let me tell you, Mr. Speaker—and you will see that the Prime Minister will go down in the history of this Parliament as one of the greatest Prime Ministers Canada ever had, surrounded by outstanding Ministers.

Some Hon. Members: Bissonnette, Sinclair, Stevens!

Mr. Desrosiers: I know this irks you. I understand that frustration of yours—it really hurts. We have fellows here who are extraordinary managers, who are putting some order back into all the mess you created.

Remember, my dear colleagues, and you Mr. Speaker, the disastrous situation we inherited from the Liberals. When we came to power, Mr. Speaker, you will recall that we had to pick up the pieces, just like a puzzle we are in the process of putting back together, piece by piece. I know this does not please the Liberals. Of course this is hurting them. In short, we have people here who are competent, conscientious and who want to provide Canadians with a genuine renewal.

Let me tell you for your information, gentlemen of the Liberal Party, that in the Hochelaga—Maisonneuve constituency, there is the Montreal Catholic School Board, which you know very well, Mr. Member from Montreal-Sainte-Marie, being from a neighbouring constituency. You know that in my constituency we have millions of dollars invested in housing—low-rental housing for poor people—we have millions of dollars invested in the Angus Shops. This week, I am going to announce additional tens of millions of dollars, 3,040 units, something that was never seen under any Liberal administration! You have never seen anything like that! The people of Hochelaga—Maisonneuve can see very well what the Progressive Conservative Party is doing. As I said, Mr. Speaker, the Catholic School Board of Montreal had trouble for years getting federal subsidies for training programs.

It is a shame to ask in this motion for a mechanism to ensure that Quebec interests will be better defended in the future, Mr. Speaker. I needed just a few weeks to bring here spokesmen of the Montreal School Board, and the Minister of Employment and Immigration (Mr. Bouchard) spent a few days to settle the matter; furthermore, we have just given millions of dollars to the Catholic School Board of Montreal. The Conservative Party is distributing the real wealth to the people of Canada, something you never did. Remember, Mr. Speaker, that under the Liberal Government, there were no members representing the West. Today—

An Hon. Member: People want Serge Joyal back.

Mr. Desrosiers: You can talk about my predecessor. We can talk about him for a long time. He was the shadow Hon. Member and Minister. We knew him well. My constituents can tell you that it took six years to be able to see him. He was never there. He was too busy. Believe me, I am in my constituency five days and five evenings a week. I have thousands and thousands of members in my association, and people are pleased, satisfied, happy to be members of the Progressive Conservative Party because, for the first time, there are honest people in the Conservative Party, serious people and people who work hard. We are going to succeed. I know we are not lucky with the media. You know, most of those people are Grits. The Liberals have been here in Parliament for a hundred years. There are whole families of them in every department. It is common knowledge. We know the system. We may have trouble at times, Mr. Speaker, but I can assure you that we have the guts, the principles and the strength to defend the Canadian people; whatever they may say to the contrary, we are showing them and we will show them how successful we can be.

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, today we are debating the motion of the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) who wants to ensure that Quebec interests will be better defended in the future. I would suggest that if we go back to 1981 when the Hon. Member for Montreal—Sainte-Marie and his colleagues were on this side, all Liberal Members at the time the Constitution was signed completely ignored the fact that there was a province called Quebec. They made fun of the whole Province of Quebec, but now they are asking us to set up a committee to look after the Province of Quebec, yet when they were in office at the time they did even want to admit its existence. No wonder then, Mr. Speaker, that we should be wary about the real meaning and seriousness of the motion introduced by the Hon. Member for Montreal—Sainte-Marie. Generally speaking, Mr. Speaker, I must say that we have come a long way since September 1984 with respect to the rights and the development of Quebec. For openers, on December 14, 1984—apparently the Hon. Member for Montreal—Sainte-Marie has forgotten already—we signed a 10-year regional development agreement, and until now there have been nine subsidiary agreements entailing outlays of $1.235 billion in the Province of Quebec. I must say also that progress in the case of the CF-18 was a topic of long debates, and the Hon. Member for Montreal—Sainte-Marie often raised the matter during Question Period to complain and blame the Government. Yet just a few minutes ago I heard him say that the Government did not have anything to do with the fact that the $1 billion contract was to be awarded in the Montreal region, that the aircraft technology would have developed in that region anyway. He just said we did not have anything to do with that. Is that seriousness, good faith, credibility? When problems occur, when solutions are slow to come because of the reflection going on, we are accused of doing nothing, but comes a settlement, and others are supposed to have reached it.

• (1740)

One day will come, and that time has already arrived, Mr Speaker, when people will be sick and tired of hearing such criticism. Indeed, when looking at the latest shuffle inside his Party, one can see that even the so-called leader of his Party cannot bear with him anymore since, officially, he has nowadays very little responsibility inside his group.

As far as Quebec is concerned, one must also talk about the Petromont project. This project provides for transportation of natural resources of gas at a better price once and for all, and this, on a permanent basis, without having industries depend on special grants as our predecessors used to do, thus creating constant anxiety in the sector. From now on, the Petromont

project will insure a long term viability to a great number of businesses using natural gas as the basis of their products. This is yet another achievement of our Government, which also means 250 additional jobs.

We also heard Members on the other side complain a great deal about the banking centre issue. What we have accepted concerning the international banking centre in Montreal is precisely what had been rejected by Mr. Lalonde when he was Minister and yet, today, our Government and Quebecers stood for the creation of such a centre in Montreal. The Montreal Board of Trade, the Board of Trade of Canada, the mayor of Montreal, the Premier of Quebec and his Minister of Finance have all said that they were satisfied with this international centre, but the Hon. Member for Laval-des-Rapides (Mr. Garneau) chose not to express clearly his views on that question. He feared losing votes outside Quebec. Not one Liberal Member has given his support to this initiative.

When we introduced our bill concerning the pharmaceutical industry, where were the Liberal Members Mr. Speaker? They know that Bill C-22 will bring $1.4 billion in development in Canada, of which $700 million in the Montreal area. But not a single Liberal gave us his support on this issue, Mr. Speaker.

We are currently negotiating with the United States, through Mr. Reisman and our Minister for International Trade (Miss Carney), a trade agreement which will open for us a market of 240 million people. Where is the support of the Liberal Party? There is none. The Member for Winnipeg—Fort Garry (Mr. Axworthy) gave us his point of view. The Member for Saint-Henri—Westmount (Mr. Johnston) gave us a different one. The Member for Laval-des-Rapides hesitates and their leader does not know what to say. He said that he will speak when he has to, Mr. Speaker.

The trade agreement with the U.S. is supported by Liberals in Quebec. It is a Liberal Government that gives us his support in that area. Premier Bourassa formally supports us. The Minister for International Trade is constantly delivering speeches in support of the negotiations and of the positions we take in the process. He strongly encouraged us to sign an agreement that will be in the best interests of the people of Quebec. This is what we worked for and what we achieved, Mr. Speaker.

A few minutes ago, I heard someone talk about environment. Instead of subsidies which have to be renewed every year, and which add to the debt we pile on our grandchildren's back, the Government chose for the first time to cooperate with a private business and granted $33 million in the agreement with Noranda Mines which is considered the single major source of pollution. The $100 million allocated to the project will allow further refining. It is not a question of raising the height of the chimney as the Liberals did. We are determined to stop the pollution and that is exactly what we will do.

Mr. Speaker, I should also mention that our Minister who represents the Quebec City area, the Hon. Minister of Regional Industrial Expansion (Mr. Côté), has handled outstandingly well the case of the country's shipyards. Members opposite are no longer raising the question but day after day during question period they would ask for details. They have to be reminded, Mr. Speaker, that shipyards in Quebec, including the great Lauzon shipyard, the Vickers shipyard and the one in Sorel, will be spending $1.22 billion from now until 1991. That has never been mentioned by the Hon. Members, and I can give details, Mr. Speaker. Those are federal Government contracts and assistance to upgrade the shipyard facilities and develop special services; those are no longer mere short term solutions like those we used to have under the Liberals when a ship here and a ship there were contracted out as election time drew closer, and once the election was over the ships were repaired elsewhere. That is what the Liberals used to do. Of course, we will do the opposite. We will build on a long term basis and develop facilities so our eastern shipyards, the ones at Lauzon, Sorel and the Vickers, will be able to face international competition.

I heard earlier the Hon. Member for Montreal—Sainte-Marie refer to East end Montreal. We have recreated employment in East end Montreal, and handed it over to private enterprise. The Vickers shipyards will resume operations and will have a new vocation. The Hon. Member told us that contracts for the frigates were to be awarded. The Liberals had announced that frigates would be built. They bought dozens of elections on that promise as they did in the case of the Matane's paper mill which was referred to by the Hon. Member of Montreal—Sainte-Marie. Time after time, they were elected on the basis of these promises. I could mention the dairy policy, the federal Government's intervention on behalf of the farmers who were subjected to a freeze since 1981. I could also—regrettably, I would have liked, Mr. Speaker, to speak about the remarks of the Hon. Member for Terrebonne which I found impossible to summarize. By the way I noticed the absence of the only Quebec NDP Member, the Hon. Member for Terrebonne (Mr. Toupin), who did not even care to show up today to discuss a concrete issue facing Quebec.

So, if as he claims, apparently he represents all the Hon. Members of his caucus, then, Mr. Speaker—

Mr. Malépart: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Paproski): The Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) rises on a point of order.

Mr. Malépart: Mr. Speaker, the Hon. Member for Lévis (Mr. Fontaine) has just mentioned that the Hon. Member for Terrebonne is absent. I would like you to call him to order. He knows full well that he cannot allude to anyone's absence. We could mention the absence of the Hon. Member for Mercier (Mrs. Jacques) and of the Member for Rosemont (Mrs. Blais-Grenier) from the Government benches.

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Member for Lévis (Mr. Fontaine).

Mr. Fontaine: Mr. Speaker, as usual, my colleague the Hon. Member for Montreal—Sainte-Marie is not behaving in a very civilized manner. It is about time that some people in this House tell him so. I mentioned that the Hon. Member for Terrebonne should have stood up, Mr. Speaker. As he represents 100 percent of the socialist party caucus for Quebec, it would only seem normal that the Hon. Member for Terrebonne should stand in his place and expound his philosophy regarding the evolution of Quebec. Nevertheless, we have neither heard him speak nor seen him rise.

Mr. Speaker, now with regard to what our Government has done—I see my time is running out and I shall conclude shortly—I would like to point out that in the field of agriculture we have been the first to endorse an egg marketing agreement, the first since 1981 to bring security to our milk producers all across Quebec who had been begging for a dairy policy for years. In 1985, we gave them what they had been asking for by introducing a five year program.

For all these good reasons, Mr. Speaker, the proposal made by the Hon. Member for Montreal—Sainte-Marie should be given no more consideration than any other statement he makes in this House.

• (1750)

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, I also welcome the opportunity to take part in this debate on the interests of Quebec and the motion presented by my hon. colleague and friend, the Liberal Member for Montreal—Sainte-Marie (Mr. Malépart), who, as we all know, is doing an excellent job as a true defender of the interests of his province. This fact is recognized by all Quebecers and everywhere he goes in the province, people are aware of this.

Mr. Speaker, we have heard several speakers, including three Conservatives from Quebec who tried to praise the Conservative Government for defending the interests of Quebecers.

Mr. Speaker, I would like to start with the first Conservative speaker, the Hon. Member for Témiscamingue (Mr. Desjardins), who has a lot of softwood lumber in his riding. Mr. Speaker, we did not see the Hon. Member rise in the House to protest. In fact, Mr. Speaker, the Quebec lumber industry exports 2.8 of its annual production estimated at 3.37 to the United States. The lumber industry in Quebec consists of 113 plants, mostly located away from the major centres. These small—and medium-sized businesses, Mr. Speaker, employ 38,000 workers directly and 157,000 more indirectly. Whole villages in the Gaspé, Saguenay—Lac-Saint-Jean, the Outaouais, the Laurentians, Abitibi and on the North Shore depend exclusively on this industry. Mr. Speaker, everybody knows what happened. They made a deal with the United States and they sold out Quebec's interests. Thousands of jobs are at risk as a result of this policy. And what did the Conservative Members from Quebec do about it, Mr. Speaker? They didn't say a word and meekly accepted the decision made by the Minister for International Trade.

Mr. Speaker, we rarely have the opportunity to hear the Hon. Member for Hochelaga—Maisonneuve (Mr. Desrosier) in the House of Commons.

Mr. Malépart: It is the first time he rises.

Mr. Gagliano: I do not know if it is the first time. It may be the second since I have already heard that same speech tonight.

Mr. Jourdenais: He has risen more often. You are not here when he speaks.

Mr. Gagliano: Mr. Speaker, the Hon. Member took pride in the fact that this government had met the premier and that they have been discussing. Quebecers do not need words, Mr. Speaker, they need jobs.

Mr. Speaker, he said that it is a good government and that they are good managers. I have a list, but I would run out of time if I had to say in ten minutes what good managers they are and what they did with the taxpayers' money. I will give a few examples only, not all because it would take quite a while. We should not forget, Mr. Speaker, the $1.6 billion bailout for the two western banks to guarantee deposits over $60,000. Everybody knows the banking law: deposits are not guaranteed above $60,000. Those who had deposits in those banks knews very well that they were running a risk, but interest rates were high and they took full advantage. So, the government paid all those people, Mr. Speaker. How much dit that cost? Two hundred million were given to the Hongkong Bank to take over the Bank of B.C.

Those great issues, Mr. Speaker—the Port-Cartier prison, which was transfered from Drummondville to the Prime Minister's constituency—

Mr. Malépart: A scandal!

Mr. Gagliano: The Gulf/Reichman agreement—$1 billion worth of tax exemptions that were allowed when Gulf was sold to Olympia & York. And then there was the Gulf shutdown. After having been allowed $1 billion in tax exemptions, in return they shut down the Gulf refinery in the East end of Montreal. I could go on, Mr. Speaker. This Tory Government's mismanagement can be weighed by the ton.

Mr. Speaker, I would like to remind Hon. Members of a date, one they may have forgotten. On July 26, 1984, the Tory caucus was in Quebec and that day, following a Quebec caucus, the then Leader of the Opposition who is now our Prime Minister made lofty statements about the textile industry, the clothing industry, the footwear industry. He was going to protect that industry. He was going to make sure the footwear quotas would remain in place, because that industry was not to disappear, it had to be maintained. But not long after that, only one year, they had forgotten about those promises, those ten-point promises. Everyone knows them.

Everyone has read them, and all the newspapers have referred to them with fanfare, but I have no time to spare to read them here. I know very well that Conservative Members do remember them. Then, Mr. Speaker, what happened, one year later, in the footwear industry for instance? Quotas were removed on men's shoes, and a program of quota reduction was announced for women's shoes. I think that by 1988 there will no longer be any quotas left on women's shoes. Under the pretense that Canadian consumers should be protected, because according to the Tories, Canadian consumers were paying higher prices because of quotas. But what has happened after the quotas were removed? Footwear prices did not go down. Quite the opposite, they went up, and consumers paid more. But many, many jobs were lost in Quebec.

Mr. Speaker, I would like to quote a few figures. For instance, since quotas were removed on November 1st, 1986, Italian imports have increased by 36 per cent, Spanish imports by 147 per cent, Taiwan imports by 238 per cent. According to the Shoe Manufacturers Association of Canada, production went down 32 per cent in 1986. Between August 1985 and August 1986, manufacturers have reported 2,000 jobs lost, 1,700 of which in Quebec. Those are jobs, not rhetoric administrative action or promises. Quebecers are fed up with promises. That is why accordig to Gallup polls, it is clear that the Conservative Party has come down to 10 per cent in Quebec. Never in the history of Gallup polls has a political party tumbled so low. Those are the results they are responsible for. This is what people think of the Conservative Party in spite of all their rhetoric. The evidence is quite clear. You only have to refer to *Le Soleil* of February 28 where the following can be read: "Wilson is strangling Quebec." Can this be more explicit? It is not the Liberal Party but Quebecers who are saying it. Therefore, I think the Hon. Member for Montreal—Sainte-Marie has presented a motion, and I do not agree with the NPD Member who has dealt merely with the technical aspect of the motion especially since NDP Members are not acquainted with Quebec issues, in which he suggests setting up a mechanism for solving those issues. I hope that all Members of this House will support this motion.

Mrs. Anne Blouin (Montmorency—Orléans): Mr. Speaker, first of all, I wish to commend the Hon. Member for Montreal—Sainte-Marie (Mr. Malépart) for having had the wits and the guts to move that motion. In fact, this proposal will be a milestone in the history of Canadian parliamentarism and I must draw the attention of the Leader of the Opposition to the fact that the Liberal Party has now in its ranks a great constitutionalist, a man who does not hesitate to go to the heart of the matter to question the very essence of our parliamentary system, in order to protect his province.

There are several aspects in my hon. colleague's proposal, all of them very subtle that I wish to analyze.

Firstly the purpose of this motion is to bring back members of the Liberal Party to the Government. In fact, the motion provides for the creation of a mechanism which would include members of the Official Opposition. I think, Mr. Speaker, that Canadians have already voted on that issue and that the number of Liberal members in this House reflects quite well the people's will as to the make up of the Government.

Of course, I am sure that in spite of the small number of its members in this House, the Liberal Party has enough resources to man such a mechanism all by itself—

The Acting Speaker (Mr. Paproski): I regret to say that the hour provided for the consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), this order shall be dropped from the Order Paper.

• (1800)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

CAPE BRETON DEVELOPMENT CORPORATION—SIZE OF FEDERAL FUNDING

Mr. Dave Dingwall (Cape Breton—East Richmond): Mr. Speaker, I rise again this evening concerning an issue I have raised with the Deputy Prime Minister (Mr. Mazankowski) since December 10, 1986. On that occasion I asked the Deputy Prime Minister this question:

> Could the Deputy Prime Minister explain to the House why a similar study has not been initiated by his Government with regard to the utilization of coal from eastern Nova Scotia and New Brunswick for shipment to the Province of Ontario?

The Deputy Prime Minister said in reply:

> I will certainly take the representations of the Hon. Member and consider the action he suggested.

That question was followed up in the Adjournment Debate of January 28, 1987. I again raised this issue on March 3 and asked what the Government of Canada was prepared to do about it. I raise this issue again because since December 10, the Deputy Prime Minister has been informed of the unfairness of the treatment of the people in eastern Nova Scotia. I thought he would have had an opportunity to check with officials from both the Department of the Environment and the Department of Regional Industrial Expansion and provide the House with a substantive answer. However, when questioned on March 3 his response was, "Yes, I would be glad to discuss it with the Premiers of the Atlantic provinces".

I specifically requested the Deputy Prime Minister to show some leadership and initiative. Not only do we want to see coal from western Canada utilized by Ontario Hydro—

Mr. Forrestall: Mr. Speaker, it might be nice if he stuck to the question.

Mr. Dingwall: —we want to see coal from eastern Nova Scotia and New Brunswick utilized as well. I would have thought that just on the basis of fairness and equity, the Deputy Prime Minister and his Government would have considered my suggestion. Obviously the Government has done absolutely nothing. I am not suggesting he has misled the House.

Mr. Forrestall: You are the one doing the misleading, blatant misleading.

Mr. Dingwall: What I am suggesting is that the dutiful sheep across the way, the Hon. Member for Dartmouth—Halifax East (Mr. Forrestall) who is the Parliamentary Secretary, has sabotaged this initiative.

Mr. Forrestall: Sabotaged it? Why don't you deal with the question you put down?

Mr. Dingwall: He, like Members opposite, has no interest or concern whatsoever about promoting and enhancing economic development in eastern Nova Scotia. I say shame to the Parliamentary Secretary. It is absolutely gross negligence on his part.

Mr. Forrestall: At least I am honest and tell the truth.

Mr. Dingwall: Honest? You are not honest at all.

Mr. Forrestall: You are damn right I am.

Mr. Dingwall: You are not honest. Why don't you stand up and debate—

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

Mr. Forrestall: Why don't you speak to the question?

Mr. Dingwall: Oh, go back to the bar!

The Acting Speaker (Mr. Paproski): I know the Hon. Member would like to withdraw—

Mr. Forrestall: It would be a hell of a lot more pleasant than sitting here listening to your nonsense.

The Acting Speaker (Mr. Paproski): Order, please. I know the Hon. Member would like to withdraw that last remark.

Mr. Dingwall: I withdraw, Mr. Speaker.

Mr. Forrestall: I doubt very much if he would like to, Sir, but he will.

The Acting Speaker (Mr. Paproski): He withdrew the remark. The Hon. Member has another minute.

Mr. Dingwall: Before I was rudely interrupted by the Hon. Member I was going to say that I want to conclude by saying it is high time that the Government of Canada start exercising its responsibilities in a fair and responsible manner across the board. We have had enough of the broken promises of the Prime Minister (Mr. Mulroney), the Minister of Regional Industrial Expansion (Mr. Côté) and, more particularly, the Deputy Prime Minister. They have failed the people of Nova Scotia. In particular, they have failed the people of my constituency, Cape Breton—East Richmond, because they have not taken into consideration the utilization elsewhere of coal from eastern Nova Scotia and New Brunswick. However, they have all sorts of time and money to consider the utilization of coal from western Canada.

• (1805)

It is not fair for the people of Atlantic Canada to be treated in such a fashion. It is unconstitutional. I hope the Parliamentary Secretary will have enough intestinal fortitude, instead of being a dutiful sheep for his masters, the Prime Minister and the Deputy Prime Minister, to exercise some real compassion and concern for the people of his region.

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, the item called for tonight had to do with an unfounded allegation that we had cut Devco's budget by $50 million, thus causing—

Mr. Dingwall: You did!

Mr. Forrestall: I have not heard the Hon. Member make even the briefest reference to the subject matter he put down. Tomorrow at three o'clock I will ask the Chair to entertain a question of privilege because it happens so often that Members put down one subject matter and get up and deal with another.

Mr. Dingwall: Go sit in a brook.

Mr. Forrestall: If you were honest, straightforward, and open with your own constituents—

Mr. Dingwall: You're about as honest as a crooked road.

Mr. Forrestall: —you would have the guts to get up and tell the truth. Or do you know what the truth is?

Mr. Dingwall: Go back where you came from.

Mr. Forrestall: Do you know what the truth is?

Mr. Dingwall: Go back where you came from.

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Parliamentary Secretary has only three minutes.

Mr. Dingwall: Then perhaps he should address himself to the issue.

Mr. Forrestall: Mr. Speaker, I simply want to bring to the Member's attention the fact that the Minister did meet earlier this week with the executive members of UMW. They had a very fruitful meeting which produced a very clear understanding with respect to what is going on in the industry. Obviously the Hon. Member neither knows nor cares.

Mr. Dingwall: Don't mislead the House.

Mr. Forrestall: He is more concerned with coming in front of this Chamber and using scare tactics and misleading information and, above all, indulging himself in the luxury of calling one item and then addressing himself to another.

Mr. Dingwall: You'll regret those words.

Mr. Forrestall: He knows precisely why—

Mr. Dingwall: You'll regret those words, big mouth.

Mr. Forrestall: —there is not the sale of Cape Breton coal to Ontario Hydro. I would invite him to get up and answer this question: Under what regime, under what Government, under what administration did we lose coal sales to Ontario Hydro? I would ask him to address that.

Mr. Dingwall: You don't even know what you're talking about. That's typical.

Mr. Forrestall: Mr. Speaker, in his original question the Member accused the Government of cutting $50 million from Devco. He knows that for the last three years we have had an extraordinarily high level of capital expenditure. We are trying to develop the new Phaleen mine. We are trying to get on with the Victoria Junction wash station. Those two capital items are completed and there is, of course, a reduction in this year's capital expenditures. However, that does not lead to lay-offs within Devco, as the Member knows.

Mr. Dingwall: Sit in a brook, will you. Your mind is about as clear as a fog.

The Acting Speaker (Mr. Paproski): I would like to recognize the Hon. Member for Spadina (Mr. Heap).

Mr. Forrestall: That nonsense isn't deserving of a response.

Mr. Dingwall: Oh, oh!

Mr. Forrestall: Is that all you have to say?

Mr. Dingwall: It's a lot more intelligent than what you said.

Mr. Forrestall: Come on outside.

Mr. Dingwall: Aren't you tough?

Mr. Forrestall: What did you say?

Mr. Dingwall: I said, "Aren't you tough".

Mr. Forrestall: Come on outside and say that.

The Acting Speaker (Mr. Paproski): Order, please. I cannot hear the hon. gentleman.

IMMIGRATION—SALVADORANS AND GUATEMALANS—REQUEST FOR EXPLANATION OF CANADA-UNITED STATES AGREEMENT. (B) PROCESSING OF REFUGEE STATUS APPLICATIONS

Mr. Dan Heap (Spadina): Mr. Speaker, I am very troubled that the Minister of Employment and Immigration (Mr. Bouchard) has done great harm to many refugees coming from the United States to Canada, particularly Salvadorans and Guatemalans. Because of his decision to send them back to the United States to wait for their inquiry in Canada, he has not only forced them to live for weeks and months in absolute poverty and in extreme anxiety through fear of being sent back to the country from which they fled, but he may in fact have caused them to be deported from the U.S. to El Salvador and Guatemala because when they are returned to the United States, they are arrested and charged with being illegal aliens.

• (1810)

This issue arises from a question I raised in the House on February 20 when the Minister made his announcement. On that day the Hon. Minister of Employment and Immigration told the House:

> —Canada—and this dates back to some time—has an agreement with the United States of America which provides, particularly in this case, that people who apply for refugee status in Canada and whom we are unable to process immediately will not be deported by the United States . . . . We are exchanging correspondence, but I see no point in tabling documents today. I repeat, nobody has been deported by the United States, and I have been assured that none will be.

There was evidently a reason why the Minister was unwilling to table that correspondence. That reason was that the correspondence did not in fact take the position attributed to the United States by the Minister. In fact, that correspondence took a contrary position. Mr. Alan Nelson, the U.S. Commissioner of Immigration, wrote that correspondence to Mr. Joe Bissett, the Director of Immigration in Canada.

He said that district directors will, on a case-by-case basis, at their discretion, set a reasonable period of time for the alien to effect such a departure. He said that the arrangements between Canada and the United States would not cover certain cases of refugees, including those where the refugee was under a deportation order, had a criminal record or where there was derogatory information.

Another spokesperson for the U.S. Immigration amplified this position. He said that the U.S. will not bend its policy to protect refugees turned away from the Canadian border purely because they have a request from Canada.

The Minister said at the end of his answer that he had an assurance which in fact he either knew he did not have, or if he did not know that, he should have known. On February 26, I wrote to the Minister pointing out this information and suggested that one of two things must be true, either the Minister was aware that his statements were, so to speak, inoperative, or he was not aware of the correspondence. If he was aware of it, I suggested, the only honourable course would be for him to resign for misleading the House. If he was unaware, then he owed this House an apology as well as the resignation of his executive director, Mr. J. B. Bissett, who had received the letter from Mr. Nelson.

I have had no reply from the Minister of Employment and Immigration. However, we have had public nonsense from his front man, the Minister of State for Immigration (Mr.

Weiner), who was quoted in the *Montreal Gazette* on Thursday, February 26, as claiming that the United States has a "model record" on human rights issues. How utterly false. The Minister of State for Immigration must know better. He has access to the facts of immigration and acceptance of refugees. He must know what he says about the United States is wildly untrue. In the matter of human rights for Salvadorans in the United States, the U.S. record is shameful. It deports them back to those lands of prisons, torture and murder with only a token nod to refugee claims. For example, between September 1985 and October 1986, the United States processed 2,183 refugee claims of Salvadorans and admitted only 55. That is only 2.5 per cent. It forced 6,047 back to El Salvador. Of 471 refugee claims by Guatemalans, it accepted only five, which is 1 per cent, and forced 3,502 back to Guatemala. Was that just? Not by Canadian standards.

• (1815)

During 1983 to 1984 Canada found that from 25 per cent to 59 per cent of Salvadoran refugee claimants were true refugees. At the very least that is 10 times the figure found in the United States. From 57 per cent to 70 per cent of Guatemalan claimants in Canada were found to be true refugees. In other words, the very lowest rate of acceptance in Canada is 10 times as high as the highest rate in the United States. Shame on the United States of America. Shame on the Minister of State for Immigration for calling that a model record. Shame on the Minister of Employment and Immigration for throwing many hundreds of Salvadorans and Guatemalans back to the United States. Shame on him for telling the House that he had been assured that they would not be deported to El Salvador and Guatemala when he has no such assurance.

[*Translation*]

Mrs. Gabrielle Bertrand (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am happy to have an opportunity to comment further the response of the Hon. Minister of Employment and Immigration (Mr. Bouchard) to the Hon. Member for Spadina (Mr. Heap) on February 20, 1987.

I would like to tell the Hon. Member that the American authorities and a United Nations Commissioner have stated on several occasions since the implementation of the temporary control measures that, under the agreement between our two countries, claimants who are scheduled for a hearing in Canada will not be deported to their country of origin.

The representative of the High Commissioner for Refugees in Ottawa stated on March 3 that no refugee status claimant had been threatened with deportation from the United States since the implementation of the temporary control measures.

Canada has received assurances that no claimant staying in the United States would be the subject of a deportation order and that these people would not be denied access to the border.

We have also obtained assurances that those for whom an inquiry date has been set would be allowed to remain in the United States in the meantime. In addition, the United Nations Commissioner has said that there is no indication that this agreement between Canada and the United States will not be respected.

We can therefore assert, Mr. Speaker, that no one is in any danger.

The Deputy Commissioner of the Inquiry Directorate in the United States Immigration and Naturalization Service said that the U.S. Government had informed the Canadian Government it would allow the people involved to remain in the United States until the day set for their inquiry in Canada.

Our policy is humane, Mr. Speaker. All applications from people seeking refugee status will be examined individually.

When a person is not facing deportation from the United States, we set a date for an inquiry and he or she will be allowed to stay in the U.S. until that date. Should the U.S. Immigration Service indicate that the person is under an expulsion order and will be deported very shortly, he or she will be allowed to enter Canada immediately to await the inquiry.

The Government believes that these provisions afford sufficient protection to claimants coming from countries where they might be endangered.

To answer the Hon. Member's question regarding the process of granting refugee status, I would like to remind him that the new rules put in place May 21st, 1986, were designed to exclude from the process people coming from countries on list B-1, because they were the most likely to get a favourable decision. In effect, they would have received permission from the Minister upon filing a claim in Canada. It is clear that increasing numbers of non-genuine refugees, even from these countries, have taken advantage of these provisions and the Government had no alternative but to return to the procedure in existence before May 21st, 1986.

Such a policy change appeared to us as the only way to adequately protect and accept, legally, the true refugees in Canada.

• (1820)

[*English*]

AUTOMOTIVE INDUSTRY—ELIMINATION OF 9 PER CENT TARIFF ON AUTOMOBILE TRADE BETWEEN CANADA AND THE UNITED STATES—GOVERNMENT POSITION. (B) REQUEST FOR MAINTENANCE OF TARIFF DIFFERENTIAL

Mr. Steven W. Langdon (Essex—Windsor): In this discussion I am pursuing the questions that I directed to the Prime Minister (Mr. Mulroney), and which were answered by the Secretary of State for External Affairs (Mr. Clark). First, we are focusing on the automotive trade, and second what the consequences would be for automotive trade both in Canada and the United States if the duties which presently exist were eliminated as part of the broader free trade arrangement between the two countries.

I asked the Minister if he was prepared to commit himself to the maintenance of that 9 per cent tariff which presently exists between the two countries. The 9 per cent tariff has the effect of operating as a sanction with respect to the Auto Pact. Parts and automobiles that go back and forth across the border are not subject to the 9 per cent duty. The reason is that they meet the qualifications which are set out both on the Canadian side and the American side of the border. In particular, on the Canadian side of the border, they meet the 60 per cent Canadian value-added safeguards which were promised by letter by the various producing companies to the Canadian Government in 1965 at the start of the Auto Pact.

I must say that in my various exchanges on the subject of free trade with the Secretary of State for External Affairs, I have never received such complete non-answers as in this case. The Minister must have returned from a trip and been totally out of touch with what had been taking place, and had absolutely nothing constructive to say. I regret that the Minister took that course, because ordinarily he is a Minister for whom I have some respect.

However, what we are facing with respect to the automotive industry is an extremely serious crisis which is highlighted today by the fact that the auto trade figures have been released by the Canadian parts manufacturers. These figures indicate that the Canadian auto trade balance dropped between 1985 and 1986 by 72 per cent. Our deficit with Japan went up over 36 per cent to a total of $3.1 billion in deficit in auto trade with Japan. The deficit went up by over 12 per cent to $1.9 billion with Korea, and other countries.

Therefore, we face a shrinkage of what used to be quite a healthy surplus in this sector of our economy to a mere $310 million. This is very small when considering the total Canadian automotive trade was $68 billion in 1986.

The key point which these figures show is that we must defend our capacity in a world of changing patterns of production and a world of changing technology. We must defend our capacity as a relatively small country but a country that can produce automobiles quite successfully.

• (1825)

We must retain our capacity to protect the existence in Canada of important production facilities. In short, we must protect the production safeguards of the Auto Pact. We must also extend those production safeguards to the Korean and Japanese companies which are being established here.

This is why I moved a Private Member's Motion to have all parts of the auto industry in the country meeting the 60 per cent Canadian value-added content requirement. However, let me point out that the Government has had, right from the start of the discussions on the Canadian-United States free trade arrangements, warnings by its own bureaucrats in secret documents, of which we have received copies, indicating that if the tariffs were reduced, the safeguards would become inoperative.

Let me quote specifically from Annex II which is labelled "secret" to a document entitled "A Canada-U.S. Free Trade Area Agreement". It reads as follows:

> Unless the sector were excluded from its product coverage, a Canadian-United States free trade agreement would of course lead, after the transitional period, to the elimination of Canadian duties on vehicles and original equipment parts . . . In the absence of any other constraints, this would mean that automobile producers (as well as Canadian car dealers and consumers) would be able to import vehicles and . . . parts duty free and in effect the Auto Pact's production safeguards would become inoperative.

That is precisely the point we were making in our question.

Mrs. Jennifer Cossitt (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I want to respond to the Hon. Member who has raised, once again, the question of the treatment of automotive trade in the current bilateral negotiations with the United States. This time it is as a result of a response given in the House on February 17. While the question has been asked many times previously, and the answer has not changed, I will be pleased to restate the position of the Government for the benefit of my hon. colleague.

I believe our position with regard to automotive trade in the negotiations with the U.S. is quite clear, consistent, and reasonable. The Government has said repeatedly that the Auto Pact is working well, and that Canada would not be raising it at the table during the trade talks—"if it ain't broke, don't fix it".

In the meantime we have undertaken a fact-finding exercise with the United States on automotive issues. This was in no sense a negotiation, but an exchange of information on the situation and trends in the automotive industry.

The Auto Pact is not the only auto related issue, however. A substantial and increasing portion of North American automotive trade takes place outside the Auto Pact. In 1984 this amounted to $3.3 billion Canadian. We will have to consider how it would be affected by any comprehensive agreement we might strike with the United States.

Remembering also that the over-all aim of these negotiations is to achieve a trading arrangement as free as possible from all impediments to trade, we will of course want to negotiate issues such as tariffs, customs procedures, procurement, imports from third countries, duty remission programs, and subsidies on both sides of the border. These important matters could well affect trade on automotive products.

The position taken by the Government of Canada is that if the United States side has proposals to make which would be of benefit to Canada by enhancing Canadian employment, production, and trade, we will listen with interest.

The Acting Speaker (Mr. Paproski): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.30 p.m.

HOUSE OF COMMONS

Friday, March 6, 1987

The House met at 11 a.m.

Prayers

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

IMMIGRATION

REFUGEES—GOVERNMENT POLICY

Mr. David Berger (Laurier): Mr. Speaker, the Government's refugee policy brings to mind the answer one often hears on the telephone answering service: "Thank you for calling the Government of Canada. *Toutes nos lignes sont occupées.* All our lines are busy. *Veuillez rester en ligne.* Stay on the line."

Since February 20 the Government's answer to refugees seeking Canada's protection has been: "Don't bother us, stay home until you hear from us. Don't call us, we'll call you."

The contempt and ignorance of the Minister of Employment and Immigration (Mr. Bouchard) are overwhelming. He claims that certain refugees are dishonest because they buy tickets for London but ask for political asylum in Canada. He does not seem to know that a refugee would be putting his life on the line if, before departure, he were to publicize his intention of definitively leaving his country.

Mr. Speaker, February 20, 1987 will for ever be remembered as the infamous day when the Government of Canada broke with our long-standing humanitarian tradition of welcoming refugees.

* * *

[*English*]

DEPARTMENT OF ENERGY, MINES AND RESOURCES

PUBLIC MAPPING SERVICES—OPPOSITION TO PRIVATIZATION

Mr. David Daubney (Ottawa West): Mr. Speaker, it is time for us to go back to the basics of our language and our principles of government. In the light of recent reports that the Government may sell federal mapping facilities to a private consortium, we evidently have to emphasize that a public service, the Public Service, is exactly that. It is a service provided to all of the Canadian public.

The mapping services provided by the Government have played an essential role in making Canada a rich, livable and secure country. The services provided by Canada's scientists and our technical mapping specialists are indeed useful to the private sector. They are being shared and must continue to be shared with the private sector.

• (1105)

Vaguely worded statements about joint ventures are not acceptable. A true joint venture, a partnership of independent entities coming together to share skills and opportunities, would not be simply appropriate but essential. But a sell-out of the skills, the technology, and the expertise developed over decades by Canadians working in the service of their country would be a betrayal of government's responsibility to provide a true service to all the people of the country.

* * *

REFUGEES

HEARING OF CHILEAN REFUGEE CLAIMS

Mr. Dan Heap (Spadina): Mr. Speaker, Chileans are fleeing brutal repression, disappearance, torture, prison, death, and all the other actions of the dictatorship headed by Pinochet which have been going on for over a decade. There are even secret police in Buenos Aires who are harassing Chileans who are known to be refugee claimants there.

These refugee claimants ought to be allowed to state their claims in Canada under our fast-track procedures and with due process of law. In fact those who have arrived in Canada and have gone through the fast-track procedure have done remarkably differently from the average. The average seems to be about 10 per cent of acceptance of Chileans, it has now become 56 per cent. This shows that they have a strong claim. Even those who may not be precisely refugees by the narrow definition have a strong claim under humanitarian consideration.

There were two planes that left Santiago on the morning of February 20. One arrived in Canada the next day and all the claimants aboard have been accepted. The other one was stopped at Buenos Aires, and should be allowed to come in the same way as the other did with all those who have been accepted.

S. O. 21

DEPARTMENT OF ENERGY, MINES AND RESOURCES

OPPOSITION TO POSSIBLE PRIVATIZATION OF CERTAIN BRANCHES

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, so the Government wants to privatize or joint venture parts of Energy, Mines and Resources. Good luck! Not only am I surprised but I am shocked at this potential plan. In fact I feel like Premier Peckford and the Hon. Members for Bonavista—Trinity—Conception (Mr. Johnson) and Burin—St. George's (Mr. Price) when they were not informed on the recent Canada-France cod issue. I am beginning to feel more and more like a member of the Opposition.

The Government has enough difficulties these days without looking for more trouble. The potential plan to privatize the Surveys and Mapping Branch of the Canada Centre for Remote Sensing, and the Environment Canada hydrographic services in a joint venture with Lavalin, or any other company in Montreal or Canada, is not only bad business but bad politics. I will fight just as long and just as hard as the unions to prevent this from happening.

If the Treasury Board and the Ministry are flying a trial balloon to see how quickly it gets shot down, well, bang, bang—it's dead!

* * *

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

QUEBEC'S SITUATION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): As you would know, Mr. Speaker, discussions are now going on in Ottawa in an attempt to bring the Province of Quebec back within the Constitution, with honour and dignity. Sad to say, this is just another masquerade on the part of the Conservative Government because the Quebec Minister of Environment has just stated publicly that his province is being treated unfairly in connection with the St. Lawrence industrial pollution.

In the opinion of the Quebec Minister of Finance, Quebecers are victims of this Government's inequity with respect to equalization payments.

Another Minister, responsible for multiculturalism, is seeking financial assistance from Ottawa to cope with the influx of refugees, and again the federal Government says no.

The Quebec Minister of Transport, Mr. Côté, is opposed to Bill C-18 because it will lead to the abandonment of railway lines in Quebec.

And we just learned recently that once again Quebecers were hoodwinked about the space station: only one out of ten companies was awarded contracts, so the *Chambre de commerce de Montréal* was forced to join—

Mr. Speaker, considering that the Conservative Government got a strong mandate from Quebecers, I dare hope that Quebec Members will wake up and do justice to their province.

* * *

[*English*]

DEPARTMENT OF ENERGY, MINES AND RESOURCES

CONSIDERATION OF PRIVATIZATION OF CERTAIN BRANCHES CONDEMNED

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, I was shocked, and so were the surveying and natural resource industries across Canada and the employees at Energy, Mines and Resources, when we learned that the Surveys and Mapping Branch at the Canada Centre for Remote Sensing, and the Canadian hydrographic service are being considered for privatization.

I know the Canadian surveying industry and these government agencies. They are world-class. Industry and government currently interface in a magnificent way. I condemn these privatization initiatives both from a national and local perspective. Many of my constituents work in these agencies, and their careers would be destroyed and their lives disrupted. Nationally, these agencies are regarded as being world class, and that status can only be maintained if they are under the mandate of the federal Government.

• (1110)

I seek assurance from all Members of the House that the Government will not privatize the aforementioned agencies. I ask every Member of the House to support this request. They must remain under the aegis of the federal Government.

* * *

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

IMPLEMENTATION OF DEREGULATION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, a little noticed line in the Government's spending Estimates for this year is the extra $1 million to be given to the CRTC for purposes of implementing deregulation. Thus, not only are Canadians to see the Government following the American Government on deregulation in communications, a policy for which the Government has no mandate, but they will also have to fork over an extra $1 million to the CRTC for the privilege.

Perhaps since it is only $1 million one should not complain. So many of the Government's spending priority mistakes will cost the taxpayer a great deal more. But it is government policy in microcosm. Having promised to keep up cultural

spending at least to increases in the cost of living, the Government has made budget cuts. Some cultural agencies have obtained increases this year, but over-all cultural spending will be kept down to 95 per cent of what it was during the last year of the previous Government.

Although there are tough choices to be made in spending, the Government has found an increase of $1 million for increased work-load to implement deregulation measures.

Come on guys and women in the Government, let's get serious.

* * *

ENERGY

PRICE OF GASOLINE—CALL FOR INVESTIGATION

Mr. George Minaker (Winnipeg—St. James): Mr. Speaker, recently an article appeared in the *Calgary Herald* concerning Turbo Resources Ltd. Turbo is primarily an independent retailer of gasoline. The President of Turbo stated that the big oil companies "can't control the price of crude oil, so their ability to make it 'upstream' is beyond their control. Therefore, there is very strong incentive to expand the margins downstream". That means big profits at the gas pumps. In the interview, the president stated that he was grateful for the niche his giant rivals leave open.

Turbo Resources, with little exploration or production interests, was able to pay their bank $47.3 million in loan principal, $10.5 million in interest, and still realize a $13.4 million profit in the first nine months of 1986. There appears to be no competition as both independent and large gas companies are making huge profits at the gas pumps.

Deregulation is supposed to benefit everyone, not just the oil and gas companies. I call on the Government to investigate gas prices immediately in order that all Canadian consumers can benefit from deregulation.

* * *

PROVINCIAL AFFAIRS

PROJECTED INCREASE IN SASKATCHEWAN DEFICIT

Mr. Lorne Nystrom (Yorkton—Melville): Mr. Speaker, the Conservative Party often talks to Canadians about the need to control deficit spending in the country, and across the provinces. The Conservative action is different.

According to *The Globe and Mail* this morning the deficit in Saskatchewan has tripled since last fall's estimates. Before the election campaign in Saskatchewan, the Government said that the deficit would be $389 million. Now that the election is over the deficit is $1.2 billion in Saskatchewan. This is a tripling of the deficit. The Government has misled the people of Saskatchewan, it is incompetent and insensitive, and it does not deserve to govern.

When the CCF-NDP were in power in Saskatchewan with Tommy Douglas, Woodrow Lloyd, and Allan Blakeney, there was a balanced Budget, and five years ago there was a surplus. Now there is an accumulated deficit in that province of hundreds of millions of dollars.

Mr. Speaker, the Conservatives say one thing in an election campaign, and once they are in government they do exactly the opposite.

* * *

[*Translation*]

INFLATION

CONSEQUENCES FOR CERTAIN RETIREES

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, Mr. Gerald Bouey, former Governor of the Bank of Canada, did not mince words when he criticized the previous Government for its inflationary policies.

Mr. Speaker, between 1970 and 1984, the Liberals put a hidden tax burden on the neediest in our society, a tax of more than 300 per cent over fourteen years. In other words, Canadians who retired in 1970 with $10,000 in the bank can buy now what they were then able to buy with $3,333. It was the Liberal Party that put this hidden and insidious tax burden on Canadians.

Today's senior citizens who had saved money for their retirement have seen their savings dwindle to only one third of their original value, thanks to the Liberals. And when I see Members of the Liberal Party criticizing our policies, after they robbed Canadians of $7,000 out of every $10,000 over a period of fourteen years—

Mr. Speaker, when the Leader of the Liberal Party was Minister of Finance, from 1972 to 1975, he took part in this organized pillaging of Canadians. It was while he was Minister of Finance that we got the 50-cent dollar.

That is what the Leader of the Liberal Party has done for the poor in this country, Mr. Speaker.

* * *

• (1115)

[*English*]

INDUSTRY

PLASTIC INDUSTRY'S CONSULTATIONS WITH GOVERNMENT DEPARTMENTS

Mr. Bill Attewell (Don Valley East): Mr. Speaker, leaders of the Canadian plastics industry were in Ottawa this week.

The industry association, the Society of the Plastics Industry, or SPI, estimates total product sales at $10 billion per year, with 80,000 employees in 2,000 plants in at least 150 federal ridings across Canada. The Chairman of the SPI is Sheldon Berney, President of Reliance Products of Winnipeg.

The industry is focusing its goals on consultation with various federal government Departments, including DRIE, External Affairs, and Science and Technology, to equip the industry better to compete in the international market-place and enhance its ability to contribute to the Canadian economy.

The plastics industry is Canada's fastest growing industry and has been for 15 years. The industry predicts that it can be Canada's number one industry by the 21st century if the right policies are adopted. Our Government is working in co-operation with the industry toward the development of those policies.

ORAL QUESTION PERIOD

[*Translation*]

ENVIRONMENTAL AFFAIRS

INQUIRY WHEN GOVERNMENT WILL MEET COMMITMENT TO REMOVE POLLUTION FROM ST. LAWRENCE RIVER

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, in the absence of the Minister of the Environment my question is directed to the Deputy Prime Minister.

Last spring, the Minister of the Environment announced that cleaning up the St. Lawrence River was his main priority. After a year of doing nothing, the Minister still has his action plan without a budget to implement it, so that he is now putting the onus on the Province of Quebec to shoulder the entire cost.

My question is as follows, and it is directed to the Deputy Prime Minister: When will the Minister of the Environment or this Government keep its promise to clean up the St. Lawrence by provinding appropriate funding?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the leadership which has been shown by the Prime Minister and indeed by the Minister of the Environment in all these matters has been simply outstanding. The Minister is currently in the process of negotiating acid rain emission agreements with the provinces. As well, he is undertaking to deal with the issue which the Hon. Member has raised. In the absence of the Minister of the Environment, I can only assure my hon. friend that we are taking this matter seriously. I will ensure that it is brought to the attention of the Minister of the Environment when he returns.

REQUEST FOR FEDERAL FUNDING FOR QUEBEC

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, the Minister of the Environment has already said that he has no money for the Province of Quebec. In fact the Quebec Minister of the Environment knows, as do Canadians and the federal Cabinet, that the announced action plan is another empty Tory promise. Quebec has pledged billions to clean up the St. Lawrence River and is now seeking financial support from the federal Government, according to the action plan. Why won't the Government pull its weight instead of passing the buck to the Province of Quebec?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Government is pulling its weight, not only on this particular issue but on the whole issue of acid rain and environmental issues in particular. As I indicated, we are pressing the United States to do its part. However, first of all we must get our house in order. It is to that extent that the Minister of the Environment is co-operating very closely with the provinces. If the Hon. Member is a little patient he will see, as in most other cases, that sometimes it takes a little longer to do these things in a consultative and co-operative way, but in the final analysis it usually works out to be the best approach.

[*Translation*]

GOVERNMENT POSITION

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, I don't understand the Deputy Prime Minister. The Minister already said there was no money to help the province of Quebec clean up the St. Lawrence. Is that what the Government means by pulling its weight?

People seem to forget that municipalities are also involved. In fact, this Government refused to act on a recommendation by the Canadian Federation of Municipalities for a development and assistance plan for waste water treatment plants.

I want to ask the Deputy Prime Minister how he can let the present Minister of the Environment criticize the United States in every way for its stand on acid rain, when he is not prepared to provide the promised financial assistance to the Province of Quebec to help clean up the St. Lawrence River?

• (1120)

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is interesting to note that the Liberal Party, which ignored over the past 25 years many of its obligations with respect to issues that fall within federal jurisdiction, is now suggesting that we, as a Government, not only catch up to all its delays and failure to take action with the important issues within federal jurisdiction but that we should get involved in areas of provincial and municipal jurisdiction.

Mr. Garneau: You said you were going to do so. You promised.

Mr. Mazankowski: If that is the official position of the Liberal Party, I will be interested to hear what the Member's Leader has to say.

Mr. Garneau: Why have you given $200 million to Ontario?

[*Translation*]

REQUEST FOR ADDITIONAL FUNDS FOR QUEBEC

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, allow me to remind the Deputy Prime Minister that the St. Lawrence river pollution originates from the Great Lakes, that pollutants are being dumped all along the river, that the problem does not affect Quebecers only, since the issue has interprovincial and international ramifications. Why would the Minister of Environment, on behalf of the Government, ask Quebecers to bear the entire cost of depolluting the St. Lawrence? Indeed the Government proved to be generous towards Ontario and Nova Scotia when it gave them $85 million and $34 million respectively to depollute. Why not Quebec as well? Why should Quebec be ignored?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think we better get serious here. First, what the Hon. Member is implying is that this pollution has occurred over the last two years since our Government took office. What happened to the 20 years of neglect previously? We are going to deal with this issue, as we have dealt with other important national issues, and the Hon. Member should just be a little patient.

Mr. St. Germain: We do not need lessons from you over there.

Mr. Mazankowski: We certainly do not need lessons from that gentleman or that Party as to action on matters of the environment and important matters with respect to pollution.

MINISTER'S POSITION

Mr. Jacques Guilbault (Saint-Jacques): Mr. Speaker, the problem is that the Minister of the Environment is an artist of inflammatory statements. Yesterday he called U.S. Senator Byrd a Neanderthal. The problem is the Minister is long on rhetoric and short on action. Will the Deputy Prime Minister direct his Minister to climb down from his Mr. Clean pedestal and wet his feet in the St. Lawrence River, which he himself described as an open sewer, so that we can get action instead of just rhetoric?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, this Government has a Minister of the Environment who is honest, sincere, and fully dedicated to discharging his responsibilities. I will certainly not take any criticism of the kind that has been levelled from that Hon. Member who really does not have very clean shoes when it comes to defending the interests of the environment as far as the administration of which he was a Member is concerned.

* * *

DEPARTMENT OF ENERGY, MINES AND RESOURCES

REPORTED PROPOSAL RELATED TO PRIVATIZATION OF CERTAIN BRANCHES

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have a question for the Minister of State for Forestry who apparently has charge of the possible privatization of the Surveys and Mapping Branch in the Department of Energy, Mines and Resources. Could the Minister explain what is going on with respect to this proposal for privatization which has led spokespeople for Lavalin in Montreal to talk about plans for employees. They have suggested that not all the employees will be taken over and only two years of job security will be provided. Can the Minister explain what is going on? Could he assure this House and those 1,300 employees in surveys, mapping, the remote sensing centre and the hydrographic service, that their jobs and their work will not be privatized under this Government?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, first I would like to point out that the media reports on this particular matter are incorrect. I want to state at the outset unequivocally that we will not be selling the Surveys and Mapping Branch. I want to tell the employees of that branch in Ottawa, the people of Ottawa and the people of Canada, that that branch is not for sale. Neither are there plans to privatize that particular branch. In fact we have never discussed privatization in the strict sense of the word.

• (1125)

I do want to mention that through recommendations of the Nielsen Task Force, Treasury Board officials are looking at ways in which the private and public sector could complement each other in domestic and international markets for that particular service. However, in this regard Treasury Board and EMR officials have had exploratory discussions with a number of companies, not just one company. I think it is important to note here that Ministers have not in any form considered the policy related to these discussions. Media and Lavalin statements go well beyond what is warranted by these exploratory and preliminary discussions.

Mr. Speaker: I will return to the Hon. Member in a moment. I think I should indicate to Hon. Members that the Chair did let the Minister go on perhaps for quite a long time. However, I would point out that the matter was raised three times, I believe, in statements by Members, and it is obviously an important matter. This was the first opportunity for a Minister to respond so I hope Hon. Members will understand.

[*Translation*]

POSSIBLE PRIVATIZATION OF CERTAIN BRANCHES OF INSTITUTE OF CARTOGRAPHY—GOVERNMENT POSITION

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, could the Minister be more specific, because not only the spokespeople for Lavalin but his boss the Minister of Energy, Mines and Resources said in Sherbrooke last January that the Department is considering the possibility of privatizing and relocating certain branches of the Institute of Cartography? Just what exactly is under review? And does the Government expect that fewer employees will be needed in cartographic services and other centres which are the subject of discussions?

[*English*]

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I do not know how I can be more positive than I was in this particular regard. I stated at the time that the Government has not made a decision in this regard at all. Any discussion on this is premature and unwarranted at this time. The Ministers have never even discussed it.

PRICE AND JOB SECURITY REPORTS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, if the Minister is telling the House that all discussions are premature, can he kindly tell the House how then it comes about that a senior spokesperson for Lavalin and its partners in Bell Canada has the understanding that the price might be $55 million and that there might be only two years of job security, and has thought through exactly how the company will proceed with the privatization? Is this privatization on the boards or not? Why can the Government not make up its mind whether or not the jobs of these employees will be secure?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I have already mentioned that any discussions with Lavalin and other companies are exploratory at the best, and anything they have read into it with regard to pricing I can say is definitely premature.

CANADIAN CENTRE FOR REMOTE SENSING

Mr. Bill Tupper (Nepean—Carleton): Mr. Speaker, in his reply the Minister addressed his answer primarily to the Surveys and Mapping Branch of his Department. Could he give the House the assurance that those comments apply to the Canadian Centre for Remote Sensing and the Canadian hydrographic survey?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines): Mr. Speaker, I can comment on the Canadian Centre for Remote Sensing because that is under my jurisdiction and I can say that my comments apply to that as well. The Government has not discussed this in terms of policy whatsoever.

[*Translation*]

REQUEST THAT MINISTER BE MORE PRECISE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, with respect to the same question and to the same Minister, the Minister said in English:

[*English*]

—"in the strict sense of the word" when talking about privatization. What does the Minister mean when he says that the privatization we are hearing about for these three EMR Departments will not be in the strict sense of the word? Is he telling us that indeed there are other things in the works? Is the Government looking at other ways of privatizing these three essential services?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, to date any discussion and any action by this Government in terms of privatization has been with regard to a Crown corporation. We have never at any time discussed the privatization of a Department or function of the Government to this date.

• (1130)

FUTURE OF PUBLIC SERVANTS AND FAMILIES

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, can the Minister, in the name of the Government, give a guarantee to the 1,300 public servants and their families whose futures are at stake here that they will be fully protected, and make it clear that there are no privatization plans in the works for these three Departments? Will he also give us the assurance that if indeed he has something else in mind regarding the strict or unstrict interpretation of the word "privatization", it will be done openly through the regular tendering process and not in secret meetings with private sector interests?

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I can say that if a decision were made, and no decision has been made in this regard, it would be on a public basis with a public call for proposals for such a service. There has been no decision made and no discussion by Ministers in this regard.

* * *

IMMIGRATION

GOVERNMENT POLICY

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Deputy Prime Minister. Is the future immigration policy of the Government to be based on the fundamentally racist premise enunciated by the Hon. Member for Willowdale that Canadians seek as immigrants people who can adjust to this climate—

Mr. Speaker: I would hope that all Hon. Members would be extremely careful, whether intentionally or otherwise, in imputing racist motives to any Hon. Member of this place. It is going to evoke a very strong response and that gives the Chair a lot of difficulty in keeping order. We are Hon. Members and, unless one had the most profound evidence on which to base a statement like that, it just does not seem to be appropriate. I know the Hon. Member, an excellent Member of this place and one who speaks with force and determination on matters of concern to all Hon. Members, would want to be careful in how he describes the motivation of another Hon. Member. I would hope he would rephrase his question.

Mr. McCurdy: Mr. Speaker, I am not sure what other interpretation is to be placed upon the phrase—

Some Hon. Members: Order!

Mr. Keeper: Listen!

Mr. Speaker: It seems to the Chair that if there is a suggestion in a preamble that any Hon. Member is racist, in this country that is a most disagreeable and offensive suggestion.

Mr. Keeper: Listen to the statement.

Some Hon. Members: Out!

Mr. Speaker: I am quite sure that the Hon. Member can ask a question without impugning the motive or character of a particular Member. There has certainly been no basis laid for that kind of comment about any Hon. Member. I would hope in the interest of the very thing which the Hon. Member for Windsor—Walkerville feels so strongly about that we would have these discussions in such a way that we do not impugn the honour of Hon. Members. I must say that the Chair views a suggestion of racism as a most disagreeable and serious suggestion indeed.

Mr. McCurdy: Mr. Speaker, is it the intention of the Government to base its future immigration policy on the premise that there exists a class of people who can adjust to this climate?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I am sure the Hon. Member, who has been in this House for two years plus, is fully aware of the fact that any policy announcements made by the Government come either from the Prime Minister or the Minister involved. Those are the policies to which this Government adheres.

I can tell the Hon. Member that our policy is certainly much more humane than the policy expressed by his Leader when he was interviewed by Mr. Webster on *The Jack Webster Show* in Vancouver not too long ago where he stated: "If you find out that these are not *bona fide* refugees you kick them out of the country".

STATEMENT ATTRIBUTED TO MEMBER FOR WILLOWDALE

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, again—

Mr. Speaker: The Hon. Member for Windsor—Walkerville has co-operated with the Chair and I would ask Hon. Members to listen to his question.

Mr. McCurdy: Mr. Speaker, the statement by the Hon. Member for Willowdale has implications with respect to the self-perception of visible minorities in this country. It reflects poorly on the Party in power, on this House, and on the Canadian people. I ask the Government whether it will insist upon an apology from the Hon. Member for Willowdale for his statement.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the statement, whatever it is, that the Hon. Member refers to does not reflect government policy. I suggest to the Hon. Member, if he is concerned about public policy on a very important issue, he should concern himself with the position of his own Party Leader.

Some Hon. Members: Hear, hear!

* * *

SUPPLY AND SERVICES

AWARDING OF CONTRACTS—NOTIFICATION OF DELAYS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, my question is for the Minister of Supply and Services but in her absence I will direct it to the Deputy Prime Minister. The Minister's departmental document dealing with the Government's new plans to meddle with the awarding of federal contracts states clearly that if there are inquiries and a request is made to delay an award, the responsible procurement officer shall inform management immediately of the situation. How can the Minister stand up in this House and state that this system does not open the door for political interference by the Government? It is spelled out right here in her own departmental document.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, in the absence of the Minister I would simply like to advise the Hon. Member that this question was answered earlier. The rationale for the new system is to improve the quality of information given to Canadians on the $7 billion spent by DSS each year. The system covers all of Canada. It is not partisan, contrary to what was done by the Liberals when they were in power.

Mr. Hopkins: Mr. Speaker, it is partisan in that it covers contracts as low as $25,000 for the Tory Members in those six ridings, including the Prime Minister. Don't give us that line.

PROCESS OF AWARDING CONTRACTS

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, this political meddling program the Minister set up has nothing to do with regional economic disparity, as she said last week, but it does have a lot to do with the regional political disparity of the Tory Party. That is the problem. Why does the Deputy Prime Minister not admit that the Minister of Supply and Services and her political staff can now interfere with the awarding of government contracts? That is spelled out in the document and the Deputy Prime Minister cannot deny it.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I do not think this Party has to take any lessons on purity from the Liberals given the way in which patronage and contracts were handled by the them. They certainly wrote the book on it.

I am advised that it was the Department which requested the $25,000 threshold be used in a two-month pilot project in order to determine its feasibility. It is in this spirit that the Hon. Minister followed the advice of the Department.

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[*Translation*]

ENVIRONMENTAL AFFAIRS

ST. LAWRENCE RIVER POLLUTION—GOVERNMENT POSITION

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I have a very easy question for the Deputy Prime Minister. Does he know that this week in Montreal the Minister of the Environment said that the federal Government will not spend a cent to clean up the St. Lawrence River? Is that the policy of the Government, not a cent? Yes or no?

[*English*]

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think I dealt with that particular question earlier. The Hon. Member knows that the Minister of the Environment is not in the House at this time. He was here this week to participate—

Mr. Guilbault (Saint-Jacques): He is hiding away.

Mr. Mazankowski: He was here this week participating in a debate. I will certainly draw this to his attention and I am sure he will get back to the Hon. Member.

• (1140)

GOVERNMENT POLICY

Ms. Lynn McDonald (Broadview—Greenwood): Mr. Speaker, I think Canadians who especially live along the St. Lawrence would like to know what is the policy of the Government. How much money can they expect from the federal Government? This is a national problem and we simply want to know if it is the Government's policy not to contribute any money whatsoever? Does the Minister of the Environment know that? Is there one policy?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, obviously the Hon. Member is very exercised about this issue. I will try to convey the sincerity of her representations to him when he returns.

* * *

[*Translation*]

CHALLENGE '87

DISTRIBUTION OF FUNDS—REQUEST FOR EXTENSION OF APPLICATION DEADLINE

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, in the absence of the Minister of State for Youth and the Minister of Employment and Immigration, my question is directed to the Deputy Prime Minister.

Mr. Speaker, according to sources at the Ministry for Youth and the Department of Employment and Immigration, the way funds are being allocated to the various components of Challenge '87 varies widely.

I therefore want to ask the Minister to establish clearly before the House how the $180 million for Challenge '87 is to be shared, and to extend for all of Canada the March 20, 1987 deadline for submission of projects, to compensate for the usual late arrival of registration forms.

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, the question is very specific. I have taken note of the question and will ask the Minister of State for Youth to respond when he returns to the House.

ESTABLISHMENT OF QUEBEC SOCIAL AFFAIRS NETWORK—GOVERNMENT POSITION

Mr. Gilles Grondin (Saint-Maurice): Mr. Speaker, I have a supplementary.

At the same time, could the Minister give us the assurance that he will do everything he can to revise the agreement to meet the demands of a number of social agencies in Quebec that cannot apply under the Challege program, and that as soon as the agreement is revised, the Government will set aside additional funding for these agencies?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, interest rates are continuing to go down, and if the inflation rate is still low, if the climate of confidence we have created in this country persists and if we continue to create as many jobs as we have, that is what Canadians want.

[*English*]

NATIONAL DEFENCE

STUDY OF RANCH LAND IN ALBERTA

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the Minister of National Defence. In April, 1985, the Department of National Defence conducted an environmental land use study on the OH Ranch in the Kananaskis. The study was then given to the Treasury Board advisory committee who recommended public consultation. Why was the study hidden from Albertans for two years? Contrary to what the Associate Minister of National Defence told the House yesterday, for the last two years the Canadian Army has been sneaking around the Kananaskis trying to buy ranches.

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, this is a matter that comes under the authority of my colleague, the Associate Minister of National Defence. I will take the question as notice.

REQUEST FOR COMMITMENT DEPARTMENT WILL NOT ACQUIRE RANCH LAND

Mr. Jim Fulton (Skeena): Mr. Speaker, this is an issue of considerable concern in the Province of Alberta. My supplementary question is specifically related to the duties of the Minister of National Defence, because General Milner from CFB Calgary told ranchers in the area: "If you don't want us we won't come". Since the Alberta Government refused DND requests to buy the Nelson ranch in exactly the same area two years ago based on the high value of ranching in the area and the high value of tourism, will the Minister of National Defence stand up for General Milner and let Albertans know that the ranches in the Kananaskis will not be taken over by DND?

Hon. Perrin Beatty (Minister of National Defence): Mr. Speaker, again this is by nature of a representation on the part of the Hon. Member. I will refer his representation to my colleague, the Associate Minister.

* * *

[*Translation*]

CARTOGRAPHY

POSSIBLE PRIVATIZATION—GOVERNMENT INTENTIONS

Hon. Jean Lapierre (Shefford): Mr. Speaker, I have a question for the Minister of State for Forestry and Mines, whose responsibilities include the Mapping Branch, and I would appreciate a straight answer.

Yesterday, Mr. Camu and Mr. Rochon from Lavalin confirmed on a Sherbrooke radio station that they had been approached by the federal Government to take over the Government's mapping services.

I would like to ask the Minister who has been saying there is no truth at all in this how he explains the fact that the Government approached Lavalin? On the radio they said they expected an agreement to be reached this fall. What I would like to know is whether the Minister is not informed and is trying to use scare tactics here in the House or whether his senior Minister, who has said that privatization was an option, is negotiating with Lavalin and several other parties without keeping him informed?

[*English*]

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I cannot be responsible for the comments by Lavalin. If they drew some conclusions from some preliminary or exploratory discussions with staff members from Treasury Board, so be it. I am the Minister responsible for that particular branch and it has not been discussed at the ministerial level. It has not been discussed by Cabinet. I have already made that very clear two, three or four times.

[*Translation*]

GOVERNMENT POSITION

Hon. Jean Lapierre (Shefford): Mr. Speaker, if Government politicians are not involved, how come Mr. Rochon told reporters in Sherbrooke that not only were negotiations being held but the Government insisted on having these private facilities in Sherbrooke?

[*English*]

Hon. Gerald S. Merrithew (Minister of State (Forestry and Mines)): Mr. Speaker, I cannot be responsible for what Mr. Rochon said. I do not know what he said. The important thing to realize is that there has been no policy decision on this whatsoever. There has been no memorandum, which I would sign, sent to Cabinet. There has been no discussion of it in Cabinet.

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CANADA POST CORPORATION

FUTURE OF RURAL POST OFFICES

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, my question is directed to the Minister responsible for the Post Office. In light of the importance of rural post offices to the survival of rural communities, will the Minister tell us how many post offices in rural communities where the postmasters are retiring will close?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, I cannot give an answer to that because there are no plans to close rural post offices. There is no list and there are no circumstances under which I can provide the kind of information the Hon. Member is seeking. There is an indication that when a postmaster retires, quits or otherwise,

first there will be discussions with the Member of Parliament and with the people in the community to see if there cannot be an improvement in service in a somewhat different fashion than had been in place. I see nothing wrong with that. I wish opposition Members and others would stop making mischief with this issue and causing concern for so many people.

CONSULTATIONS WITH RURAL RESIDENTS

Mr. Cyril Keeper (Winnipeg North Centre): Mr. Speaker, is the Minister prepared to indicate to the House that, rather than Canada Post asking citizens of rural villages whether they would like to go to another town to get their mail now that their post office is being closed, it will ask them whether they want to accept what the Minister calls an improvement of service or keep the post office as it is now? Will the Minister make these consultations genuine?

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Post Office is a Crown corporation that was supported by the New Democratic Party and indeed every Party in the House. It is Canada Post's responsibility to manage its operations. Again, the Hon. Member is using words to try to put fear and concern in the minds of people who feel they might be affected. He is doing it for political purposes, which is irresponsible for a Member of Parliament. The fact is that the world is changing. That reactionary Party is saying there should be no change under any circumstances or conditions. The world is changing, and the NDP will have to get used to that fact.

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[*Translation*]

CANADA POST CORPORATION

LINGUISTIC POLICY—GOVERNMENT POSITION

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, my question is directed to the Minister responsible for Canada Post Corporation and relates to the corporate linguistic policy. Canada Post linguistic policy provides that communications with the public will be in both official languages if 10 per cent or more of the population speak either official language. Why are nine out of thirteen Quebec City Canada Post employees considered as being surplus because they do not speak English when anglophones make up only 2.8 per cent of the population of Quebec City?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Post Office indeed has the responsibility of following the Official Languages Act and ensuring that services are available in both official languages where required. The Hon. Member is asking me about a specific situation and a specific group of jobs. It is up to the Crown corporation to deal with its employees. Surely he would not expect that as a Minister I would be involved in that kind of minute detail of the corporation's operations.

[*Translation*]

MANNER IN WHICH POLICY IS APPLIED

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, the Minister responsible for Canada Post Corporation, if indeed he is the Minister responsible, must ensure that the Crown corporation respects the policy of the Official Languages Act. So here is my supplementary: Do Canada Post officials apply the linguistic policy in Toronto, Calgary, Vancouver and Winnipeg as it is applied in Quebec City, or must francophones always pay the price of bilingualism in Canada?

• (1150)

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Post Office had better be applying the law of Canada in all its operations everywhere in this country. If the Hon. Member has firm evidence that in fact the law is not being followed, then he should fulfil his responsibilities, take that information to the Post Office and ensure the law is being followed, rather than trying to exploit this delicate issue politically and making accusations which may or may not be based on fact.

* * *

THE CONSTITUTION

COST OF SETTLING NATIVE PEOPLE'S CLAIMS

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, in view of the depopulated state of the ministerial benches today, I will direct my question to the Deputy Prime Minister. I would like to ask him if the reported remarks of the President of the Treasury Board as to the "huge" amount of money involved in settling native claims in Canada are, first, part of the Government's campaign to reduce expectations leading up to the FMC? Second, is the Government prepared to share those calculations with native leaders and with the people of Canada? Third, has it ever calculated the cost of not settling those claims?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I want to tell the Hon. Member and all Hon. Members of the House that the Prime Minister and the Government place a great importance on the meetings of the First Ministers and the native leaders at the end of this month. What the President of the Treasury Board has said is that there will have to be financial requirements as part of the settlement which we all hope will take place at the end of this month at the FMC. What he has stated is simply another component of what I know many of us know is a very complex

issue. However, we believe that historical breakthroughs can be made by the end of that meeting.

[*Translation*]

BENEFITS RESULTING FROM JAMES BAY AGREEMENT

Mr. John Parry (Kenora—Rainy River): I have a supplementary question, Mr. Speaker, and it should be directed to the Minister of Energy, Mines and Resources. Is he prepared to give his colleague, the President of the Treasury Board, a patient and detailed explanation concerning the huge benefits and revenues which have accrued to the people of Canada and the people of Quebec as a result of the James Bay Agreement?

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I think any of us who have been involved in Indian affairs know that if we can get settlements, we can get economic development and education. Progress has been shown in James Bay and in other agreements such as in the Beaufort, for example. The goals of economic development and social progress are all goals I would hope everyone in the House and most Canadians would share. What the President of the Treasury Board, the Minister of Justice, the Minister of Indian Affairs and Senator Lowell Murray have been obligated to do is to sit down again as early as next Friday to put further face on those negotiations with the hope that we are going to have success at the end of March. I hope that the Hon. Member will also applaud that kind of action because I believe it could be an historical breakthrough. I hope it happens.

* * *

[*Translation*]

CONSUMER AFFAIRS

FINANCING OF QUEBEC CONSUMER ASSOCIATIONS—GOVERNMENT POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Now that negotiations on the Constitution are under way and the Conservative Government would have us believe it is willing to recognize the special character of Quebec—we already know it has refused to help the province in the matter of industrial clean-ups, equalization payments and refugee assistance—I would like to ask the Minister of Consumer and Corporate Affairs why he has ignored recommendations by consumer associations in Quebec, whose responsibilities are more specific than in other provinces, and why the Government has a new policy to fund national associations only. Why is the Minister refusing to fund regional and local consumer associations in Quebec?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, it really is regrettable that the Hon. Member should term a question like that in semi-linguistic terms as if it is a regional thing, pitting one part of the country against the other. He knows that is not the case. There is a limited amount of money in the grants and contributions program which we are endeavouring to distribute in the most equitable and fair manner as possible. Surely the Hon. Member would expect us to bear in mind that the national nature of the activities of the organization is clearly very, very important in looking at establishing a priority list. There are many, many more requests than we can possibly honour, given the fiscal constraints. We have to make decisions. We make them fairly, honestly and openly, and the Hon. Member does a disservice to the Department and to the Government to suggest this somehow has to do with linguistic or regional considerations, since that is not the case.

[*Translation*]

FINANCING OF PROVINCIAL ORGANIZATIONS—MINISTER'S POSITION

Mr. Jean-Claude Malépart (Montreal—Sainte-Marie): Mr. Speaker, we have here a clear demonstration it is against the Minister's principles to recognize Quebec's specific character. The previous Government, including the two Ministers of Consumer and Corporate Affairs, the Hon. Member for Papineau and other Ministers who were responsible for that portfolio, had always recognized that in the province of Quebec, the responsibility for defending the interests of consumers lay with the organizations in that province, and the funding was there, because the Canadian Consumers' Association was not active at all in the province of Quebec. Why did the Minister abandon the principle of funding Quebec's province-wide organizations?

[*English*]

Hon. Harvie Andre (Minister of Consumer and Corporate Affairs): Mr. Speaker, if the Liberal Party were consistent in their views towards Quebec, they would be supporting Bill C-22 which the Province of Quebec is unanimously in support of.

Apparently this standard put forward by the Hon. Member is applied selectively. I am willing to defend the criteria used by the Department in allocating the grants on the basis of fairness, equity, and value to the taxpayers who pay for the program. For the Hon. Member to suggest it somehow has to do with regional considerations—

Mr. Speaker: Order.

Oral Questions

BANKS AND BANKING

BRAZIL'S SUSPENSION OF INTEREST PAYMENTS

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my question is directed to the Minister of State for Finance. Since Brazil has suspended its debt interest payments and Canadian banks are owed almost $7 billion by Brazil, including up to 65 per cent of its capital equity in the case of the Bank of Montreal, has the Minister of Finance or the Minister of State for Finance had urgent talks with the Canadian banks about this dangerous situation?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, as was indicated at the G-7 meeting a week ago in Paris, Canada and the other countries in the G-7 regret the action taken by Brazil, as the Hon. Member knows, and we expect a resolution of this can be worked out shortly.

I am happy to tell the Hon. Member that Brazilian officials are scheduled to meet shortly with the advisory committee of the banks to discuss Brazil's rescheduling request. After that we will be having further consultations with the Canadian banks.

INDEBTEDNESS OF THIRD WORLD COUNTRIES

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, my supplementary question is directed to the Secretary of State for External Affairs. Given that Canadian banks have loaned $25 billion to 34 high-risk countries, will the Government now accept the recommendations of the Joint Committee on International Relations and try to launch a top level meeting of key governments from developed and underdeveloped countries, banks and others, to relieve Third World countries of some of their over-powering debts?

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, that is a very important question and an issue which was considered at some length and carefully by the Joint Committee on International Relations. It has made a recommendation that we are considering. I think, if there is a difference, it is a difference as to means. It is a difference as to whether or not it would be effective to convene a large conference. There are some evident disadvantages to that which I will not detain the House by citing. However, there is no question that a country like Canada is well positioned by our reputation and standing to take some kind of initiative in this field. We are looking at the range of opportunities which might be open to us, and when I have something more concrete to report to the Hon. Member and to the House, I shall do so.

• (1200)

PENITENTIARIES

ILLITERACY AMONG INMATES

Mr. Bill Attewell (Don Valley East): Mr. Speaker, my question is for the Solicitor General. Many people are concerned about the low literacy rate among prisoners. This creates a barrier with respect to their finding meaningful employment when released and making worth-while contributions to their communities. Will the Minister indicate in the House how he intends to deal with this serious problem?

Hon. James Kelleher (Solicitor General of Canada): Mr. Speaker, I wish to thank the Hon. Member for his question. This is indeed a serious problem. Upon assuming office I discovered that 50 per cent of the inmates in our federal prisons, or some 6,000 prisoners, are functionally illiterate. We have acted in this regard. I was at Queen's University in Kingston on Tuesday where I announced a new program of adult basic education which will dramatically improve the literacy of the prisoners by 400 per cent in the first year. I believe that this will better equip them to get jobs on the outside.

* * *

CANADIAN JOBS STRATEGY

TRAINING OF WOMEN FOR FUTURE EMPLOYMENT

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is for the Minister responsible for the status of women. In her absence perhaps whoever is Acting Minister could answer the question.

Since the Government ended the policy of reserving 30 per cent of training seats for women in non-traditional work we have a situation in which 76 per cent of the women being trained under federal government training programs are being trained in low-paying, traditional female ghetto jobs. If the Government's statements supporting women this week are anything more than political rhetoric, when will the Minister recommend the return of specific training seats for women?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, as I indicated earlier in the week, the Canadian Jobs Strategy is working very well. We are creating real jobs and providing women, as well as others, with the type of experience and training that will give them a lifetime career and a job on which they can really count.

PART-TIME WORK—WALLACE COMMISSION RECOMMENDATIONS

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, I will try another approach. Since over 70 per cent of part-time workers are women and since part-time work is increasing, when will the Government implement the

Wallace Commission on Part-time Work which recommends prorated benefits for part-time workers?

Hon. Gerry Weiner (Minister of State (Immigration)): Mr. Speaker, I wish to remind the Hon. Member of the fact that one-half of the new jobs that have been created have gone to women.

PRORATED BENEFITS FOR PART-TIME WORKERS

Mr. Rod Murphy (Churchill): Mr. Speaker, my question is also with respect to the plight of part-time workers who are mainly women. My question is for the Deputy Prime Minister. Will the Government keep its promise to institute some legislation to provide benefits to part-time workers?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, that is usually the type of issue that is discussed within the framework of the House Leaders' meetings. If the Hon. Member wishes to make representations to his House Leader, then I am sure that he will raise it at the next meeting of House Leaders.

GOVERNMENT POLICY INQUIRY

Mr. Rod Murphy (Churchill): Mr. Speaker, that answer is not good enough. Is the Government willing to introduce legislation providing prorated benefits to part-time workers, most of whom are women? That is a matter of government policy. I hope that the Government House Leader will announce what is the policy.

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Hon. Member knows that we do not normally make policy on the fly, as do the NDP or the Liberals. But I will certainly take his representation into consideration.

Mr. Speaker: The following will be the last question. The Hon. Member for Swift Current—Maple Creek.

* * *

AGRICULTURE

USE OF 2,4-D CHEMICAL

Mr. Geoff Wilson (Swift Current—Maple Creek): Mr. Speaker, my question is for the Minister of Agriculture who will know that a number of producers consider 2,4-D to be one of the most important inputs to successful farming in western Canada. He will also know that these producers are concerned about possible restrictions on its future use. Will the Minister assure these producers that 2,4-D will be available for the 1987 spraying season?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I welcome the opportunity to respond to the Hon. Member's question. Indeed, it is a good news day for Canadian farmers, with my colleague, the Minister of National Revenue, announcing this morning a final determination on the corn countervail exempting the B.C. livestock industry.

I can also respond positively to the important question raised by the Hon. Member. Canadian farmers will indeed be able to use the chemical 2,4-D for the 1987 planting season. I believe there are some seven million hectares of land on which 2,4-D is used. The two Departments, the Department of National Health and Welfare and Agriculture Canada, will continue to study the issue in the interests of health and safety, also taking into account some of the economic benefits of 2,4-D.

* * *

POINT OF ORDER

PROCEEDINGS ON ADJOURNMENT MOTION—TOPIC FOR DISCUSSION

Mr. J. M. Forrestall (Parliamentary Secretary to Minister of Regional Industrial Expansion): Mr. Speaker, I rise on a point of order stemming from the "Late Show" last evening and occasioned by the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall).

Apparently the Hon. Member had some difficulty throughout the day yesterday. First, he intended to ask the Chair to call his pending question regarding the Patent Act. Midway through the day he changed his mind and requested that the Table bring forward the question he had asked the Minister of Regional Industrial Expansion (Mr. Côté) on March 3 regarding his meeting with representatives of the UMW at Devco and the proposed funding outlined in the Estimates for 1987-88. By the time the Hon. Member rose in the House last night he had changed his mind again as to the issue that he so down-gradingly debated last night and which was not the question that he had put forward to the Table.

While it might not be intentional, this is increasingly becoming a habit. It causes a disruption of order in the House where some Members come to ask legitimate questions and where the Government wishes to give accurate, informative answers. I suggest it goes against the spirit of parliamentary reform. This abuse of the system should not be permitted to continue even accidentally. Time and again the Hon. Member asks questions to which he already knows the answers only to achieve an end by one means that he could not by another.

I invite my colleagues through you, Mr. Speaker, to be at least honest in their attempts to obtain information from the Government and to ensure that Officers of the Table ask Members to be clear and precise in their submission for pending "Late Shows". Perhaps we should return to the practice of insisting that supplementary questions be strictly relevant to the initial question. In any event, I hope that with this brief intervention and your words of wisdom, Mr. Speaker, the abuse of this system along these lines might come to an end.

Tabling of Documents

The Acting Speaker (Mr. Paproski): I believe there was a complete misunderstanding. I know the Table will take full responsibility for what happened yesterday. The Hon. Member for Windsor West (Mr. Gray).

Hon. Herb Gray (Windsor West): Mr. Speaker, first, the Hon. Member who just spoke is attributing a motive to the Hon. Member for Cape Breton—East Richmond (Mr. Dingwall). Clearly, this is contrary to the rules. I do not think the Hon. Member can suggest that certain questions are legitimate and certain questions are not, or that certain Members are honest in their questions and that certain are not. Clearly, that is unparliamentary. Members are entitled to use their judgment with respect to their questions. Hon. Members expect to receive serious answers from the Government to their questions.

Second, the Hon. Member who is the target of this point of order is not present in the House. I respectfully ask that any determination of this point of order, if there is one, be delayed until he has a chance to respond.

The Acting Speaker (Mr. Paproski): So be it.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

TABLING OF GOVERNMENT'S RESPONSE TO FIRST REPORT OF STANDING COMMITTEE

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, pursuant to Standing Order 99(2) I am pleased to table in both official languages copies of the Government's comprehensive response to the First Report of the Standing Committee on Public Accounts.

* * *

[*Translation*]

PETITIONS

GOVERNMENT'S RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to four petitions, namely Nos. 332-479, 332-487, 332-495 and 332-986.

QUESTION ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, question No. 65 will be answered today.

[*Text*]

EMPLOYMENT DEVELOPMENT PROGRAM

Question No. 65—**Mr. Malépart:**

1. In (*a*) 1985 (*b*) 1986, was funding allocated to the Employment Development Program and, if so, for each year, what was the total for (i) Canada (ii) each province (iii) Montreal?

2. In (*a*) 1985 (*b*) 1986, were projects accepted under this program and, if so, for each year, what was their average duration?

Hon. Benoît Bouchard (Minister of Employment and Immigration):

1. Yes.

(a)	(i)	$326,504,000	
	(ii)	Newfoundland	$32,334,000
		Prince Edward Island	4,189,000
		Nova Scotia	17,492,000
		New Brunswick	17,727,000
		Quebec	98,151,000
		Ontario	68,733,000
		Manitoba	12,914,000
		Saskatchewan	7,518,000
		Alberta/N.W.T.	20,088,000
		British Columbia/Y.T.	47,358,000
	(iii)	$43,500,000	
(b)	(i)	$877,896,000	
	(ii)	Newfoundland	$50,103,000
		Prince Edward Island	8,538,000
		Nova Scotia	37,753,000
		New Brunswick	35,169,000
		Quebec	297,193,000
		Ontario	201,730,000
		Manitoba	46,428,000
		Saskatchewan	35,162,000
		Alberta/N.W.T.	56,795,000
		British Columbia/Y.T.	109,025,000
	(iii)	$51,264,000	

2. Yes. (a) 26 weeks, (b) 26 weeks.

[*Translation*]

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

Mr. Deputy Speaker: The question enumerated by the Parliamentary Secretary has been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

• (1210)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S. O. 82—ARMS CONTROL—CRUISE MISSILE TESTING

Ms. Pauline Jewett (New Westminster—Coquitlam) moved:

That this House, alarmed by the role of air-launched Cruise Missile deployment in violation of SALT limits and alarmed by threats to the integrity of the Anti-Ballistic Missile Treaty, aware also of the possibility of a negotiated elimination of all medium-range nuclear missiles in Europe, calls for strong initiatives by the government to strengthen arms control and disarmament measures including the termination of Cruise Missile testing in Canada.

She said: Mr. Speaker, I urge all Members of the House to support this motion. I feel it is particularly timely that we should do so, as the motion itself suggests. I wish to refer to it in a little more detail than was possible when writing the motion.

I think that all Members of the House in all three Parties are alarmed by the role of the air-launched Cruise missile and its deployment in violation of SALT II limits. Indeed, last June the Secretary of State for External Affairs (Mr. Clark) protested the breaching of SALT II limits which would come about if the United States put the one hundred and thirty-first Cruise missile-equipped strategic bomber into place. Our Secretary of State for External Affairs protested to the American Secretary of State, and I believe he protested to the President.

Members of our Party, the Liberal Party, and other parties also said that one of the most important bulwarks of our security, and the common security, was the maintenance of arms control regimes. Nevertheless, at the end of last year, the United States administration, through the deployment of the one hundred and thirty-first strategic bomber, did breach the limits of SALT II.

This is particularly important for Canada, and for Canadians, because it is we who test the air-launched Cruise missile. The breach of the limits on those bombers carrying air-launched Cruise missiles made us directly complicit in the breach. That is why we called then for giving notice of termination of our testing program.

I do not exaggerate when I say that all Members of the House believe, as the Joint Committee on Canada's International Relations believed, that defence, security, and arms control are all links in a single chain.

Referring to the second clause in the motion, about this time all of us became alarmed. I may say that above all the Government became alarmed about the threats to the integrity of the ABM Treaty. These threats came about because of breaches in that Treaty by both sides, but particularly by the potential testing, development, and even possible deployment of the Strategic Defence Initiative, star wars.

All along the Government had said that it would accept research into star wars, that research was prudent. But I understood that at no time did the Government support the testing and development of strategic defences, let alone deployment or partial deployment of those defences. Although I cannot say for sure, presumably the Government made it as clear to the United States as it did on the breach of SALT II limits that it did not wish to see the testing, development, or deployment of strategic defences.

I assume it stressed that such testing, development, and partial deployment that is now taking place, at least as far as the testing and development is concerned in the United States, is a matter of grave concern because it will totally undermine the Anti-Ballistic Missile Treaty. Again, this is a matter of particular concern to Canadians.

If, as Secretary of Defense Weinberger particularly suggests, the research, testing, and development have proceeded so rapidly that there could be partial deployment of SDI by the early 1990s, one of the grave effects of this will be to encourage the Soviet Union to strengthen its strategic offensive weapons, including a much larger increase in the development of strategic bombers carrying air-launched Cruise missiles.

This puts Canada in an incredibly quixotic position of continuing to test air-launched Cruise missiles under an SDI program being pursued by the United States, leading directly to the Soviet Union, which has not hitherto had strategic bombers and missiles as a strong element in its offensive forces, developing that element. We literally invite them to do so.

All Members of the House have been conscious of this since the threats to the ABM Treaty became visible, and the abandoning of the strict interpretation of the Treaty became clear. All of us have realized that the consequent and additional consequent results of this would be to encourage the Soviet Union to develop not only its bombers, but all of its strategic offensive forces.

This brings me to the third element in the motion, which is our awareness of the possibility of a negotiated elimination of all medium-range nuclear missiles in Europe. We are, as is the Government, and the Liberal Party, very heartened by what is taking place right now in the approach toward what is basically a zero option in Europe. It looks very clear that this will be achieved. We do welcome it strongly and heartily. But it will be for nought if, through the violation of SALT II limits, and through the destroying of the ABM Treaty by the development and deployment of star wars, all we are doing is enhancing the threat that comes to both sides by the development of strategic offensive weapons.

• (1220)

The elimination of medium-ranged nuclear missiles in Europe will only enhance, if these other developments continue, the build-up or the escalation of strategic weapons. This is one reason we have always called for and hoped that intermediate range and strategic weapons could be dealt with in one basket and, indeed, that space weapons could be included in that basket.

That has not come to pass. The Soviets have decided that they would go along with separating out the baskets. However, as I say, eliminate intermediate range weapons, nuclear missiles, and enhance strategic offensive weapons, submarine-launched strategic bombers and land-based missiles, and the agreement on intermediate-range weapons becomes enormously weakened.

As I understand it, both the Liberal and Conservative Parties have always argued that the two-track decision taken in 1979, which allowed for the deployment of nuclear missiles in Europe at the same time as arms reduction negotiations were taking place, linked Canada into that decision by making one of our contributions the testing of the air-launched air missile. By the way, that was not the position of this Party. We fought and argued that the testing of the air-launched Cruise missile was strictly an arrangement between Canada and the United States.

However, let us take the argument used by the other two Parties. I referred the other day to a statement by the then Secretary of State for External Affairs on July 15, 1983, when the decision to test the air-launched Cruise missile was made, that this testing was an obligation and a commitment which would be carefully re-examined if progress were made in the other branch of the famous two-track decision, namely, the reduction of nuclear missiles on both sides. That is exactly what is taking place today.

The Secretary of State for External Affairs said that whether we would now terminate Cruise missile testing was hypothetical until we see what happens in Geneva. However, what I was asking was, since it is becoming clearer every day that the elimination of intermediate-range nuclear missiles is definitely coming, and both sides welcome it, surely we can say today what was strongly implied by the Secretary of State for External Affairs in 1983.

Mr. Clark (Yellowhead): But not said.

Ms. Jewett: If one reads the words of Senator MacEachen, knowing how to read him—and I have had long practice in this—he very clearly implied that the reduction of intermediate range weapons would cause us to reassess the situation in respect of air-launched Cruise missiles. At the very moment there is a further strong argument for Canada to take the lead and to say that this is the time—if ever the time were to come it is today—to say that we will not continue with testing the air-launched Cruise missile.

It seems to me that the Conservative Party has said all the right things on SALT II and on the ABM Treaty, but it has not made enough criticism of testing development and possible deployment of star wars. It has said many of the right things. It has said that it has urged the United States not to breach treaties. It has urged it to go ahead with the Soviet Union on arms reductions. However, it has not given a clear message to the United States. It has not made it clear to the United States and to the Soviet Union that Canada's security is involved in all these matters, as well as the common security, or that it is in our security interest that SALT II limits be maintained and that the ABM Treaty not be breached.

It is in our interest, as much as the interests of the rest of the world, that we say clearly to the United States that we will not be a part of these breaches, that we will not be a party to seeing an enormous escalation in offensive strategic nuclear arms, and that we will not be a party to developing even a further potential battle of strategic bombers armed with Cruise missiles and now, apparently, Cruise missiles which are called "Stealth" missiles with stealth technology. We have not said this clearly enough. However, more important, we have not taken the one action open to us which would enable us to stop treating our security as a spectator sport and to do something about it, namely, to say that we will not continue participating in this escalation, in this breach of treaties.

It is not enough just to say that we adhere to arms control regimes. We must show that we adhere to them. We must show that we want other nations to adhere to them. We must show that when threats to them or when the dismantling of such arms regimes involves us directly or indirectly, as it does in continuing to test the air-launched Cruise missile, we will take action. When the Prime Minister (Mr. Mulroney) goes to meet the President at the next summit, or when the President comes here, or when the Prime Minister goes to the Soviet Union in a few months time, he would then be able to say that Canada not only gives lip service to arms control and disarmament measures but Canada practises them.

I should think that the Liberal Party as well is moving in this direction very strongly. I was very heartened to see the Liberal Party at its meeting in the fall pass a resolution asking for the termination of Cruise missile testing. I know it did that in the context of the breach of SALT II, in the context of the threats to the ABM Treaty, and in the context of possible negotiations being reached for the reduction of arms in Europe. Then the defence critic for the Liberal Party, the Hon. Member for Sudbury (Mr. Frith), who at our last motion on Cruise missile testing on June 14, 1983 was one who abstained on our motion as an indication that he was not happy to vote against it, said a few days ago that the time had indeed come to terminate the testing of Cruise missiles. I was heartened when the critic for external affairs, a few days after that, in a statement he made on February 27 also agreed that the time had come, for many of the same reasons that I have been outlining today, if not for all of them, to terminate the testing.

I know their Leader has not yet said that, but his Party and his two chief critics have spoken.

Mr. Turner (Vancouver Quadra): The Leader will speak.

Ms. Jewett: The Leader of the Liberal Party will speak. I urge upon them, and upon the Conservatives too, that Canada—all of us in all three Parties—should send a real strong message, not just say that we are concerned about the arms control regimes, not just say that we fear the development of strategic offensive weapons which may become even greater than they are today, or not just say that we want to see both sides strictly adhere to the ABM Treaty. As I mentioned, we must take the one element of all these matters which touches upon Canadians most directly, most intimately, and most forcefully—the testing of the air-launched Cruise missile—and say that we will not any longer be complicit or involved in the dangers of the dismantling or potential dismantling of treaties.

All of us in the House believe in arms control. We have all said it many times. The public believes very strongly in it and continues to register in favour of terminating the testing of the air-launched Cruise missile. Editorial opinion—and I refer to the Vancouver *Sun*, for example—is moving in this direction as well. In fact, a clear statement was made that now was the time.

With all the strength I can muster, I want to urge everyone to look at what has been happening, to look at the hope which is building up in Europe, and to look at the two sides of the equation—arms and arms control. I want us to look at what is in our own security interests as well as in the common security, of the interests of all. I want to look at all those things with as much seriousness and urgency today in this debate that I can possibly muster. We want to see Canada act as well as talk. The Canadian public wants to see us act. The message we would give to Washington and Moscow it seems to me could be the strongest possible message there is, namely, that Canada will no longer test the air-launched Cruise missile.

• (1230)

The Acting Speaker (Mr. Paproski): Questions or comments? Since there are no questions or comments we will resume debate. The Right Hon. Leader of the Opposition (Mr. Turner).

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I think we all admired the eloquence and commitment with which the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) has addressed this vital issue in this House, an issue that concerns us not only as Members of Parliament but as Canadians, indeed as citizens of the human race. I want to congratulate her on the force and engagement that she gave to her argument.

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): I want to say at the outset that no Party in this House has made a greater contribution over time to the cause of peace and disarmament than the Party that I have the honour of leading. I need not recite the accomplishments on behalf of peace and disarmament of the late Lester B. Pearson, particularly in his support of the founding of the peacekeeping role for Canada in the United Nations, or the efforts of Mr. St. Laurent in a similar vein and, in recent years, of my predecessor as Leader of our Party, the Right Hon. Pierre Elliott Trudeau, particularly his peace mission and doctrine of suffocation in disarmament. I am proud that I have the honour of continuing his declaration of our opposition as a Liberal Party to the doctrine of star wars and participation by this country in any extension of the Strategic Defence Initiative of the United States. We will continue to monitor the Government of Canada as that whole issue develops.

We have, therefore, from this corner of the House a great tradition in the pursuit of peace. We shall live up to it and we shall continue it.

[*Translation*]

We do not want peace based on fear and escalation of the arms race.

[*English*]

We want, however, a secure peace with balanced and verifiable reductions in the arsenals of devastation, a peace based on a common understanding and respect of our legitimate requirements for security. This is why we have traditionally and historically looked to security as a road to secure peace. This is why the Liberal Party has been insistent on the maintenance of Canadian security.

In this House Mr. St. Laurent when he was Minister of External Affairs proposed in 1948, when we were all plunging into a cold war, the creation of a "collective security league"—those were the words he used in this House—to give the western democracies what he called a "preponderance of moral, economic and military force".

[*Translation*]

This proposal was the beginning of the Atlantic Alliance. This collective security system, which turned out to be a vital factor in maintaining peace, and has been for forty years, has served us well thanks to its fundamental objectives which are the pursuit of peace and our collective security. We have always met our commitments to our allies in these two respects.

[*English*]

Security means that we can exercise our sovereignty in peace over our own land and waters. Without it we would be like tenants without a lease, perhaps in peace for a time, but vulnerable to abusive visitations by friends and foes alike. We have learned our lesson from history. We will not sacrifice our sovereignty and security for elusive goals. We shall make them concrete instruments in the pursuit of peace.

The motion tabled by the New Democratic Party this morning may be well meaning in its broad objectives inasmuch

as it urges the Government to grasp with a vision, that it has so far singularly lacked, opportunities for disarmament and improvements in East-West relations. At long last there are hopeful signs of progress, Mr. Speaker. I shall in a timely way state the views of my Party for these exciting prospects in the opening of the relationship signalled by Mr. Gorbachev's initiative and by the response to that by the United States.

[*Translation*]

However, the motion before the House today, whose purpose is to sell the policy of the New Democratic Party which is opposed to NATO, is a disappointment to Canadians. It shows once again that the New Democrats have failed to recognize the importance of this country's security and the importance of our vital relationship with our allies.

[*English*]

The motion for that reason is not acceptable to us because it does strike at the heart of NATO's collective defence. It would commit us, we believe explicitly but certainly implicitly, to unilateral disarmament and neutralism for Canada, the course to which my Party cannot subscribe. I intend, therefore, to table an amendment to the motion which would remove these flaws. The words "the role of" at the very beginning of the motion are indicative of the thrust of the motion.

Indeed, when the Hon. Member for New Westminster—Coquitlam was talking about the air-launched Cruise missiles, it was clear that she was not only talking about the violation of SALT, she was also talking about the very existence of those air-launched Cruise missiles as a deterrent to themselves. In her vocabulary this morning there is a linkage in her mind, and the significance to us is that with these words the motion rejects the fundamental element on which NATO deterrence is based. Mutual deterrence, however much we regret it, is the instrument by which both East and West are now currently maintaining peace. If we reject the role of the air-launched Cruise missile in deterrence, we work for the destabilization of what is already a pretty unstable system of security between East and West. The motion, therefore, has a fundamental anti-NATO thrust which the New Democratic Party is promoting with a complete disregard for Canadian security to our allies who subscribe, as we do, to the need for deterrence until we have put into place a better way of managing the preservation of peace.

With our amendment, the House would express its alarm at the violation of SALT limits by Cruise deployment. We fully share this concern. We are equally concerned with the maintenance of the ABM Treaty which reference is appropriately made in the motion, but we would cast the motion within the mould of our treaty obligations. Our amendment consists, when I present it, of adding at the end of the motion the following wording "in a manner compatible with Canada's NATO and other bilateral obligations".

The agreement under which the Cruise is being tested was entered into by a Liberal Government. We permitted testing in an act of solidarity with our NATO allies in order to carry out collectively the reaction of the alliance to an escalation of nuclear confrontation in Europe by the U.S.S.R. with the deployment of its SS-20s.

• (1240)

This NATO decision was known as the two-track decision, and the Hon. Member has made reference to it, because in addition to deployment by NATO of a counterforce, it promoted negotiations with the U.S.S.R. for the elimination of all intermediate-range ballistic missiles in Europe by NATO and the U.S.S.R.

The Hon. Member for New Westminster—Coquitlam is against the two-track system. She should recognize that in effect, with the reopening of negotiations between the Soviet Union and the United States, we have now again in the current context a re-establishment of the two-track style, and anything Canada does ought to be consistent with that philosophy. Recent U.S.S.R. proposals and U.S.A. responses create new hopes that such negotiations can successfully be concluded.

We intend to ensure that any termination of Cruise testing in Canada is made with full respect to our obligations. Our agreement with the United States provides for such determination in circumstances over which we remain the sole judge, but surely after consultation with our allies. We should not lose sight of the fact that the obligations to which our amendment refers concern the pursuit of peace as well as the maintenance of security. We shall want to terminate Cruise missile testing as a contribution to disarmament negotiations. Therefore, we clearly look forward to concrete results in the negotiations between the two superpowers. The timing of any such termination should further and enhance the pursuit of those negotiations.

I might say that in the pursuit of peace, the Liberal Party does not need any instruction from the New Democratic Party. At our November convention, my Party voted for a cessation of Cruise missile testing. It also voted strongly in favour of Canada pursuing peace through the NATO alliance, and together these are the thrusts of the amendment we will put to the House. Without this amendment, the motion as it stands is not acceptable to the Liberal Party.

There is a distinct difference in our approach. On the basis of its responses and resolutions that are binding upon it, the NDP is a neutralist, isolationist Party. The Liberal Party is not. We are committed to our alliances, we are committed to Canada's international obligations and we intend to continue to move toward ensuring peace by strengthening arms control and disarmament within the scope of those alliances, within the scope of those obligations and within the scope of what those obligations mean to Canada.

Some Hon. Members: Hear hear!

Mr. Turner (Vancouver Quadra): Therefore, I move, seconded by the Hon. Member for Saint-Henri—Westmount (Mr. Johnston):

That the motion be amended by changing the period at the end of the motion to a comma and adding the following:

"in a manner consistent with Canada's NATO and bilateral obligations".

The Acting Speaker (Mr. Paproski): I will accept the motion. Questions or comments?

Mr. Beatty: Mr. Speaker, I listened to the right hon. gentleman with a great deal of interest and I think all Canadians have followed with interest the development of the Liberal Party's policy since the November convention. I think the time has come for a clear statement of policy on behalf of the right hon. gentleman.

It appears that we have a traditional Liberal policy which could be summarized as ending Cruise testing if necessary, but not necessarily ending Cruise testing.

Some Hon. Members: Hear, hear!

Mr. Beatty: Surely we could have expected greater clarity than that.

Some Hon. Members: Oh, oh!

Mr. Beatty: I wonder if Hon. Members opposite would allow me to put the question because I think it is a significant one. There was indeed clarity given by the Hon. Member for Saint-Henri—Westmount (Mr. Johnston), the external affairs critic for the Liberal Party, and also by the Hon. Member for Sudbury (Mr. Frith), the defence critic for the Liberal Party. Is the right hon. gentleman aware of the press release issued by the critic on official stationery and on behalf of his Party entitled "Cruise Missile Testing Should Stop" dated February 27, 1987? This communiqué quotes the spokesman for the Liberal Party as saying the following:

"In the interests of international security, I call upon the Government of Canada to exercise its option and cancel cruise missile tests without further delay. Circumstances have clearly changed sufficiently to meet the criteria for cancellation—'unforeseen imperative circumstances'—and it is time for action."

If the right hon. gentleman is aware of that statement, how does he reconcile the position he has taken today with that taken by the official spokesman of the Opposition?

Mr. Turner (Vancouver Quadra): Mr. Speaker, of course changes in circumstances have occurred continually since that particular statement. There has been the Soviet offer and a very positive American response. Obviously the timing of any decision by Canada to cease Cruise missile testing ought to be in concert, co-ordination and as a team, as a bargaining chip, if you will, so as not to impede the solidarity of the alliance as it moves toward those negotiations. Therefore, I think it is within the judgment of the Government of Canada to decide when that card ought to be played and it certainly ought not to be played prematurely so as to jeopardize the current negotiations.

The brief answer to the Hon. Minister's question is that circumstances are now taking a more positive thrust and we think the decision of Canada ought to be considered in that respect.

Mr. Beatty: Mr. Speaker, there was the November position of the Liberal Party, the February position of the Liberal Party and now the March position of the Liberal Party. What will we find in April? The position taken by the right hon. gentleman's critic was that we cancel Cruise missile tests "without further delay". That means now, not later.

There is one other element that came out of the Liberal convention in November which was left unexplained by the right hon. gentleman. He will recall the fact that at his convention a resolution was passed which called upon Canada to declare itself a nuclear weapons free zone. The right hon. gentleman did not address that question in his remarks. Could he clarify the position of the Liberal Party of Canada on that?

Mr. Turner (Vancouver Quadra): Mr. Speaker, I did not clarify those remarks because they were not germane to the discussion this morning. I said immediately after our convention, and by the way, we are the only political Party that is freely discussing the issues before the country—

Some Hon. Members: Hear, hear!

Mr. Turner (Vancouver Quadra): We certainly do not hear any free discussion in the political Party the hon. gentleman has the honour of representing. I said at the conclusion of the convention that the resolutions of the Liberal Party on defence, peace and security had to be interpreted within the over-all commitment of the Party, virtually unanimously, to the making of our allegiance to the NATO alliance and our other alliances. That includes, I said then, the Cruise missile testing resolution. That also includes reconciling a nuclear-free zone, whatever definition might eventually be given to that, within our commitment to NATO as our Government and this Party understand it.

• (1250)

Ms. Jewett: Mr. Speaker, is the Right Hon. Leader of the Official Opposition (Mr. Turner) aware that various member countries of NATO take independent initiatives all the time? They are not accused of being isolationist and neutralist. Some refuse to have foreign troops on their soil. Some refuse deployment of nuclear weapons on their soil. Right now Belgium is looking at the possible discontinuation of such deployment if the arms negotiations continue so successfully. Some refuse to test Cruise missiles. Does he realize that other independent nations within the alliance have not raised questions such as he raises today? If he does realize that, why is he adding this rather confusing addition to what I thought was a fairly clear motion? Why does he say that Canada, like Norway, Belgium or other west European powers, if in its best judgment such a decision should be made, cannot make such a decision?

Mr. Turner (Vancouver Quadra): If the Hon. Member believes that Canada has that flexibility within NATO, then

she and her colleagues should have no difficulty in accepting the amendment. We would welcome their specific and positive adhesion to the commitments and obligations involved.

Ms. Jewett: Does the hon. gentleman know that the other countries I referred to have been able to take these initiatives without this kind of verbiage surrounding them? I find it really quite meaningless. You either take an initiative or you do not. Why should he suggest this House has to surround something, on which frankly I hope we might get agreement, with all kinds of qualifiers? Other nations do not do that.

Mr. Turner (Vancouver Quadra): What the Hon. Member is suggesting quite explicitly, and substantiating the argument I made before the House, is that her Party is not comfortable with the NATO obligation. If it were, she would have no difficulty accepting our amendment and moving towards perhaps a unanimous resolution of the House on the issue.

Mr. Prud'homme: Mr. Speaker, I would like to direct a question to the hon. lady—

Some Hon. Members: Oh, oh!

Mr. Beatty: When are you going to get your act together?

The Acting Speaker (Mr. Paproski): Would the Hon. Member like to direct his question to his Leader?

Mr. Prud'homme: Yes, to the Leader. The Hon. Member got us confused.

Mr. Beatty: You were confused before it ever started.

Mr. Prud'homme: I think I can have a good one for you if you speak in the debate. I see you are not going to speak in the debate.

The Acting Speaker (Mr. Paproski): Order, please. If the Hon. Member would ask his question?

Mr. Prud'homme: I was saying, before I was rudely interrupted by the Minister of National Defence (Mr. Beatty), that it seemed he is not going to participate in the debate. We would have questions for him on the comment he made earlier.

My question to the Leader of the Official Opposition (Mr. Turner) is whether he would ask the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) if she intends, yes or no, to accept the amendment? She said maybe and maybe not. We cannot question her so I am asking the Leader of the Official Opposition if he would ask her, yes or no.

Mr. Turner (Vancouver Quadra): I would suppose the only way within the rules I could reply to the Hon. Member is to pose another question to the Hon. Member for New Westminster—Coquitlam, where in her preamble she would state where she stands on the amendment.

Mr. Langdon: Mr. Speaker, I have a question for the Right Hon. Leader of the Opposition (Mr. Turner). If I heard his speech correctly he stated that his concern with cutting off Cruise missile testing was that this might somehow run against our commitments and our involvement in NATO. If it is determined that the commitment to NATO and NORAD would prevent us from ceasing Cruise missile testing in this country, is he saying that he would therefore not cease Cruise missile testing in Canada and would have done exactly what the Government has done?

Mr. Turner (Vancouver Quadra): I think if the hon. gentleman in his reflective moments would be good enough to, read what I had to say it would substantiate that we believe any termination or cessation of Cruise missile testing should be taken in a manner and at a time that would enhance the negotiations towards disarmament and arms control. That should be done following our obligations under our treaties in consultation at the most effective time and in the most effective way. He would have a common course with us if he could persuade his colleagues when they ruminate over the weekend to recognize our obligations under NATO and make our contribution to peace even more effective.

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. I believe there is agreement to call it one o'clock.

Therefore, it being one o'clock, I do now leave the chair until 2 p.m. this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Nystrom: Mr. Speaker, I rise on a point of order arising out of the amendment to our motion by the Leader of the Opposition (Mr. Turner). I believe the amendment to our motion is clearly out of order. Our motion states very clearly that we want a termination of Cruise missile testing in this country. The Liberal amendment to our motion states that they want this to be done: "in a manner that is consistent with Canada's NATO and bilateral obligations". I believe that this is a contradiction and the amendment should be out of order.

Canada has bilateral obligations with the United States to test their Cruise missile. There was an agreement, and I believe that since the Liberal motion states we must do this in a manner that is consistent with these obligations, it is clearly out of order.

Let me quote two citations to give you some precedents, Mr. Speaker. The first is from Beauchesne, Fifth Edition, page 154, citation 436(1). It states:

> An amendment proposing a direct negative, though it may be covered up by verbiage, is out of order.

It goes on to state examples that appear in *Journals*.

The second precedent to which I draw your attention is a ruling by Mr. Speaker Lamoureux on October 16, 1970, when he said, in regard to a motion that dealt with an amendment dealing with the War Measures Act:

"An amendment proposing a direct negative, is out of order."

Hon. Members realize that the way to express their disapproval of a motion before the House is to vote against it rather than to propose an amendment which is in fact a direct negative.

Those are two examples of precedents that we should consider in terms of determining whether or not this amendment is out of order, as we believe it is.

Finally, we believe that the intention of our motion is clear and that the intention of the amendment is also clear. It negates the motion. There is a fundamental contradiction. If the mover of the amendment is against our motion, then he should vote against it rather than move an amendment to negate it in another way. I ask you to take that under advisement and determine whether you agree that this amendment by the Hon. Member for Vancouver Quadra is out of order because it contradicts, contravenes, and negates the very purpose of the motion itself.

Mr. Johnston: Mr. Speaker, the Hon. Member is so far off base that it hardly justifies a reply. It is clear, as the Leader of the Opposition (Mr. Turner) pointed out this morning, that the Hon. Member is torn with respect to voting for this amendment. Let me point out that the obligations to which the Member makes reference are set forth. The specific obligation with respect to testing of the Cruise missile falls under the umbrella agreement of February 10, 1983. There is specific provision in that agreement, under clause 23 in a series of paragraphs, for termination in accordance with the agreement. Obviously, those are obligations under the agreement. That is one example to show that he is far off base.

There is a provision which specifically provides that either Party may terminate. In fact, this provision has been cited in the House by a number of Hon. Members from the New Democratic Party.

This amendment is meant to add clarity and precision to a badly drafted motion, to ensure that what they intend by this is, within the obligations which Canada has assumed under its multilateral and bilateral obligations. There is no negative there at all.

Ms. Jewett: Mr. Speaker, our motion is very clear indeed. It concludes: "—including the termination of Cruise testing in Canada". The Liberal amendment directly negates that by saying that this must be done in a manner consistent with our bilateral obligations. We are saying to end Cruise missile testing. There would be no testing next January, February, or March—

Mr. Johnston: It does not say that.

Ms. Jewett: That is the immediate impact of the termination of Cruise missile testing. The amendment indicates that there will be no termination as long as we have an agreement with the United States, an agreement which lasts until July, 1988. It is not possible to terminate or indeed even give notice while continuing with obligations to test the Cruise missile.

Mr. Johnston: Mr. Speaker, I am in some sympathy with the Hon. Member because obviously she recognizes that this is a badly drafted and, I believe, deliberately ambiguous motion. I do not see the words "June, January, or February" in this motion. I do not see the word "immediate" or any reference about how Cruise missile testing is to be terminated. In fact, there are provisions under contractual obligations to which we are parties which provide for termination. We have added clarity and precision to the motion.

The Acting Speaker (Mr. Paproski): The hon. gentleman will know that this is a continuation of the debate. I looked at the amendment carefully when it was first proposed. It is an attempt to make the termination of Cruise testing more clear. It is not a direct negative. I read the amendment, accepted it, and proposed it to the House. I do not believe there should be any further debate on that. I will recognize the Right Hon. Secretary of State for External Affairs (Mr. Clark).

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, before I begin my formal remarks, may I say that the Right Hon. Leader of the Opposition (Mr. Turner) indicated to me before we rose that he had to be out of the House for an engagement in Toronto. I simply want to record my appreciation of his parliamentary courtesy in indicating to me the reason for his absence. I know his respect for the House and that had he been able to stay he would have stayed for the debate.

I am afraid I cannot speak quite so fulsomely of his amendment. You have made a ruling as to whether or not it is in order, Mr. Speaker. That is not the question, in my judgment, Sir. The amendment which has been added by the Official Opposition is deliberately superfluous. I was interested in the Chair's observation that it is not a direct negative. That is also the language which could be used to describe the position of the Liberal Party on the motion. It is not a direct negative, it is not a direct positive, it is not a direct anything. What it is is an attempt to camouflage, to hide a Party which is incapable of coming to a decision on a fundamental issue of importance to this country and, indeed, an issue which affects our standing and reputation in the world. The Chair has declared the amendment in order. I simply want to indicate to you, Mr. Speaker, that this Party intends to remove the camouflage, to vote against the amendment, so that the Liberal Party of Canada will have the opportunity to stand in the House of Commons and indicate directly where it stands on this issue. I expect it will vote 40 different ways.

• (1410)

I am pleased these issues are before us. I appreciate the initiative of the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) in bringing the matter before the

House. These questions are of fundamental importance to the country. Some of her comments I could agree with. In that respect I would hope the debate would be regarded by our allies and by others in the country, if for no other reason than to indicate the extent of the concern in this House and in this country about the limited and restricted interpretation of the ABM Treaty.

I must say to the spokesperson for the New Democratic Party that I think this debate also reveals a fundamental difference, not just of substance but of approach to some of these issues between her Party and the Government. There is no doubt of her sincerity. However, I believe she has fallen into what is perhaps an inevitable trap for Parties which are never in office. She thinks it is enough to express opinion. She is not interested in trying to influence events. This Government has the obligation, not simply to express our opinion but to try to influence the events in the world of which we are a part. We are convinced that one does not influence events by opting out. What this motion proposes is that Canada opt out of some of its obligations and opt out of the capacity to have influence on fundamental questions.

This resolution suggests that to support unarmed Cruise missile testing in Canada is to oppose to SALT II. That is false. This motion suggests that Canada could strengthen the West's negotiating position by breaking the western solidarity which helped bring the Soviet Union to the table. That, Sir, would be foolish. It would have the opposite effect. If the New Democratic Party intends to be taken seriously, it should treat seriously these fundamental issues raised in this question.

Let me go through the motion piece by piece. First, this Government fought at every opportunity the U.S. decision to break out of the SALT II limits. We lost the fight. We think the break-out is bad for arms control. However, the fact that the United States does not consider itself bound to an unratified treaty should not lead us to break a signed agreement. We lost an argument on SALT II. The NDP now proposes that we should also lose our influence in NATO, in other words, lose our ability to win any other arguments on issues vital to Canada and to world peace. That, Sir, is not strategy, it is spite. It is not logic, it is visceral anti-Americanism.

Regarding the integrity of the Anti-Ballistic Missile Treaty, Canada is very worried about the consideration being given by the United States to adopting a broad interpretation of the ABM Treaty. As the House will know, the U.S. position to date has been that while a broad interpretation is allowable legally, it has agreed to abide by a restrictive interpretation. Canada supports a restrictive view and we urge the United States to adhere to it.

Yesterday, Ambassador Paul Nitze spoke with the Prime Minister (Mr. Mulroney), the Minister of National Defence (Mr. Beatty) and myself and heard that view reiterated strongly by Canada. Mr. Nitze made it clear that the United States has taken no decision to move to the broad interpretation. Certain Americans are urging a broad interpretation. They have not yet won the day. The consultations with the allies, of which Mr. Nitze's visit yesterday was part, is designed deliberately to give an opportunity for those of us who favour a restrictive interpretation to make our case. Those consultations will continue. Canada will continue to make the case for a restrictive interpretation. We will do that in contacts at every level with the United States and in the alliance.

Our view is that, particularly in a period when there is renewed hope for progress at Geneva, it would be wrong for one of the superpowers to unilaterally change one of the existing elements of arms control. We understand that it is a question of legal definition. We understand that the United States has long argued that the broader interpretation is legally correct. We hope we can make enough Americans understand that a change now from the restrictive to the broad interpretation would be a real change in the atmosphere of arms control and, in our judgment, a change for the worse.

Again I ask the House, how do we best influence the Americans? Does our influence increase if we break our agreements with them regarding the testing of the unarmed Cruise? Of course, it does not. There is a chance, even a good chance, that the combined weight of the allies, speaking with unity, can persuade the President to continue to adhere to the restricted definition of the ABM Treaty. The New Democratic Party wants us to break that allied unity. That would mean losing the best chance we have to work effectively for a restrictive interpretation of the ABM Treaty.

Third, the INF talks mark a very important, indeed, a very exciting breakthrough. Mr. Gorbachev has taken an important initiative in dropping his insistence that SDI and intermediate nuclear forces be dealt with together. We welcome his stepping back from that condition in the same way we welcome the tabling in Geneva by the United States delegation of a draft treaty proposing the complete elimination of U.S. and Soviet INF missiles in Europe. This treaty reflects longstanding alliance positions as well as drawing on important understandings which were reached at the Reykjavik Summit. It is the embodiment of an ambitious plan for the elimination of a whole category of missiles in Europe, a plan, Sir, which was developed in concert with the alliance over a period of several years. Taken together, these two actions by the superpowers represent a positive and encouraging step.

Very important questions remain. There will be serious problems of verification. There is the question of what to do with the short-range missiles in Europe not included in the discussions now engaged in again at Geneva. There is the question of the placement outside Europe of the remaining intermediate nuclear forces and, undoubtedly, as the negotiators in other countries scrutinize the language of Mr. Gorbachev's proposal, and scrutinize the language of the U.S. draft treaty, other serious questions will also arise.

The point to underline, however, is that arms control negotiations have begun again in earnest. It is important for us both to reflect upon how that happened, how it came to be and also to consider what it might mean. Obviously, it came to be as a result of several factors, including imaginative and

courageous decisions by leaders of both the superpowers, but in the longer perspective it is undeniably the case that a major factor leading to these arms control negotiations has been the consistent unity displayed by the allies of the United States. There has, of course, also been unity on the part of the allies of the Soviet Union. They have no choice. Allies in a democratic alliance have a choice. Every time that choice is exercised there is the opportunity to break alliance unity or to respect alliance unity.

There are widely different views within the North Atlantic Alliance. Part of the Soviet strategy consistently has been to try to bring those differences into the open, to try to break the unity of the western alliance, because the Soviets knew that divisions in the West would weaken the hand of the United States at the negotiating table.

One of the major reasons, Sir, we have the prospect of an arms control agreement today is that the West has stood together. Yet, in this House of Commons, on the eve of the resumption of serious discussions of an INF agreement in Europe, we are being invited to break that western unity which helped bring both sides to the negotiating table. The motion of the New Democratic Party is an invitation to set back the arms control negotiations process. We have seen the skill, particularly in recent months, of the Soviet Union in dealing with western opinion. Imagine what it would do with a decision by Canada on the eve of INF discussions to break an agreement respecting the testing of the unarmed Cruise missile. That would be broadcast everywhere as evidence of division in the West, as evidence of weakness in Washington. Instead of leading to serious discussions it could unravel the serious intent that has been demonstrated so far.

• (1420)

One of the reasons we are so active in this alliance is that we believe that alliance unity makes progress on arms control possible. Progress on arms control is very important to the Government and to the country.

Some Hon. Members: Hear, hear!

Mr. Clark (Yellowhead): I for one do not propose to throw away the prospect of arms control progress because of erratic resolutions that might have been taken at a political party convention of the Liberal Party or of the New Democratic Party.

[*Translation*]

Mr. Speaker, suppose we consider another aspect. An agreement on intermediate nuclear forces would affect the land-based cruise missiles that contribute to Europe's nuclear deterrent capacity. The cruise missiles being tested in Canada under an agreement with the United States are air-launched and are part of the strategic deterrent forces of the United States. The role played by U.S.-based strategic deterrent forces in maintaining the global balance of nuclear deterrence would expand if an INF agreement were to lead to the elimination of U.S. missiles in Europe. In this perspective, tests to verify the reliability and effectiveness of air-launched cruise missiles would be needed even more if an agreement on intermediate nuclear forces were concluded, both from the point of view of arms control and defence.

[*English*]

One of the Government's priorities in our arms control and disarmament policy is the enhancement of strategic stability. The air-launched Cruise missile with its long flight time and its relatively slow recallable carrier is currently among the most stabilizing elements of nuclear deterrent forces. However, we believe that it too should be subject to arms control restraints. We have supported the inclusion of air-launched Cruise missiles in the limits on strategic nuclear arms being negotiated at the Geneva talks. But those decisions should be made by negotiations at Geneva; they should not be made unilaterally, disruptively or individually for reasons of spite, ideology or the dictates of a Liberal or NDP convention.

The Hon. Member for New Westminster—Coquitlam spoke earlier about Canada's security being involved. Of course, Canada's security is involved. We are not here involved in an empty debating forum; we are here involved in a common alliance trying to come to terms with some of the most difficult and stubborn questions ever to face mankind. They are critical questions. They are vital questions. If we do not resolve them, they could literally mean the end of us all. We have an obligation to do the best we can to exercise every ounce of influence that we have. Influence is not exercised by taking actions of spite that cut off ones obligations. One does not help people get to the negotiating table and then, just when the hard negotiation is about to begin, weaken the side which one supports. That is not the way for people to work in an alliance. More important, that is not the way for us to achieve progress on arms control.

The Government and the country have a distinguished record in this regard. I was interested in the observations of the Right Hon. Leader of the Opposition who paid deserved tribute to the late Right Hon. Louis St. Laurent and the late Right Hon. Lester B. Pearson for the roles they played in trying to bring about understanding in control of arms to the world. We are continuing to play that role. We are trying to return Canada to that tradition of constructive participation, influencing our allies, working with our allies toward constructive progress. That is the position of the Government.

We have spoken and acted on a number of fronts. Sometimes our arguments carry; sometimes they lose. But if we are serious about this we cannot run away in spite every time we lose an argument. What we have to do is stay and fight so that our arguments have a chance to prevail.

Some Hon. Members: Hear, hear!

The Acting Speaker (Mr. Paproski): If there are no questions or comments, the Hon. Member for Ottawa Centre (Mr. Cassidy) on debate.

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I have to say with some reluctance that it sounds as if the Secretary of State for External Affairs (Mr. Clark) on issues of arms control is saying: "My country, the United States, right or wrong". I would have to say that is a position with which I would profoundly have to take some issue.

I must also reflect my concern at the Secretary of State's insistence that he thought that the New Democratic Party was somehow acting for reasons, as he put it, of spite. The New Democratic Party has been opposed consistently and for a long time to Cruise missile testing in the country, as the Minister well knows. That concern flows from our concern about the future of our country, of our continent and of our world, of our children and of our children's children. I hoped and thought that each member of each Party in the House could take it that that concern about our children and our children's children is something which moves every Member of Parliament and every Canadian. Therefore, I think that the comments made by the Secretary of State were inappropriate and should not have been offered here in the House of Commons.

I was disappointed, upset and rather dismayed to hear the suggestion made by the Secretary of State that the air-launched Cruise missile, which he admits is a strategic weapon, is among the most stabilizing of weapons because it is slow and recallable. The fact is that the air-launched Cruise missile is a new addition to strategic weaponry between the two superpowers of which there is already too much. In addition, it may be recallable but it is not detectable. As we saw from the route that was taken by the missile that was tested recently in Alberta and across the Rocky Mountains, the missile can dip and dive. It can turn left and turn right. It can go up and down—

Mr. Beatty: Like the Liberal Party.

Mr. Cassidy: Like the Liberal Party, that is right. It can be directed along routes so that it is not liable to visual detection either. Therefore, because of the possibilities of stealth, it is a particular factor for destabilization as opposed to other types of strategic weapons which, for all the terror they carry, are at least detectable and predictable in their course, if they are ever launched, and which can also be more easily verified because of their size and emplacements than can the air-launched Cruise missile.

I was disappointed in the comments of the Secretary of State who suggested that it would be even more necessary that Cruise missiles be available in the nuclear arsenal of the United States of America if the intermediate nuclear force talks in Geneva come to a successful conclusion. In other words, even though we have more than 10,000 nuclear strategic missiles—and God knows how many warheads—in the West, and a similar amount in the East, somehow we need to add to that horrendous pile of nuclear weapons if several hundred intermediate nuclear missiles in the European theatre of operations are withdrawn. I hate to say it, but the Secretary of State appears to be suggesting that if one de-escalates in terms of European missiles, then in fact we should have a new round of escalation in terms of strategic missiles because of air-launched Cruise missiles.

I have to take issue as well with the comments the Secretary of State made with respect to the solidarity of the western alliance. He suggests that in order to maintain a negotiating position at Geneva it is necessary that there be no hint of division or of difference of views between the powers in the western alliance. In other words, he is saying that any hint of division—

• (1430)

An Hon. Member: Is this debate?

The Acting Speaker (Mr. Paproski): Order, please. I wish to bring to the attention of the House that we are on debate. I asked for questions and comments after the speech of the Right Hon. Secretary of State for External Affairs (Mr. Clark). There were no questions or comments, therefore, we went into debate. The Hon. Member for Ottawa Centre (Mr. Cassidy) is on debate.

Mr. Cassidy: The point I was making is this. Somehow it is not divisive of the alliance, according to the Secretary of State for External Affairs, for Canada to oppose the United States breach of the SALT agreement to which they had adhered for a number of years. I know that it was not a treaty. It is not divisive of the alliance for Canada to oppose the broad interpretation of the Anti-Ballistic Missile Treaty. As the Secretary of State for External Affairs has pointed out, that is something that Canada has done with force and vigour on a number of different occasions, both publicly and privately. It is not divisive of the western alliance, and of our friendship with the United States and the other countries in NATO, for Canada to refuse to support the star wars or the Strategic Defence Initiative. That is all right, too. The Secretary of State for External Affairs did not criticize it, so presumably he accepts that it is all right for other NATO countries to have a differing view of their obligations, to refuse to have foreign troops on their soil, to have a different command structure relative to troops which they have loosely committed to NATO, or to refuse to have testing of nuclear weapons or placement of nuclear weapons on their soil. That is all right, too. But then the Secretary of State for External Affairs has turned around and said that it is not all right if Canada takes the step that we have proposed, which is that we should simply refuse to have testing of Cruise missiles in Canada.

The Secretary of State for External Affairs is saying, as the Liberal Government said before him in 1983 and 1984, that there will always be reasons for the Government to defer action on Cruise testing. There will always be reasons to refuse to act, and to refuse to stop Cruise testing despite the opinion of the majority of Canadians who say that it is time to stop testing of Cruise missiles in Canada, and that that time is now. It is because of the way that we as Canadians feel about what

our role should be in the world, and about the type of contribution that we can make to world peace and disarmament.

The New Democratic Party has the view that the amendment proposed by the Right Hon. Leader of the Opposition (Mr. Turner) is contradictory to the motion. However, you have accepted it as being in order. We are not prepared to vote for the amendment proposed by the Right Hon. Leader of the Opposition because it is definitely contradictory to the motion which is being debated today. Our motion makes it quite clear that we call for the termination of Cruise missile testing in Canada, not in five years, 10 years, some indeterminate time, not depending on whether it is February, March, or November, but that we do so now.

We do have a bilateral agreement with the United States. Under that agreement we have a sub-agreement relative to Cruise testing. In other words, at the present time we are committed to Cruise testing. However, there is a loophole in that agreement which, in view of substantial changes in the international situation, permits us to say, let us stop Cruise missile testing in Canada now. We are saying that now is the time to invoke that particular clause. We do not have to wait until July, 1988, or until 1992 or 1993 when the umbrella agreement expires. We can do so now. We should do so now. That is the message that clearly should be taken by the House voting for the motion proposed by the Hon. Member for New Westminster—Coquitlam (Ms. Jewett).

In moving the amendment stating that the resolution would be supported only in a manner that is consistent with Canada's bilateral obligations, I believe we have what is known as an oxymoron; it is a contradiction which is in fact not sustainable. That is why we are not prepared to support the Liberal amendment. I am glad to hear from the Secretary of State for External Affairs that he, like us, is prepared to see this issue clearly debated and discussed in the House with a clear vote in terms of Canada's taking the initiatives in the area of disarmament and arms control, and on the specific question of whether we should stop Cruise missile testing, and stop it now.

The New Democratic Party has always been opposed to Cruise missile testing. I would point out that these tests are not being made in the context of Canada's obligations to NATO. In fact, they have not been requested by our friends in the North Atlantic Treaty Organization. They have been requested under the umbrella agreement which exists with the United States. These tests are to add to the American strategic forces and, as my colleague has already pointed out, these forces now exceed the SALT limitation in terms of bombers capable of carrying air-launched missiles.

The level of strategic forces is already too high and too dangerous on the side of both superpowers; 10,000 more missiles is ample for the western allies to obliterate the Soviet Union and its friends, I suppose some 400 or 500 times, and I believe for the Soviet Union to do the same thing to us here on the North American Continent. Frankly, once is too many times. Twenty, 50, or 200 times beyond that is far too many.

We are particularly concerned about the Cruise missile because it is destabilizing, and because it is of particular danger to us in Canada with the most sparsely populated terrain which lies in the field of potential conflict, should there ever be such a devastating conflict between the superpowers.

One of the concepts of deterrence which has lasted for 35 years, albeit imperfectly, is that each side has some knowledge of the level of weapons, and the threat which is directed against it by the other side. In fact, by various means the two sides do seek to inform each other of what they have, and to know what the other side has. In other words, there is not total secrecy in this area, and there is a certain common interest in knowing what they have pointed against each other. Therefore, it is crucial that weapons be detectable.

The Cruise weapon deters detection because it cannot be seen, traced, or tracked as easily as conventional strategic missiles. The Cruise missile deters arms controls and verification because it is so small. Something that will fit on the back of a tractor-trailer cannot be verified. There are probably hundreds of thousands of tractor-trailers in this country, and millions in the United States. Any one of those could purportedly be carrying beef, furniture, or some other product, or it could be carrying two or three Cruise missiles that potentially could be used against some potential adversary.

This matter should be of particular concern to Canada. Since taking office the Secretary of State for External Affairs has indicated in his statements that Canada is committed to arms control in the context of deterrence. If there is a weapon which, if widespread, undermines deterrence, we should be doing our best to discourage it rather than allow its proliferation.

It has been argued today by the Leader of the Official Opposition that to stop Cruise missile testing would violate the two-track concept of the European NATO policy which has been pursued for the last several years. Regardless of one's views on that particular policy, it is a fact that the air-launched Cruise missile is not an intermediate weapon. Therefore, it is not part of that two-track policy which was directed to the European theatre.

The air-launched Cruise missile is designed to go over the North Pole, down the rivers of Siberia, and to hit inland centres in the Soviet Union without being detected at an early point in any type of strategic or hideous exchange between the superpowers. It was not called for, and it has nothing to do with the two-track policy of NATO. There is no NATO obligation with respect to Cruise testing in Canada.

• (1440)

We have no agreement with NATO in respect of Cruise testing. We have an agreement with the United States. As the Hon. Minister of Communications (Miss MacDonald) and the Right Hon. Pierre Trudeau, at the time they were responsible Ministers in their respective Governments, admitted in the House that there is no NATO obligation.

We are suggesting in the debate that whatever the Progressive Conservative Party or the Liberal Party may have thought of the commitment of the NDP to ending Cruise missile testing in Canada from 1983 to the present, conditions have now changed to the point that they can now join us in calling for an end to Cruise missile testing.

The Hon. Member for New Westminster—Coquitlam pointed out that the Americans have now exceeded the limit of 131 bombers capable of carrying air-launched Cruise missiles, and that this is in direct violation of the SALT II agreement. The American proposals to weaken the ABM Treaty by a so-called broad interpretation have not been abandoned, whatever Secretary Nitze had to say in his discussions with the Prime Minister and the Secretary of State for External Affairs when he was in Ottawa yesterday.

I welcome some of the encouraging comments made by the Secretary of State for External Affairs, but we have not had a clear repudiation. It may be that, in the context of the change in chiefs of staff in the White House and other unrelated matters which have undermined the force of the American administration, they have decided to bide their time. However, they are only biding their time. The President has not abandoned his commitment to his interpretation of the star wars initiative, which would require a broad rather than a narrow interpretation of the ABM Treaty, and which, therefore, threatens to undermine the only arms control treaty in force between the United States and the Soviet Union.

Also, as my colleague pointed out, there was a dramatic prospect for the removal of all intermediate range missiles in Europe. I do not believe that we as Canadians should be encouraging a new area of competition between the superpowers, just at a time of taking away a particular area. I profoundly believe that the removal, or an agreement to remove intermediate nuclear force missiles, coupled with the progress made on chemical weapons, the progress made on conventional troops in the Stockholm Talks, the progress being made at the United Nations in terms of unanimous support for Ambassador Roche's resolution or Canada's resolution on verification measures related to nuclear testing, and the lengthy moratorium to which the Soviet Union adhered, despite the failure of the United States to go along with it, are surely reasons to seek a pause in the escalation of the ludicrous nuclear competition which has taken place for many decades between the superpowers.

We have therefore presented a motion that attempts to enable Canada to take an initiative that reflects Canadian public concern and will be a valuable contribution to arms control and to nuclear disarmament. As a NATO member, I would point out that Canada is free to choose the manner of its contributions to NATO. Various NATO countries do not allow foreign troops. They do not allow nuclear missiles on their borders. They have different means of interpreting the treaty. Even if there were some loose form of NATO obligation, there is not a specific obligation. The suggestion about a bilateral obligation is there, but let us spell out exactly what it means.

We have an umbrella agreement on testing with the United States. Regrettably the Government chose last week to do nothing about that agreement and, therefore, it is extended from 1988 to 1993. Cruise missile testing takes place in the context of that over-all agreement. It is in the context of the sub-agreement that we have the opportunity either to continue or to cease. We do not believe the bilateral obligation is sufficient to outweigh Canada's commitment to maintaining the integrity of the ABM treaty, to maintaining the SALT agreement, and to ensuring disarmament and mutual security.

[*Translation*]

Mr. Speaker, the long-standing position of the New Democratic Party has been to oppose cruise missile testing in Canada. On behalf of Parliament, we ask all parties here in the House of Commons to oppose cruise missile tests in Canada right now, and not to defer or muddle the decision but make it clear.

I welcome the statement of the Secretary of State for External Affairs (Mr. Clark) that the Government will vote against the amendment of the Official Opposition because indeed we must have a clear vote. We on this side welcome the fact that it will be a clear vote, and we appeal to all political parties to side with the majority of Canadians who want to see an end to the cruise missile tests and hope Canada will take a new initiative aimed at world-wide disarmament.

[*English*]

Mr. Tobin: Mr. Speaker, I must say I find it passing strange that the Hon. Member who has just spoken would inform the House that the New Democratic Party would not accept the Liberal amendment, because, as he said, it was an oxymoron, a contradictory statement, or a contradiction of terms which negates the effect of the resolution, when he spent the better part of 15 minutes telling Hon. Members that nothing in Canada's current obligations under NATO, or nothing in our bilateral obligations under NORAD, would prevent the Government of Canada from saying that Cruise missile testing must stop. He spent the better part of 15 minutes making the case that nothing prevents the Government, if it should so choose, from putting an end to Cruise missile testing.

Having done that, he went on to tell the House that they would not accept the Liberal amendment which would simply add the words: "Cruise missile testing in Canada in a manner consistent with our NATO and bilateral obligations". The Hon. Member cannot have it both ways. His words are now recorded for all Canadians to examine. He just made the case that nothing in our NATO or bilateral obligations prevents us from taking unilateral action, if the Government of Canada so chooses, to end Cruise missile testing.

Why then is the New Democratic Party not prepared to accept a Liberal amendment which would have no more effect than to recognize—and it is the crux of the matter—that Canada is a full partner in NATO, that Canada has bilateral

obligations and treaties with other nations, and that any decision we take in respect of the Cruise should be made in light of those obligations and in the light of that partnership? It is not something we do in the closet with the doors closed and with our eyes closed, expressing in a simplistic fashion some kind of childlike wish for a better world. Is the NDP so opposed to NATO and NORAD that it can find in its heart the wisdom to use an oxymoron bit of logic to try to describe why it is opposing an amendment which would put the NDP in a position to acknowledge Canada's valuable role in NATO?

Mr. Cassidy: Mr. Speaker, I thank the Hon. Member for his contribution to the debate, although I regret his failure to clarify the position of his Party on this particular question. Of course I acknowledge that Canada is a member of NATO and that we have obligations to NATO right now. When we form the Government we will deal with those particular questions.

The question is what initiatives Canada should take in respect of arms controls and disarmament. We have suggested that those initiatives should be strong and that they should include a termination of Cruise missile testing. I have made the case that we are entitled to do that within the context of the bilateral agreement with the United States which now exists. As the Hon. Member stated, I made that case. I made it strongly and I think eloquently. The fact is that that case was rejected by the Hon. Member's Leader who made quite clear that "the motion of the NDP as it stands is not acceptable to the Liberal Party". Therefore, in proposing his amendment it would appear that he felt the motion as amended would be acceptable to the Liberal Party.

The crux of the motion is to terminate Cruise missile testing now. The Hon. Member's Leader said that terminating Cruise missile testing now is not acceptable and, therefore, since the motion became acceptable with his amendment, and if I may use a bit of logic here, the Right Hon. Leader of the Opposition was stating that the motion as amended did not call for a termination of Cruise missile testing now. That is why we cannot support the effort of the Liberal Party to try to get on all sides of this particular resolution. That is why I welcome the fact that on Monday when we come to a vote on this question the Liberal Party will be forced to acknowledge whether or not it is in favour of ending Cruise missile testing in Canada now.

• (1450)

Mr. Tobin: Mr. Speaker, the Hon. Member, even drawing from his quiver of wordy weapons such understandable phrases as oxymoron, can twist and turn all he wants. He cannot erase the fact that on the one hand he has made a case that nothing involved with Canada's current obligations in NATO or current obligations under bilateral treaties prevents Canada from acting, if that is Canada's decision as a sovereign nation, while on the other hand stand in the House, as the Member has—it is in *Hansard*—and say that the reason he cannot accept the Liberal amendment, which merely points out that Canada ought to act in a manner consistent with our NATO and bilateral obligations, is that if we add this acknowledgement to the motion it negates the motion. Nothing could be further from the truth.

Mr. McCurdy: The leader does not tell the truth.

Mr. Tobin: The simple fact is that the New Democratic Party has great difficulty with the notion that Canada is a member of NATO. The NDP is deathly opposed to Canada's involvement in the community of nations which is seeking to prevent nuclear war. That is the blunt reality. It is not a pleasant one for the New Democratic Party, but it is blunt. The New Democratic Party is on record that it is opposed to Canada's involvement in NORAD. The reason the NDP is opposed to this motion which asks us to act as a responsible nation in the community of nations is that it puts the New Democratic Members of Parliament in this House at variance with the position taken by its Party in convention. That is the only reason.

Mr. Murphy: You guys are going to be doing it.

Mr. Tobin: If the Hon. Member is serious in wanting to inject in the Government opposite, when the time is right, a bit of backbone, so that we act, if conditions are appropriate, to put an end to nuclear missile testing, and if he wants the support of the members of this Party to send that signal across the floor of the House, why are New Democrats not prepared to accept the Liberal amendment which, after all, acknowledges that Canada is a part of NATO and has other international obligations?

Mr. Cassidy: Mr. Speaker, I am struck by the reference of the Hon. Member to the New Democratic Party and the respect that we hold for the positions that our Party takes in convention, in view of the fact that the speech made by his leader earlier today in the debate is quite directly at variance with the position that his Party took in convention. I listened very carefully to the Hon. Leader of the Opposition, who for 20 minutes gave us a lengthy argument as to why his Party is not in favour of ending Cruise missile testing now, despite the fact that the convention said directly the opposite, and despite the fact that both his defence critic and his external affairs critic indicated they favoured ending Cruise missile testing now.

Ms. Jewett: That is right.

Mr. Cassidy: If the Leader of the Liberal Party had said, we will propose an additional form of words along the lines that were proposed, but we understand that this still means Canada is committed to ending Cruise missile testing now—that is after all the major point of the motion put forward by the Hon. Member for New Westminster—Coquitlam—but that the intent of the resolution is still that the House gives a message to the Government that we end Cruise missile testing now, then I think we could have seriously considered accepting that particular amendment.

Mr. Tobin: The resolution does not say that.

Mr. Cassidy: It is certainly clear that the reason the amendment was put forward by the Liberal Party was to cover up the divisions that occur within that Party, between the Leader who takes one side, and a convention and a caucus that take the other side on the question of Cruise missile testing. They are hopelessly divided. I suggest that the bombast coming from my friend, the Hon. Member for Humber—Port-au-Port—St. Barbe (Mr. Tobin), will not cover up the fact that the Liberal Party does not know where it stands on this issue. We know where we stand. The resolution calls for an end to Cruise missile testing now. I hope the Hon. Member will support it.

Mr. Tobin: Where do you stand on NATO?

The Acting Speaker (Mr. Paproski): Questions and comments are now terminated. Debate. The Hon. Member for Saint-Henri—Westmount (Mr. Johnston).

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I must say I enjoyed that exchange. I had a great deal of difficulty following it, although it had my undivided attention. I still do not know, as I stand here, what the position of the New Democratic Party is on NATO. Nor do I quite understand how the word "now" gets read into this motion presented by the Hon. Member for New Westminster—Coquitlam (Ms. Jewett).

With that being said, I find that the motion itself does contain a number of serious ambiguities, some of which were addressed by my leader in his comments at noon. It certainly wants from lack of precision, as we have just heard from the Hon. Member for Ottawa Centre (Mr. Cassidy) who read the word "now" into the text, which it does not have. Should we give the NDP the benefit of the doubt, that this is simply bad drafting, or is there something more mischievous about this motion? For example, as the leader pointed out, the very first line of the motion attacks the role of air-launched Cruise missile deployment. This morning in her opening comments, the sponsoring member said, again changing the language of the motion, that the House is alarmed by the role of air-launched Cruise missiles and the violation of the SALT limits. I heard her say it right here. It is the intention of this motion to attack the role of air-launched Cruise missiles, which was the point raised by the Leader of the Opposition (Mr. Turner) this morning? He made the point that that is a direct assault on the deterrent factor of NATO itself. It appears to me that the New Democratic Party is trying to bootleg an attack against NATO and the deterrent effort of NATO through this resolution, in a very cute way.

As far as the violation of SALT II is concerned, we have expressed our concern. I will come back to SALT II in a moment. I know the New Democratic Party has expressed concern about those violations and representations that have been made to Washington, and made in the conference of NATO Ministers as recently as in Halifax, but their concerns seem to have fallen on deaf ears. The breach of those SALT II limits has become a symbol in this arms race, and its deliberate breach suggests that there are now no limits. That is a matter of great concern to us on this side of the House. I will return to SALT in a moment.

Those words, "the role of", used in the context with which they were put forward this morning, add nothing at all to that motion, unless they are designed to attack NATO itself and the deterrent NATO feature. If one eliminates those words, I suggest to the Hon. Member for Ottawa Centre, who is nodding his head, that, yes, indeed the point with respect to SALT II limits is still there.

Mr. Cassidy: I was shaking my head.

Mr. Johnston: The New Democratic Party we know rejects Canada's role in NATO and NORAD. It has not had the courage to say so directly in this resolution. I hope that the amendment proposed—I hope adopted—will make the New Democratic Party honest on this point, so it will say here in this House where it effectively stands.

• (1500)

Turning to the last sentence of the motion, that which calls for the termination of Cruise missile testing in Canada, it is interesting to note that once again, the resolution falls far short of precision. However, it is not unlike the resolution which was adopted last November at the Liberal convention. Following that convention, our Leader explained that the resolution was to be interpreted within the context of Canada's bilateral and multilateral commitments, notably to NATO. The amendment he has moved, which I have seconded, brings precision to this motion. I urge all Members of the House to accept it notwithstanding the rejection of it out of hand by the Secretary of State for External Affairs (Mr. Clark) in his intervention earlier this afternoon.

On February 27, in fact one week ago, I had called for an arrest or stop to Cruise missile testing, as I had on earlier occasions in the House. For example, on December 1, 1986, as reported on page 1643 of *Hansard*, I asked the Secretary of State for External Affairs the following question:

> Could the Prime Minister advise President Reagan that Canada does not intend to proceed with the Cruise missile tests until the U.S. Government decides to meet its obligations under the SALT II Treaty and the ABM Treaty?

Like others on all sides of the House, across Canada, in the United States and in Europe, I have been concerned by the apparent obdurate attitude of the United States on at least three issues, and I will deal with them, which directly affect arms negotiations because they seem to be preventing the implementation of the most important track of the two-track policy adopted back in 1979. I do not intend to deal at great length with history, but we should bear in mind that, as we have already heard, the two-track decision was to deploy nuclear weapons on European soil on the one hand while seeking to pursue arms reduction negotiations at Geneva on the other.

As the Hon. Member for Ottawa Centre (Mr. Cassidy) pointed out, in 1983 our Government entered into a test and evaluation agreement with the United States, and subsequent thereto the United States asked Canada to test Cruise missiles. It was terribly important at that time, as it is today, that there be solidarity in the Atlantic alliance as these negotiations with the Soviets were approaching.

The Cruise missile decision was not an easy one to make, but within the collective solidarity of the alliance, European nations were agonizing over the requirement that they place nuclear-armed missiles on their soil. Canada agreed that to fulfil its role and to do its part, it would test unarmed Cruise missiles in this country. I would refer you, Mr. Speaker, to a letter addressed to the Hon. George Shultz from the then Secretary of State, the Hon. Allan J. MacEachen, of July 15, 1983. He said:

> You will recall that when I wrote to you on January 21, I underlined the serious concern of the Canadian people about the decision their Government might take on the anticipated U.S. request to test the cruise missile in Canada. At that time I stressed how important it was for the Government to be able to assure the Canadian public that the arms control aspect of the negotiations in Geneva is being pursued as vigorously and as earnestly as is the deployment of new missiles.

He went on to point out the following:

> Canada joined in the NATO "two-track" decision in 1979, under which new Allied missiles will be deployed in Europe beginning this year unless a verifiable agreement can be reached with the Soviet Union to make this action unnecessary. When we met with our NATO colleagues in Paris in June we agreed that, if the negotiations are to succeed, it will be important for all the Allies to stand together behind their decision. As our contribution to this solidarity, Canada has agreed to help test vital components of the technology of the cruise missile.

The two tracks were clear: the deployment, of which the testing of the Cruise missile was a part, and the renewed effort to secure arms reductions. The arms-reduction track has not proceeded as the world might have hoped, but Mr. Gorbachev's arrival on the scene brought new hope for meaningful arms reductions. The security track, of course, has been followed very well. However, Mr. Gorbachev threw out the challenge to get back on that other track when he said: "On behalf of the Soviet people, I am appealing to the wisdom and the dignity of the Americans not to miss another historic chance on the way toward ending the weapons race".

I think many of us felt that the United States administration did not adequately accept that challenge. First and foremost, there was the star wars initiative. That, as we know, suggested that there would be a broadening of the interpretation of the 1972 Anti-Ballistic Missile Treaty. This interpretation, if agreed upon by the United States, would presumably allow extensive testing and deployment. I must say I was heartened to hear the Secretary of State for External Affairs tell us today that Paul Nitze, the senior arms adviser to the President, has told the Canadian Government that the United States has not yet moved to that broad interpretation. Nonetheless, that is a matter of great concern.

The second issue which prevented us from getting back on that second track was the failure to accept a moratorium on nuclear tests, something which had been offered by the Soviet Union and which had in fact been followed by the Soviet Union for 18 months. The reason, of course, the moratorium was not accepted by the United States was that it apparently was intimately related to this ill-conceived star wars initiative. Apparently nuclear testing is necessary to develop one of the essential components of that system, the nuclear X-ray laser.

Third, we saw the breach of the SALT II limits against the wishes of all the NATO allies. The Secretary of State made the point that they argued with great vigour in Washington to convince the United States not to breach the SALT II limits. However, on all these issues, the moratorium, the reinterpretation of the ABM Treaty and the SALT II limits, the Americans did not appear to be listening to our concerns or to the concerns of the allies. All of our pleas seemed to fall on deaf ears.

The result of that was that arms-control negotiations, for which we had so much hope after the arrival of Mr. Gorbachev and the initial meeting in Geneva, were, all of a sudden, the subject of dismay and despair because of what I call this apparent obdurate attitude on the part of the United States. Negotiations came to a virtual standstill.

You will recall, Mr. Speaker, that at Reykjavik, Mr. Gorbachev insisted that the removal of the intermediate-range nuclear missiles in Europe depended upon the abandonment of the star wars initiative by the United States. However, the seemingly stubborn refusal of the U.S. to make concessions on star wars prevented the pursuit of meaningful negotiations in that regard. We seemed to have lost that most important track of all, namely a concerted, solidified and consolidated effort on the part of the allies to sit down and negotiate an arms control agreement with the Soviet Union.

• (1510)

How do we get back on track? The U.S. did not seem much impressed with our rhetoric, our arguments or those of our allies. The star wars and SALT road-blocks remain. That is why I asked the Secretary of State for External Affairs last December 1 whether he could advise the President that Canada wanted to discontinue Cruise testing until the Americans started to live up to their obligations, as we saw them, under the ABM Treaty and SALT II, notwithstanding the fact that SALT II had not been formally ratified. What has happened? Since I last suggested that course of action and a discontinuance of Cruise missile testing, Mr. Gorbachev has changed his position and attempted to place the arms reduction negotiations back on track with negotiations on the removal of intermediate-range nuclear weapons from Europe. I am gratified and pleased to see that the U.S. has in turn made a solid and positive response. This may indeed be the historic breakthrough. During this period, I suggest, the allies have to stand solidly together because the purpose of the interventions I made in the past was to get them back on track and it now looks as though we are getting back on track. I would like to refer to the comments of two respected journalistic sources in

Canada. In an editorial on March 3, *The Globe and Mail*, referring to Mr. Gorbachev and the zero option, said:

He has thereby opened the way to the first *major* arms control pact of the 1980s.

I would also like to refer to Mr. Richard Gwyn who writes a column for *The Toronto Star* from London. It is a sensitive, perceptive and informed column. He offers the following comments:

Gorbachev has done it. Because he has done it, almost anything now becomes possible: A major cut in long-range (intercontinental) missiles that would free both superpowers from their fear of a surprise attack; elimination of chemical weapons; phasing out of nuclear tests, and a pact to reduce conventional forces.

Much is left to be done, but Mr. Gwyn adds optimistically, and I would like to share some of that optimism:

The catalytic new agreement Gorbachev has added to East-West relations is that of trust.

The U.S. and the Soviet Union are moving back to the table. As you know, on March 4 the U.S. handed the Soviet Union a draft treaty agreement. Obviously I have not seen its terms, but we understand it would eliminate all medium-range nuclear missiles in Europe and limit the two superpowers to 100 nuclear warheads apiece of the same kind of missiles on their own soil. On the eve of these negotiations which could begin that historic breakthrough, and which will hopefully move into other areas of disarmament such as ICBMs, chemical warfare and tactical nuclear weapons, I would not fire off a message to the U.S. that we are going to terminate our relations under that agreement. That was the point that our Leader made this morning and that is the point I would make to the gentleman from Ottawa Centre. I do not see that as enhancing these negotiations when we must stand solid because we finally are back, it would appear, on both tracks. We finally can see real opportunity for major breakthroughs on arms control.

The Acting Speaker (Mr. Paproski): Questions or comments?

Mr. Cassidy: Mr. Speaker, I appreciated the speech by the foreign affairs critic of the Liberal Party, but I am a bit confused because of statements he made earlier which seemed to be a clear position taken on behalf of his Party. He now seems to be fudging. The essence of the motion we put forward was that this House calls for strong initiatives by the Government to strengthen arms control and disarmament measures, including the termination of Cruise missile testing in Canada. On November 27, 1986, the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) asked the Secretary of State for External Affairs (Mr. Clark) the following question:

Would the Government consider putting pressure on the United States to respect its obligations under the Salt II Treaty and stop the Cruise missile tests?

I would like to ask the Hon. Member two questions. First, was that question accurately reported in *Hansard* at page 1590? Second, did he favour stopping the Cruise missile tests at that time? Third, if it is so important now to make a reference to honouring Canada's commitment to NATO and other bilateral agreements, why was that not contained in the question he put in this very House to the Minister?

Mr. Johnston: Mr. Speaker, I thought I had covered that ground quite thoroughly in my comments. My point is that the circumstances today, March 6, and I hope the Hon. Member for Ottawa Centre will agree, are certainly substantially different from what they were one week ago or on November 27. The whole purpose of telling the U.S. to stop testing Cruise missiles or we will stop testing Cruise missiles is to bring them back to observe their obligations which would bring the Soviets back to the negotiating table. Now, thank goodness, that has happened. I say that the circumstances have dramatically changed during that intervening period. The whole purpose of those interventions, if you read the question I put on December 1 as well as the one on November 27, was in that vein. The Americans were not listening. At least that was my impression and I think it was probably the Hon. Member's impression. They were not listening to their allies. How do you attract their attention? How do you get them to listen to common sense and get back to the negotiating table? Well, it has happened. Things are back on track and we should all be optimistic and grateful for what has taken place during the past week.

[*Translation*]

Mr. Fontaine: Mr. Speaker, I am grateful to you for this opportunity to comment briefly on the proposal of our socialists colleagues to stop cruise missile testing in Canada. This proposition is exactly the same as the one advocated at the November 1986 Liberal Party convention. It is exactly the same as the position expressed in February 1987 by the Hon. Member for Saint-Henri—Westmount (Mr. Johnston), and he is the Opposition's external affairs critic. It is the same as the position of their expert in defence matters. Earlier this morning the Party leader said that his party would move an amendment, so all Liberal Members applauded strongly, except for the Hon. Member for Saint-Henri—Westmount who perfunctorily went through the motion.

So then the Minister of National Defence (Mr. Beatty) rose to ask the Leader of the Opposition to reconcile the position of his rebellious colleagues. The Leader of the Opposition replied that the Soviet Union had changed, had—

Mr. Johnston: On a point of order, Mr. Speaker.

The Acting Speaker (Mr. Paproski): Order, please. The Hon. Member for Saint-Henri—Westmount (Mr. Johnston) on a point of order.

Mr. Johnston: Frankly, Mr. Speaker, I find it totally uncalled for and unacceptable on the part of the Hon. Member to comment on the way I applaud my leader. He should listen to what I say. Perhaps he is shortsighted, because I did applaud. His seat is far away and I can understand why.

• (1520)

[*English*]

The Acting Speaker (Mr. Paproski): I appreciate what the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) is saying. I hope the Hon. Member for Lévis (Mr. Fontaine) would comment on the speech of the Member for Saint-Henri—Westmount.

[*Translation*]

Mr. Fontaine: Mr. Speaker, the Hon. Member for Saint-Henri—Westmount has indicated that he will not support the proposal of the socialists to abandon Cruise missile testing in Canada and he said that he will not do so because the United States and the Soviet Union have made new proposals to eliminate intermediate range weapons. However, these proposals were made on February 27 and the Hon. Member omitted to point out that he maintained the same position in this House on March 4, after the United States and the Soviet Union had taken position. I therefore ask the Hon. Member for Saint-Henri—Westmount (Mr. Johnston) to be consistent with what he himself said in the House of Commons on March 4, 1987, and to explain to this House the position of his party on putting an end to Cruise missile testing in Canada. I would like him to be consistent with himself, his party and his Leader, if they in fact have one.

Mr. Johnston: I do not know where he got his reference, Mr. Speaker, I have no idea what he is talking about. I made a few speeches this week, but I do not recall raising that question. Could he give us the page number, Mr. Speaker? Perhaps I will be able to give him an explanation after that.

Mr. Fontaine: March 4, 1987, page 3799.

Mr. Johnston: Mr. Speaker, this has nothing to do with Cruise missiles. I would not want that a wider interpretation be given to the ABM treaty. The position has never changed. Indeed it is the same position as the one just expressed by the Secretary of State for External Affairs. It seems to me it is an entirely different question, Mr. Speaker. It has nothing to do with the question he has just asked.

[*English*]

The Acting Speaker (Mr. Paproski): There are one and a half minutes left for questions and comments. The Hon. Member for Ottawa Centre (Mr. Cassidy).

Mr. Cassidy: Mr. Speaker, the Hon. Member who, last week, was opposed to Cruise missile testing and is now in favour is a very changeable spokesperson for his Party on external affairs. He said that it is because of the commencement of some opening in Geneva with regard to an intermediate nuclear force. Nothing is concluded. Does he believe that the United States has decided to adhere to the SALT limits? What evidence does he have for that? Has the United States abandoned its efforts to broaden the Anti-Ballistic Missile Treaty? Both these matters are raised in this resolution.

Has that changed, or has the member become credulous in his belief that everything is changing?

Mr. Johnston: Mr. Speaker, let me take the member slowly through the point. The reason for concern with respect to the ABM Treaty and SALT II interpretation is that the star wars initiative, especially, brought negotiations to a stop. Mr. Gorbachev said that he would not discuss intermediate range nuclear weapons as long as the star wars proposal was on the table. He said that at and after Reykjavik.

It is only on March 1 that Mr. Gorbachev said that he would go to the table. The United States has put forward a counter proposition as of March 4 and is going to the table.

When we talk about being in favour or being opposed to Cruise missile testing, it becomes somewhat of a red herring. The whole purpose of the discussion we have had in the House, and the points I made in November and last week, which were referred to by the Hon. Member, were to attempt to remove that obstacle so that they could go back to the table. They are now back at the table.

Hon. Paul Dick (Associate Minister of National Defence): Mr. Speaker, my colleague, the Secretary of State for External Affairs (Mr. Clark), has very clearly laid out Canada's position on the very important area of arms control and disarmament. He has done this, as he said, at a time when some small rays of sunshine have appeared in what has been a gloomy arms control environment of late. The Department of National Defence has been pleased to lend support to recent efforts in this field.

Canada's position on arms control and the value of existing treaties is clear. Arms control is a very important aspect of national security, but so is defence.

In the short time available to me, I hope to demonstrate that the defence aspect, including such activity as testing the Cruise missile in Canada, is a necessary and valuable adjunct to the arms control effort.

For many years now, the western alliance strategy of deterrence through strength has helped us avoid a major East-West conflict, including the ultimate horror of nuclear war. The major component of deterrence from the western viewpoint has been provided by nuclear weapons, the vast majority of that nuclear deterrent being provided by the United States.

A strategy of deterrence requires that the weapon system components of that deterrent be viable. This viability can only be ensured by the testing of systems, continually upgrading them in keeping with developing technologies, and demonstrating that viability to friend and potential foe alike.

It is a fact that the Soviets, and their Warsaw Pact allies, continue to upgrade their air defence forces. Their interceptor aircraft, surface to air missiles, surveillance systems and the command and control facilities to co-ordinate all of this are of a very high calibre. The ALCM helps to balance the equation.

Ensuring the viability of a component of deterrence is not in opposition to a viewpoint that supports arms control. In fact, the opposite is true. Viable deterrent systems encourage arms control. It is in that context that Canada is following its version of a two-track system, that is, supporting testing and evaluation of a component of the nuclear deterrent while actively encouraging progress in arms control. There is no contradiction in our approach.

Canada's defence is inextricably linked to the policy of collective security arrangements with the United States and our European allies. In this way, Canada is able to make a unique and valued contribution to enhance alliance security. These arrangements are very much linked to the nuclear deterrent strategy I mentioned earlier. They go hand in hand.

Our contribution might be seen as modest compared to those of other NATO allies who have nuclear weapons deployed on their territory. Some of those weapons are the subject of current debate and, provided the right guarantees come to pass, may be removed in the future.

The point is that it was the resolve of the alliance to deploy these weapons which has allowed the West to negotiate from a position of strength rather than a position of weakness.

The European allies took bold and difficult decisions which may now begin to bear fruit. Should Canada do any less? Of course not.

The decision to test the ALCM in Canada recognized the need within NATO to share the burdens and obligations of collective defence. That need has not changed. In fact, as potential breakthroughs in arms control appear, alliance solidarity is more necessary now than ever before. In addition, close co-operation with our allies, particularly the United States, ensures that we do have a voice at the bargaining table. The strategic defence of North America is a joint responsibility, and we must ensure that our views are heard. Canadians do not want their Government to abdicate its responsibility in this regard. There is more to be lost than there is to be gained.

• (1530)

An argument frequently heard against the air-launched Cruise missile is that it is a first strike weapon and it is therefore destabilizing. Any serious strategist knows that this is simply not true. ALCMs must be carried to their launch points by bombers. Given the large number of bombers required to mount an effective first strike and the long flight time to reach those launch points, it is very likely that any enemy would have ample warning. This warning time would be extended by the long flight time of the Cruise missile itself. Total surprise could not be ensured by air-launched Cruise missiles, and no prudent military planner would risk launching an attack in that manner. I hope that will set the record straight.

As you know, Mr. Speaker, the United States Air Force has just completed two very successful test flights of the Cruise missile in Canadian air space. Those flights not only proved the effectiveness of the system but also allowed for some very useful collateral training and research by the Canadian Forces. The CF-18s of our air defence force were given the opportunity to practise intercepting and tracking the Cruise missiles. Other valuable research work was done in surveillance and defence against the Cruise missiles such as giving our CP-140 Auroras an opportunity of verifying their detection systems.

Hon. Members will be aware of the recent increases in the number of Soviet long-range bombers approaching the Canadian air defence identification zone. The bomber known as the "Bear-H" is a Cruise missile carrier. Just as the Cruise missile itself is part of the deterrent, so are the forces which defend against Cruise missiles. Thus, Cruise missile tests in Canada provide a very useful training vehicle for our forces.

In replying to this motion, I should remind the House that the project arrangements for Cruise missile testing is part of an over-all test and evaluation agreement with the United States. This agreement was signed by the previous Liberal Government in 1983. There have been misleading reports recently in the media in regard to a so-called extension of the agreement. Those reports have left an impression that the Government is committed to a further five years. This is, of course, not the case. Once again, let me set the record straight. The agreement was for an initial five-year period with an automatic five-year renewal. The agreement has always been, and still is, liable to termination at any time by either party giving 12 months' notice. Furthermore, it can be terminated at any time in an emergency. Either party can terminate a specific arrangement under the agreement—for example, Cruise missile testing—at any time on one day's notice should imperative circumstances so warrant. The Government is not held captive by this agreement. We have repeatedly stated our intention to carry on, and will do so, but this in no way precludes second thoughts should circumstances change.

In order to maintain the strength of deterrence, a program of test and evaluation is vital. Making our territory available under sound and safe conditions is a valuable contribution by Canada to the western alliance. Canada benefits from the protection provided by the nuclear deterrent. We also benefit from the opportunity to practise and improve our own air defences in conjunction with the Cruise Missile Test Program.

In closing I would like to say that there is no contradiction in supporting a reasonable and meaningful commitment to a stronger defence effort, and yet being equally supportive of peace initiatives. In my opinion, the twin concepts of peace and security are inseparable. I take great pride as a Canadian in associating myself with our Prime Minister's view that "we are not a nation that has any international aspirations except that of peace". May we always continue, as a nation, to pursue that aspiration.

Mr. Langdon: Mr. Speaker, I would like to ask the Associate Minister of National Defence (Mr. Dick) to give the justification with which he would feel happy in defending the

decision of the United States to exceed the SALT II limitations which it had previously accepted voluntarily. I recognize that it was a voluntary recognition. With that extension over and above the bounds of Cruise missile deployment which took place and exceeded SALT II, why did the Minister feel that this was not an occasion for Canada to abrogate arrangements with the United States? Recognizing our capacity to change the arrangements we have with the United States and given our strong commitment to SALT II, to treaty relations and to trying to cut back the escalation of superpower armaments, why did the Government not at that stage decide to abrogate the Cruise testing arrangement with the United States? Why was the Government not prepared to do that?

Mr. Dick: Mr. Speaker, I would like to thank the Hon. Member for Essex—Windsor (Mr. Langdon) for that question. If he had been here earlier to hear the Secretary of State for External Affairs, who put it very clearly, he would know that, yes, we were against the United States for abrogating the SALT II Convention. However, we did not want to throw the baby out with the bath water. We did not decide from spite, such as the New Democratic Party out of spite decided we should really get upset, close down everything and say we do not want to talk anymore. We decided to say we disagreed with the United States and argued against it very forcefully. We lost the argument, but we are still working towards disarmament and maintaining our strength, and at the same time contributing to the strength of the alliance and solidarity with our other allies. If we get to a point where the two superpowers can negotiate and reach an agreement, then when we arrive at that decision will be the time perhaps to change course.

Mr. Langdon: Mr. Speaker, if one is engaged in an argument with an ally as, for instance, we were in the trade negotiations with the United States, and we have in fact taken counter-measures against measures which the United States took which we felt were not justified, such as the shakes and shingles decision, why would the Minister expect the House to believe that our making a stronger response to the United States would help? After all, we are talking about the testing of Cruise missiles, which is undoubtedly useful to the United States but it is not of tremendous strategic necessity that the testing take place in Canada. Why would we not exercise a little more strength in our argument by cutting back on the commitment that we made 10 years ago?

• (1540)

Mr. Dick: Mr. Speaker, I feel that this is a childish approach. It is like being upset because the Americans abrogated SALT II and went beyond. It is as if, because one lost that argument, one must throw a temper tantrum and say: "I am going to walk out". Because we might have had some quarrels with them over shakes and shingles in the trade negotiations, the Hon. Member's Party has steadfastly said: "Then quit the discussions and walk away from the table". We still say that we can win in the long run by keeping those discussions going. I do not see any reason for having a temper tantrum and walking away.

Mr. Allmand: Mr. Speaker, this morning the Secretary of State for External Affairs (Mr. Clark) suggested that if we were to vote in favour of this motion we would be demonstrating a weakness in the NATO alliance. Both he and the Associate Minister of National Defence (Mr. Dick) suggested that if we were to stop Cruise missile testing, in a sense we would be letting down the NATO alliance.

I wish to ask the Minister the following question. Does he believe that the United States was letting down the NATO alliance when, without consultation, it sold arms to Iran and used the profits to fund the Contras in Nicaragua; when it raided Libya and Grenada without consulting its NATO allies; when it unilaterally withdrew recognition of the World Court on certain key international questions; when it violated the SALT II limits; and when it continually, along with the Soviet Union, violated Article 6 of the non-proliferation treaty of 1970 which states that nuclear weapons states are not to increase their nuclear arsenals but to reduce them? In 1970, the United States had 4,000 nuclear weapons. In 1985, it had 11,000. In taking all these actions without consulting its NATO allies, does the Minister think that the Americans were acting in a responsible way to their NATO allies? Does the Minister think we would be acting in a worse manner if we were to stop the testing of the Cruise missile in view of this disregard by the United States of its NATO allies?

Mr. Dick: Mr. Speaker, if the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) had been here this afternoon rather than this morning he would have heard the Secretary of State for External Affairs (Mr. Clark) speak.

Mr. Prud'homme: Mr. Speaker, I rise on a point of order. The Associate Minister of National Defence (Mr. Dick) knows that it is against the rules to refer to a Member's presence or otherwise in the House. Since the debate started this morning with the Hon. Member for New Westminster—Coquitlam (Ms. Jewett), the Hon. Member for Notre-Dame-de-Grâce—Lachine East (Mr. Allmand) has been in the House. I think the Minister should either answer the question of the Hon. Member or abstain. He should not try to side-track in answer to the Hon. Member. He asks good questions, which I think the Minister should answer. He can also refuse to answer them since that is his right. He should address these issues and not say: "If the Hon. Member had been here—". I have been here in the Chamber or behind the curtain all day, as has the Hon. Member.

The Acting Speaker (Mr. Paproski): The Associate Minister of National Defence (Mr. Dick) knows that Hon. Members should not reflect upon the presence or otherwise of other Hon. Members in the Chamber. He has exactly one minute to answer the question.

Mr. Dick: Mr. Speaker, I am surprised that I have any time left. It seems as if the Liberal Party is trying to filibuster my

opportunity to reply to the substance of what the Hon. Member had to say.

The Hon. Member had a number of things to say. I forget all that he listed. However, in his list in regard to a number of areas he was, in part, wrong. It is true that perhaps the United States was wrong with respect to some of the things it did. In other areas it did consult. It did not consult Canada when it went to Grenada, perhaps because it did not trust the Government at the time. It was a Liberal Government which could not be trusted. It consulted the British and the other islands in the Caribbean. So the Hon. Member is wrong.

I heard at one time, and perhaps the Hon. Member does not believe me, that two wrongs do not make a right.

The Acting Speaker (Mr. Paproski): The time for questions and comments has now terminated. The Hon. Member for Essex—Windsor (Mr. Langdon) on debate.

Mr. Steven W. Langdon (Essex—Windsor): Mr. Speaker, it is sad to hear the word games which have taken place today in attempts to wriggle around particular clauses and to escape from the basic question which is before the House. That basic question is one which has to be put perhaps by a new generation of Members of Parliament.

In the past months and weeks I have received letters from Brownie packs in my constituency. These are heartfelt letters, letters written by little girls who want to say to us assembled here as Members of Parliament that they want peace in the world. They want to grow up. They want to have good and productive lives ahead of them. They want to see Canada become a leader in the fight for peace. We have received letters from seven or eight different Brownie packs in Windsor. I can read some of the letters which represent typical ones which have been sent to us. I think it is crucial that Members of Parliament hear some of the words sent by our young citizens, people such as Lindsay, who is six, who writes:

Ask Prime Minister Mulroney to talk with President Reagan about peace and getting rid of nuclear weapons.

Others have written to us and stated: "I think Canada should help find a peaceful solution to the problems causing war". Those words are from Laura who is seven. "Canada should help other countries to find peaceful answers to their problems." Those are the words of Bonnie who is six. This is very much the voice of a generation that has a sense of fear, because there are those of us who, frankly, have let them down in the last 10 to 15 years.

It seems to me that there has been case after case of potential peaceful initiatives put forward in terms of steps which could take the world from a dangerous path of escalation in arms and in its capacity and willingness to use arms, to a path of de-escalation and disarmament. These are initiatives that will take us away from the possibility of what could be a nuclear termination of civilization as we know it. That is basically what this motion is about today. It is not a motion about scoring partisan points, or embarrassing one Party or another; it is a motion that is setting front and centre before the Parliament of Canada at least two or three of the crucial issues which are wrapped up in the arms control debate.

• (1550)

I have been very disappointed by the recent actions of the Government with respect to this cry from our young people for a peaceful world. For instance, I heard today from the Associate Minister of National Defence (Mr. Dick) about how we must be inextricably linked to the alliance system, as if the alliance system were an end in itself. Surely the goal is to achieve a peaceful world and establish a momentum toward disarmament. If the existence of alliances stands in the way of that, they should be dismantled and not extolled, as was the case with the last speaker from the Government.

This crazy approach that has been suggested here, in the United States, and also in Margaret Thatcher's Britain, that somehow through strength we will get peace makes me think more of George Orwell and the reversal of meaning of the words where the ministry of war becomes the so-called ministry of peace. That is what we are talking about when we hear the Government and leaders from the western alliance talk about the goal of peace through strength.

In the last year and a half we have seen the destruction of SALT II. It was supposed to be a movement toward strength, yet it destroyed one of those basic elements of stability which remained within the world. In spite of that, the United States continued to deploy its Cruise missiles and overstep the bounds which existed within the SALT II agreement.

Let us look at the spectacle of a Government in the United States which has admitted that it lied to its own people. It is now sending its representatives throughout the world and is trying to persuade us, the allies of the United States, that we should reject the ABM Treaty as it was established in 1972. Again, that was one of the basic points of stability, one of those few threads that saved us from further escalation in the potential for nuclear war. Let us talk about Reykjavik and what appeared to be an agreement which was reached and very quickly repudiated by the United States.

Let us talk about the initiative taken by the Soviet Union to put a ban on nuclear testing. We may have thought that this was some type of trick on the part of the Soviet Union. But surely anybody who looked with care at what was taking place had to come to the conclusion that this was a sincere gesture that suggested to us that if the United States responded there could be a nuclear test ban treaty. Yet that too was rejected.

With the type of steps that have taken place in the past year and a half, it is time for us to recognize reality and to recognize that the thrust throughout this period has been toward escalation, and not toward disarmament. Running implicitly through that thrust is the tremendous amount of resources that have been allocated by the United States to the Strategic Defence Initiative within the United States, and the nibbling effects and attempts by the United States to circumvent the

ABM Treaty and to put in place some elements of that SDI system for testing purposes. That is what has taken place.

Yet Canada stood aside while this has gone on. Our words have been good. I previously mentioned to the Secretary of State for External Affairs (Mr. Clark) that I was pleased that the decision was taken not to put Canada into SDI as a full partner. There were steps taken to say to the United States, not out of spite or out of anger or adolescent retribution but as part of a serious effort on the part of this country, that we wanted to put into effect the commitment of our young people, our Brownie packs and those girls who have written to me from Essex County, and the commitment that we heard right across this country from the joint special committee which looked at our international relations. In city after city we heard from peace groups that had come together in the middle of the summer under difficult circumstances and said to us, as passionately as they possibly could, "We want Canada to be a peacemaker. We want Canada to be a leader in the fight for peace. We want Canada to challenge those who are not prepared to give their priority to a peaceful world for the future".

• (1600)

That challenge has not been taken up. With the case of Cruise missile testing, a simple, easy, and straightforward message could be sent to the United States, without great cost to that country, without great cost to the alliance system, or without great cost to United States' thinking or its overwhelming concern about security. A step could be taken. Cruise missile testing could be stopped easily. It could be stopped at once, which would have an effect. The effect would not be to stop the arms race. The effect would not be to cause immediate changeovers in American thinking from escalation to disarmament. It has taken, instead, some quite creative and courageous gestures on the part of the Soviet Union—and I am not afraid to say so—to take that direction in the future. It has also taken a much weaker President within the United States looking for ways to respond, to get the direction of change finally shifted. It could have been helped. It could have been assisted. We in this country could have given it a little push. We could have listened to young people across the country who have talked to us in heartfelt and very deeply concerned terms. We could have said no to future Cruise testing.

If we had done that, it would have helped. We could have taken, as our motion suggests, a much more critical position *vis-à-vis* the United States in respect of its attempts to overstep SALT II. We could have taken a much more argumentative position in respect of the ABM Treaty in public than we have done thus far. We could have taken those steps.

In doing that, we would have made the contribution for which our young people are asking. I am referring to the contribution believed in very strongly by the generation that came after World War II and that believes that any future war will destroy the world. I hope not just this Government across the aisle but future Governments will take the opportunities given to them.

I urge my friends on all sides of the House to take the opportunity provided by the resolution, which strongly expresses the passionate concern of our young people, to put their voices and votes behind the resolution and to give it support, not as a panacea or a final answer, but as something which will help change the dangerous escalation of the present to what I hope will be the disarmament of the future.

Mr. Crofton: Mr. Speaker, I have a brief comment and a question for the Hon. Member for Essex—Windsor (Mr. Langdon). He alluded to the Joint Committee on External Affairs, which travelled the country and listened to many Canadians from all walks of life, making representations on the matter of arms control, disarmament, and SDI. I happen to have been a member of that same committee. I heard the same representations. In many instances they were very informed; occasionally they were not so informed. However, on every occasion we heard feelings that were deeply felt. They asked Canada to show leadership and to show responsibility.

When the Hon. Member for New Westminster—Coquitlam (Ms. Jewett) made her opening remarks today, she said that Canada should stop playing at spectator sports. I suggest that the resolution before us indeed invites Canada to stay at home and be a "no show". Canada is indeed a participant and has worked very hard, in all forums available to it, toward disarmament.

The Hon. Member for Essex—Windsor said that it was time for reality. I suggest to him that he and his Party sometimes show a remarkable lack of reality. I, for one, am not prepared to declare our neighbourhood burglar-free. It is only common prudence if one takes appropriate measures to ensure our security as a nation.

People in the country belong to associations and unions because it makes for a more effective voice. Is he suggesting that they should not belong to unions if they want to make a better argument and have more strength? I think not. Indeed I think his observations lack some reality.

If ever there were a wrong time for Canada to send the wrong signal to the wrong group, it would be to break our agreement arbitrarily on the testing of the Cruise missile at this time. Can he stand in his place and honestly say that Canada's taking that action would not have an adverse effect upon the negotiations and would not undermine the position of the United States in these very difficult times?

Mr. Langdon: Mr. Speaker, I stress again to the Hon. Member, for whom I have great respect and with whom I have discussed many of these issues in the course of many hearings across the country during the summer, that our goal as Canadian parliamentarians cannot be to think in terms of what will help the United States in these difficult times.

Our goal—and I believe it passionately—should be to try to work as hard as we can for world peace. Often I think that this

can involve us in work with the United States. I am not one of those people who buys the argument that the United States is some kind of malevolent nation ruled by a Dr. Strangelove who is somehow attempting to dominate the world.

We are talking about a very difficult process to try to take us toward greater peace. I agree with the Hon. Member that greater peace or greater disarmament is not something which will wipe nuclear weapons off the face of the earth in a year and a half or something like that. That is not realism.

As I see it, realism is the attempt to respond to what many young people across the country want—a leadership role for Canada which takes us as urgently as possible in the direction of disarmament.

I am quite willing to answer the Hon. Member's final question by saying yes. If we were to say to the United States that it is now time for disarmament to be the first priority for all of us in North America, and for that reason we are cancelling the Cruise testing program, that would be a positive contribution toward peace in the world.

• (1610)

Mr. Tobin: Mr. Speaker, I have a comment and a question for the Hon. Member for Essex—Windsor (Mr. Langdon). The Member talked with some passion. I am sure he is sincere about his desire to participate in the debate that would lead to peace in the world. He talked earlier in his remarks about receiving letters from young children who said they wanted a more peaceful, safer world. I hope the Member in making those remarks realizes and appreciates, as I do, that on the question of peace and on the question of wanting security for ourselves, for families and for the community of nations, there is not a single Member of this House of whatever political stripe marked across his back who has a monopoly. It is not a monopoly that the Liberal Party enjoys, it is not a monopoly that the Conservative Party enjoys, and it is not a monopoly that the New Democratic Party enjoys. All of us aspire to that kind of safe and secure world. The question then becomes, how do we achieve it? I would submit to my friend from Essex—Windsor that it is not good enough to stand on any given day on any given subject and say, it is what the people want today, therefore, we should do it. The polls tell us almost consistently that people want capital punishment, but I do not believe the Hon. Member or his Party wants capital punishment. The polls tell us that the majority at least of people want on any given day a ban on abortion, but I notice the Hon. Member and his Party do not seek to put that forward as public policy, at least not as NDP policy.

It is the job of parliamentarians of whatever Party to examine all of the information available, to be concerned with what public opinion and what public feeling is and, having all of that information available to us as full-time public policy makers—not as people who get the news on Friday night and suddenly develop an opinion—to come to the House with what we believe to be a responsible proposal. I submit that members of the Liberal Party and members of the New Democratic Party have in common a desire to see an end to all nuclear weapons and have a common desire to see the day when the Cruise missile is no longer tested in Canada. We all have that desire.

Mr. Witer: Or anywhere else.

Mr. Tobin: Or anywhere else. We all have that desire. The question then becomes, what is our role in achieving that objective? Where I think the New Democratic Party historically, and again today true to its tradition, has failed in its attempt to participate in that process is that it seeks to close the door upon itself, to ignore Canada's relationship in the community of nations, to set a policy, a wish list, of how the world ought to be, and to send that message beaming like some signal into space in the hope that it will find intelligent life at the other end. It is not going to find intelligent life at the other unless it is hooked up to organizations and associations that allow it to communicate with its partners on the planet earth, particularly those people in the western alliance.

My passion for peace is as great as the member's—I know he would not doubt that. I have three children also, one seven, one four and one four months old, and I want to see them all grow up, and I also want to see my grandchildren. I want to do what is right, not just for my constituents and what they say today, but what is right for them. It is more than a vote at stake, it is the continuation of the planet that is at stake.

What is the position of the New Democratic Party? What is the Member's position with respect to Canada's role in NATO, Canada's bilateral treaties and, in particular, NORAD? Does the member not believe that our influence can best be felt when we are an active and independent sovereign member of those western alliances? If he shares my view, why will his Party not accept the Liberal amendment which acknowledges Canada's role in those western organizations?

Mr. Langdon: Mr. Speaker, I will try to be brief in answering the question. First, I want to say to my hon. colleague and to all colleagues in the House that I do not want to pretend, and I hope that nothing that I have said has suggested, that I feel that our Party or myself or any given group has a monopoly with respect to being concerned with peace. The reason I put the position that I put as strongly as I possibly could is that I want to persuade as many people as I possibly can to take the concerns of our young people, not because they are somehow the majority in our constituencies, but because they are the people who will carry this world on beyond us for peace very seriously. But a tough intellectual question has to be faced, namely, what is happening in the whole arms control process?

An Hon. Member: NATO.

Mr. Langdon: Are we heading toward escalation, as so much of the last few years suggest to me—

Mr. Tobin: You are avoiding the question.

Mr. Langdon: or—I will come to the question too—are we in fact heading toward disarmament? I have to say, as I look at the way the world has evolved, that we are heading very much toward escalation. That is something that Canada should have fought vigorously and should fight vigorously.

With respect to NATO, which is not part of this debate or this motion—

Mr. Tobin: You cannot separate them.

Mr. Langdon: —I am quite willing to answer the question. I am not sure whether the member was here when I dealt with it in my speech, but I said that if it becomes a choice between working for peace and defending an alliance, one has to work for peace as the first priority.

Mr. Tobin: What about right now?

Mr. Langdon: I believe right now, with my Party, that to work for peace requires us to put distance between ourselves and the North Atlantic Treaty Organization. That is a decision which we have held for many years, as the Hon. Member knows.

Mr. Tobin: Mr. Speaker, I rise on a point of order. Could I seek unanimous consent of the House to let the member continue explaining his position with respect to NATO? We have not had this on the record in the House. All members from all Parties, I believe, would give consent.

The Acting Speaker (Mr. Paproski): Is there unanimous consent?

Ms. Jewett: We have heard it 100 times.

Some Hon. Members: Agreed.

An Hon. Member: No.

The Acting Speaker (Mr. Paproski): There is not unanimous consent. Debate. The Hon. Member for Humber—Port au Port—St. Barbe (Mr. Tobin).

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, this has to be the most amazing thing that Members of Parliament have ever witnessed. Members of Parliament assembled for debate initiated by the New Democratic Party from both the Conservative and Liberal Parties have just given unanimous consent to the New Democratic Party for the Hon. Member for Essex—Windsor (Mr. Langdon) to tell the House his Party's position on NATO so that we could understand the context in which this resolution was put forward. Let the record show that every Conservative Member and every Liberal Member gave the required unanimous consent. But a member of the New Democratic Party said no.

• (1620)

Ms. Jewett: On a point of order, Mr. Speaker, that is not true.

The Acting Speaker (Mr. Paproski): Order, please. I do not need to reflect on who said no and where it came from, but I heard a no and I do not think there is any other explanation.

Mr. Langdon: Mr. Speaker, I rise on a point of order. We are not exactly a large contingent at this stage of the proceedings on a Friday afternoon. I certainly did not hear anyone from our caucus object to it, so I suggest that the Hon. Member put the question again.

The Acting Speaker (Mr. Paproski): I do not wish to reflect on who said no. I heard a no. Therefore, the Hon. Member is on debate.

Mr. Tobin: Of course, the Speaker is right as he always is. It does not matter ultimately at the end of the day who said no. Let me only say, as I am entitled to, that it is with great regret that I heard from whichever direction I heard it, but my left ear picked it up best, the "no" that was shouted out because I was looking forward to hearing finally from a member of the New Democratic Party indeed what the Party's position was with respect to Canada's obligations under NATO and other bilateral treaties.

There is an interesting phenomenon in Canadian politics. In Canada, we have a system of the two traditional Parties which have put forward policy, postulated on the solutions to the problems of the nation at any given point in time, and engaged in vigorous debate while a third Party has sat on the sidelines with a pea-shooter in an attempt to score quick, easy, cheap points. In recent days, for whatever reasons—and I won't go into them—this Party has found itself with a slight surge in the public opinion polls. Today is as good a time as any for Canadians to begin to ask themselves what it is this Party stands for.

For far too long, Canadians have taken the view that it does not really matter what members of the New Democratic Party stand for because they will never be in a position to do anything about it anyway. They do not look that closely at what it is they stand for because Canadians have traditionally taken the view that the NDP has a Utopian view of the planet, everything for everybody, a carrot for everyone, and what they stand for is not really that important. Unfortunately, this Party picked a Friday to move this motion, a day not traditionally known as one for a great membership in this place. They picked a moment when the Leader of their Party could not be here. One must understand that he had other more pressing and realistic engagements to attend to.

I said a moment ago, and it ought to be restated, that as much as I as a Liberal disagree with my friends opposite about unemployment initiatives, I must believe that as human beings, they care fundamentally about the unemployed. They may be awfully stunned about how they are trying to cure the problem, but I have to believe they care. As much as I may be concerned about peace on this planet and as much as I may believe from time to time that their policies are not the right ones, I must believe that they care about every man, woman

and child in Canada. We may agree to disagree on how we come to grips with many of the problems we face, be they social, military or economic, but all of us are here perhaps pursuing different policies but ultimately trying to achieve the same objective.

What I find offensive—yes, offensive—about the motion put forward by the member of the New Democratic Party is that it was almost blinding to watch members of the New Democratic Party deliver their presentations on this motion because the effect of the haloes they were wearing would nearly knock your eyes out, Mr. Speaker. It is the holier-than-thou attitude that says: "We can create in this nation an island apart and separate from the rest of the planet earth, and because, having carved a trench so deep and wide around this nation that the rest of the world does not matter, we can speak out, send out our message, express our Utopian vision and the rest of the world will listen". It is that kind of naive, narrow quality that emanates from members of the New Democratic Party that is either the function of a childlike, beautifully innocent view of the world, God bless them, or a kind of insidious simplifying of complex issues in an attempt to attract votes. It is one or the other, either a childlike beauty in their thinking, and may they retain it for a long time, or a deliberate attempt to grab the polls on any given day and say they have a policy to solve world problems and express it by way of resolution in the House. I suspect it is the latter.

The fact is that every Member of Parliament wants to see an end to Cruise missile testing in an appropriate fashion within the context of our obligations under NATO and NORAD and to our partners in the western alliance. It is not beyond the realm of possibility, if we go beyond the stereotypes painted by members of the New Democratic Party of Conservative or Liberal Members, that in the appropriate context, even the Conservative Party would find an appropriate moment to end Cruise missile testing when it makes sense in the context of our obligations. However, this motion sets Canada up as some widget existing on some unknown planet that has no neighbours, alliances, organizations or treaties to worry about, and that is not reality. That is why the Liberal Party moved a very simple amendment to the motion of the New Democratic Party about which members of the New Democratic Party claim they care. It was an amendment that said that disarmament measures including the termination of Cruise missile testing in Canada should be taken in a manner consistent with our NATO and bilateral obligations.

If members of the New Democratic Party were sincere and meant what they said, if they were serious about convincing more people in Canada to look at grasping the opportunity when appropriate to end Cruise missile testing, they would support the Liberal amendment that was put today because it does not negate their motion. It merely asks that we grow up and recognize that we are not an island unto ourselves. It is an amendment that asks that we recognize that we are full players in the North Atlantic Treaty Organization. It is an amendment that asks that we recognize that we are part of the NORAD agreement, and one that asks that we recognize the nature, reality and history of the planet earth, as imperfect as it is, on which we live. That is all it is. It is an amendment that proves that we are now out of the university debating club and into the House of Commons, a part of the real world that takes us beyond fantasy. That is all it is. We asked the NDP to support that amendment. Yes, all Members of Parliament want to give voice to their desire to achieve a safer world. However, our actions have to be more than empty words and rhetoric. They have to be meaningful. To be meaningful they must be taken in the context of our obligations to NATO and our neighbour to the south.

• (1630)

There is something which occurs in this place far too often and it troubles me. Some Liberals and Conservatives are guilty of this, but it is primarily Members of Parliament from the NDP who have a hard time making a distinction between a disagreement with U.S. policy on any given day of the week, and expressing an overwhelming and general dislike for the U.S. No one can be brought to his feet faster in a fit of frustration than this hon. servant from Humber—Port-au-Port—St. Barbe when a tariff is put on fish. No one can express quicker his frustration and anger when cedar shakes and shingles, softwood lumber and countless other products are harassed by the U.S. administration. However, I make the distinction between U.S. policy on trade or, for that matter, any other area, and my frustration and anger at that policy, and my sentiments about my neighbour, that nation south of the border. Too few members are making that distinction. We have heard the Hon. Member for Essex—Windsor (Mr. Langdon) say he is not one of those who believes that the U.S. is some kind of sleeping giant being run by a Goldfinger in the back room. I am glad to hear that because too many members of his caucus have and express that view.

The motion before us as amended expresses the concern of the House with the role of the air-launched Cruise missile and its deployment as a violation of SALT limits. The motion expresses the concern of the House about the integrity of the ABM Treaty. It calls upon the Government of Canada to adopt stronger measures to protect the integrity of SALT II and the ABM Treaty, including cancellation of Cruise missile testing within Canada's obligations as a member of NATO and under our other bilateral treaties. That is the amended motion before the House. I submit that every single Member of Parliament can and should be able to support it. I say that not only to my friends in the NDP, I say it to Members of the Conservative majority. It merely expresses the will of this Parliament to use all of those vehicles at our disposal, within the bounds of our responsibilities and obligations, to try to play a role and exert some influence in this world. The words we have added to the motion remind us of our obligation and take us back to the real world. Canada is but one of many players. We like to believe, as we sit in this place enraptured by the splendour of our chandeliers, television lights and stained glass windows, that this is the only Parliament on the planet. The

NDP would say that this is so. Everywhere around the world people are tuned to what is being said in the Parliament of Canada and there are no other voices and no other Parliaments. All we have to do is but to speak and megamillions stand up and applaud. Well, that is not the real world. That is not the planet we live on. That is not the way it works.

Unless this nation is prepared to play its role in the treaty organizations we belong to, we may as well abstain from the international arms debate. That is what the NDP would have us do. That is its policy as spelled out at its convention and spelled out by the Hon. Member for Essex—Windsor today. The NDP believe the best way that Canada can have a say and exert influence is to withdraw from NATO. Let Canadians from coast to coast hear that. That is its policy. It is also its policy that we withdraw from NORAD. The Hon. Member for Essex—Windsor has said it for the first time, I think, in years in this Parliament.

The reason this motion is put before the House today and the reason the NDP has rejected our amendment is that that Party wants to make this House and its members turn Canada into an isolationist, pacifist nation of philosophical angels wandering about in the clouds miles above what is really happening down here on the planet. It is a wonderful place we want to preserve, but it has some warts, and wishing them away will not make them disappear. I beseech members to support the Liberal amendment to this motion

The Acting Speaker (Mr. Paproski): Questions or comments?

Mr. Attewell: Mr. Speaker, I would like to commend the Hon. Member for his statements about the NDP. He was very clear and direct, and I want to thank him. I would also like to ask him where he thinks that Party places its faith. The NDP certainly does not place it in our NATO or NORAD allies. Perhaps it places it with the other side, the Soviet Union. That regime would not permit a man suffering from cancer for over six years to leave that country. How can we possibly trust a regime like that in disarmament talks when we cannot trust them to follow the basic human rights accords they have signed? If the NDP does not put its faith in the teamwork of democracy, where does the Hon. Member think it is placing its faith?

Mr. Tobin: Mr. Speaker, I thank the Hon. Member for his question and comments, although I suspect I may disappoint him slightly. You have to believe one of two things about members of the NDP. Either they are as childlike in their view of this world as they portray themselves to be and are genuine about it, or they are very Machiavellian. I do not believe they can possibly be that Machiavellian, so I assign to them a childlike beauty in their view of the world. I would not want to suggest, as the Hon. Member might lead me to suggest, that the NDP would put its faith in the Soviet Union. I would not want the Member to believe, despite my comments about the NDP, that I think the role for Canada is to follow in a slavish manner the lead of the U.S. Nor should we follow in a slavish manner the lead of the U.S. Nor should we in a slavish manner always condemn the Soviet Union. I think the role for Canada is to take an independent course, to be slavish neither to our NATO allies, nor to be bound in some doctrinaire way to suspect or condemn always the initiatives of the Soviet Union. Our role is to stay in the game, as frustrating and as tough as it is. As angry as we may get on some days with our NATO partners, we can only have a role to play if we are in the game.

• (1640)

The New Democratic Party motion and its policy to get out of NATO and NORAD and set itself up as the high priest of honesty and integrity is the equivalent of myself, the Member for Humber—Port au Port—St. Barbe, not being satisfied that I am heard properly in this place, going to a mountain top to talk to myself and be satisfied because no one disagrees with me. The NDP would have us go to the mountain top, talk to ourselves and listen with pleasure to our own echoes because no one disagrees with us.

Ms. Mitchell: What is your position on the Cruise?

Mr. Tobin: I rise today simply to say to members of the New Democratic Party that if they are serious about this motion and making progress, they should lend support to the amendment put by my Leader which would ask us to play a mature and responsible role in the world. If the NDP were truly interested in an improved world, rather than making a flamboyant statement, it will lend support to this amendment.

Ms. Mitchell: Mr. Speaker, I have one question for the Hon. Member. What is his position and the position of his Party on Cruise missile testing in Canada? Does he support nuclear weapons and the original agreement that was introduced by Mr. Trudeau in the last Parliament?

Mr. Tobin: Mr. Speaker, the position of this Member is that Canada is a full—

Ms. Mitchell: Do you support Cruise missile testing?

Mr. Tobin: As I said, the Member would be happiest on the mountain top where she could hear her own echo. She does not want me to give an answer. That is a common problem among members of her Party. If she will listen quietly, I will give her an answer.

Ms. Mitchell: Yes or no.

Mr. Tobin: The Member says: "Yes or no". This is not a yes or no planet. It is not black and white.

The answer is that as part of its commitment to our partners in the western alliance, particularly with our partners south of the border, Canada has engaged in a testing program of a guidance system for a Cruise missile. We signed an agreement in 1983, and as long as Canada can use that access to Canadian space as a means of exerting influence on our partner south of the border, we ought to use it.

When it becomes clear that the current initiative on Euro-missiles is not making progress or that our partner south of the border is not acting sincerely and seriously, Canada ought to exercise its option to put an end to those tests.

The member can criticize the Government on free trade, or for giving up the NEP, Investment Canada and many other things for nothing in return. If she suggests that Canada, as a member of NATO, ought to cancel the Cruise for nothing in return, then the member is hardly being consistent in the House.

The Acting Speaker (Mr. Paproski): Questions and comments have terminated. Debate.

[*Translation*]

Mr. Jean-Guy Hudon (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I welcome this opportunity to take part in the debate, if only for one and a half minutes. Last week I received a letter from one of my constituents, Patricia E. McGuil, who protested against the Cruise missile tests and wanted her protest put on the record of the proceedings of the House of Commons. The same afternoon, Mr. Speaker, I received nine telephone calls. Not many perhaps, except that even a single protest in my riding is important and deserves consideration.

Mr. Speaker, when we talk about armament or disarmament, we are tempted to consider every possible solution under the sun, and I think everyone wants to have the widest possible range of solutions open to public scrutiny.

Personally, Mr. Speaker, I am against capital punishment, but that does not mean I want to see murderers walking down Main Street. That is why we must go beneath the surface and take a serious look at issues like Canada's participation in the NATO Alliance and the cruise missiles, especially in a country—and I think this is very important—that has no nuclear missiles on its territory.

[*English*]

The Acting Speaker (Mr. Paproski): It being 4.45 p.m. it is my duty to interrupt these proceedings and put every question necessary to dispose of the Business of Supply in accordance with Standing Order 82(9). The question is the following one: Ms. Jewett, seconded by Mr. Nystrom, moved:

That this House, alarmed by the role of air-launched Cruise Missile deployment in violation of SALT limits and alarmed by threats to the integrity of the Anti-Ballistic Missile Treaty, aware also of the possibility of a negotiated elimination of all medium-range nuclear missiles in Europe, calls for strong initiatives by the government to strengthen arms control and disarmament measures including the termination of Cruise Missile testing in Canada.

In amendment thereto Mr. Turner (Vancouver Quadra), seconded by Mr. Johnston, moved:

That the motion be amended by changing the period at the end of the motion to a comma and adding the following: "in a manner consistent with Canada's NATO and bilateral obligations".

The question is on the amendment. All those in favour of the amendment please say yea.

Some Hon. Members: Yea.

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

Some Hon. Members: Nay.

The Acting Speaker (Mr. Paproski): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 13(5), a recorded division stands deferred until 6 p.m., Monday, March 9, 1987.

It being 4.47 p.m. this House stands adjourned until Monday next at 11 a.m. pursuant to Standing Order 3(1)

The House adjourned at 4.47 p.m.

HOUSE OF COMMONS

Monday, March 9, 1987

The House met at 11 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

TELEGLOBE CANADA

TABLING OF 1987 CORPORATE PLAN

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 67, I have the honour to table on behalf of the Minister of State for Privatization (Mrs. McDougall), in both official languages, the 1987 corporate plan for Teleglobe Canada.

* * *

PETITIONS

GOVERNMENT RESPONSE

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, pursuant to Standing Order 106(8), I have the honour to table, in both official languages, the Government's response to petitions, Nos. 332-488, 332-499, 332-521 and 332-643.

* * *

COMMONWEALTH DAY

OBSERVANCE OF ANNIVERSARY

Right Hon. Joe Clark (Secretary of State for External Affairs): Mr. Speaker, today, March 9, is Commonwealth Day, which has particular significance this year for Canada.

In October, in your own City, Sir, of Vancouver, we will host the next meeting of the Commonwealth Heads of Government. In that same internationalist tradition, Canada will welcome the second Francophone Summit to Quebec City in September. These are both family meetings for Canada, taking us back to the roots and traditions which shaped our unique country, but also, as strong and vital families, helping us reach out to new influence and new opportunities in a changing world.

It was once the style to be nostalgic about the Commonwealth. Today, it is one of the most relevant and effective associations to which Canada belongs. Under its auspices we are involved in ocean development in the Caribbean and the South Pacific; in technical co-operation in Asia and in Africa; in scholarships and research on all six continents; in co-operation at Geneva on international trade; and continuing dialogue among countries whose conditions range from the poorest to the most advanced.

In Chittagong, in Bangladesh, last month, I met a Canadian who had been involved in the first Canadian project under the Colombo Plan. That was the beginning of our program of external aid and the beginning also of Canada's reputation in the developing world as a trusted, modern power.

[*Translation*]

Mr. Speaker, in the past two years, Canada has used the forum provided by the Commonwealth to exercise effective pressure against the evil of apartheid in South Africa. I would like to take this opportunity, on Commonwealth Day, to report to Parliament on recent conversations the Prime Minister (Mr. Mulroney) had in Africa, on my own meetings with some of our Commonwealth partners in Great Britain and Asia, and on consultations held by the Minister for External Relations (Mrs. Landry) and the Minister of State (Immigration) (Mr. Weiner) with representatives of several South African countries.

Canada played a very active role in launching the activities of the Eminent Persons Group and drafting the first set of Commonwealth sanctions against South Africa. We have applied every sanction and every measure approved by the Commonwealth in Nassau and London. In fact, the Prime Minister is playing a major role in this respect among Commonwealth leaders, both personally and as chairman of the Vancouver meeting.

It was in this spirit that in January at Victoria Falls, he met with the leaders of three Commonwealth countries, members of the front line States: President Kaunda of Zambia, Prime Minister Mugabe of Zimbabwe and President Masire of Botswana. He saw for himself the potential danger that the violence inherent in apartheid represents for fragile economies. From all sides, people voiced their concern that increasing violence as a result of South African intransigence and aggression would lead more and more victims of apartheid to give up all hope for a negotiated settlement.

The Prime Minister reiterated Canada's commitment, expressed in the following terms on October 23, 1985 at the United Nations, and I quote:

> Canada is prepared, if there are no fundamental changes in South Africa, to consider sweeping sanctions against that country and its repressive regime. If there is no progress in dismantling apartheid, we may have no alternative but to break off completely our relations with South Africa.

[*English*]

The front line states understand that Canada does not seek, through sanctions, to bring the South African Government to its knees, only to its senses. Our approach is steadily to build international pressure on South Africa as we restrict its trade. Canada will invoke further measures when we consider that they will have the most impact. We have told the front line leaders that we think that for them being on the front line itself means economic sacrifice and political risks. They should not be held to a rigid timetable on the questions of sanctions, costly as they would be to them and vulnerable as they are to South African retaliation.

In the Nassau Accord the Commonwealth has called for a suspension of violence on all sides. Our Commonwealth partners in the front line states understand Canada's position that we cannot support violence, although we can understand the feelings of those who have felt the full effect of the violence of apartheid. Indeed, part of the Prime Minister's (Mr. Mulroney) purpose in going directly to the front line states was to demonstrate again that they are not alone in this fight against apartheid, or in their work to build and to maintain their own economies.

• (1110)

Canada is determined to provide material as well as moral support to South Africa's neighbours. At Victoria Falls, the Prime Minister signed an agreement to build a $50 million electrical interconnecter line which will permit Botswana to tap into the electrical resources of Zimbabwe and Zambia. This is only one of many ways in which Canada is helping South Africa's neighbours to reduce their vulnerability to South African sanctions. Over the next five years, we expect to contribute approximately $30 million annually to the South Africa Development Co-ordination Conference, SADCC. That is in addition to the $400 million we will be providing in bilateral assistance to southern Africa over the same period. In New Delhi, I discussed with Prime Minister Gandhi means by which Canada might work closely with the Fund for Africa, established by the non-aligned movement, particularly in the work of ensuring secure transportation routes. The Minister of State for Immigration (Mr. Weiner) was in Botswana for the most recent SADCC meeting, and discussed similar projects.

At the same time, we have been working to assist the victims of apartheid in South Africa. In the current year, $1.5 million is being disbursed for assistance to the families of political detainees, and we have mounted a $7 million education program. Nine days ago, in Montreal, Dr. Alan Boesak suggested to me other ways in which Canadian humanitarian help could be effective in South Africa.

The Prime Minister of Canada is the only leader of an Economic Summit country to have been to southern Africa since the pressure for change has built against apartheid. He has discussed the issue regularly with our Summit partners, and will put the question on the agenda of the Venice Summit.

Since the African National Congress plays such a major role now in South Africa, and will be closely involved in any resolution of that problem, the Prime Minister and I look forward to meetings with the President of the African National Congress, Oliver Tambo, in the next few months. Mr. Terence Bacon, our former High Commissioner to Zambia and Zimbabwe, has been seconded to the Commonwealth Secretary-General as special adviser on southern Africa.

As was noted last week in the Standing Committee on Human Rights of the House, by the New Democratic Party Member for Windsor—Walkerville (Mr. McCurdy), the issue of the fight against apartheid has risen above normal partisan considerations in Canada. It is a common commitment of this Parliament and country.

In a broader sense, so is our commitment to the Commonwealth. What was once a connection to our past has now also become a principal instrument of contemporary policy, and a symbol of the breadth of spirit, and the breadth of alliances, which this special country Canada will require to achieve our interests in the future.

Hon. Lloyd Axworthy (Winnipeg—Fort Garry): Mr. Speaker, on behalf of the Official Opposition, I wish to join with the Secretary of State for External Affairs (Mr. Clark) in this recognition of Commonwealth Day, and underline the importance that this day presents to Canadians because of the major responsibility and obligation that the Commonwealth increasingly has to deal with the issues of great concern to people around the world.

We are pleased with, and so register, the opportunity that Canadians will have to see the Commonwealth in action as it holds its major meeting here in October. I am sure that all parliamentarians will find the occasion of Canada hosting that very important meeting to be one that we hope will focus more clearly on Canadian positions on the South African issue. In that manner, it will become not just a matter of bi-partisan support, but a matter of clear commitment by all Canadians of the actions that must be taken.

The Secretary of State for External Affairs has stated that the Commonwealth has now been brought under the front stage of world events. I think that the Secretary of State for External Affairs is correct in saying that. The value of that organization as a way of bringing countries with a wide variety of points of view together is one that we can only see now in its clearest and most honest evaluation that such organizations are of incredible value in today's world. There are not many like them with that particular type of composition.

As we saw at the last meeting in Nassau, it provides an opportunity for initiatives to be taken. The question that must be asked is what will be the initiative that is taken at the Commonwealth meeting in Vancouver in October? Quite clearly, we are faced with the tragic failure of the Eminent Persons Group which we all regret, because we certainly supported that initiative. It is clear that the Government of South Africa had no intention of responding to that initiative, and I think that events would show that since that initiative it has undertaken even further Draconian actions, and the further detainment of people. The last figure or estimate is that close to 20,000 people, both black and white, in South Africa are under detention by that Government. The restriction of freedom of the press, perhaps one of the most fundamental freedoms, gives even further cause for anguish.

We should not underestimate the importance and the difficulty which that meeting will face. It is only six months away,and on behalf of our group I wish to urge that some careful planning and policy-making be initiated, so that the developments of the Commonwealth meeting will have the proper anticipation and development leading up to it.

We were encouraged by the meetings taken by the Prime Minister (Mr. Mulroney) in his tour of southern Africa, and the efforts made to establish clear communication with the front line states, and with other African states. I believe that our leader has said that we applaud the Prime Minister for that initiative. However, what we raise as a question is the continuing ambiguity that seems to be apparent in the Government's position on the issue of sanctions itself.

During his meetings in Senegal, the Prime Minister stated, and I quote from his words, that "The Commonwealth Summit Meeting will be the determining factor in announcing a complete sanctions package". That sets a very clear timetable. However, last week when the Secretary of State for External Affairs was before the Standing Committee on Human Rights and the same question was asked, we certainly detected less of a willingness to commit to that type of statement made by the Prime Minister.

One thing that cannot be afforded in this most important of all foreign policy initiatives of the Government is any sign of ambiguity or confusion. If Canada is to take the lead in the Commonwealth, as it should, and as it has the opportunity to do, it is absolutely essential that there should be no hesitation or doubt as to where we stand, and what we will do about it.

I wish to use this occasion to urge the Secretary of State for External Affairs to take that into account, and to understand the commitment made by the Prime Minister in his statements in Senegal, and in other places in South Africa. These statements were reported in Canada with eight-inch headlines, that Canada was prepared to undertake full, total, comprehensive economic and diplomatic sanctions. If we now begin to draw away or back away from that position, it will weaken our possibility to provide the strength of purpose and direction that will be required in October.

One of the ways that the Government could clearly signal that there is no hesitation on its part is to now begin the type of discussion and development with those areas of the Canadian business community that are presently engaged in economic relations with South Africa as to what would be required for a total sanction package; how will we go about the disinvestment, how will we go about applying total sanctions? If there is to be any clear signal given, then by demonstrating that we have a blueprint, that we know how we will do it, I think we will strengthen our position, and give strong and undeniable messages to those who need to receive the messages.

I agree with what the Secretary of State for External Affairs said last week in the Human Rights Committee, that one of the primary roles for Canada to play is not only in initiating actions for our own purposes, but in trying to influence the actions of others, of the United States, certainly Great Britain, and members of the European Economic Community. By Canada initiating action now, putting in place the building blocks toward a full sanctions package, it would provide the strength of that message to these important allies and convince them to do the same. We have already had the example of the U.S. Congress substantially overriding the position of the administration in this regard. There are certainly signs that members of the EEC are now prepared to begin that kind of plan.

• (1120)

I urge the Government to provide, perhaps in honour of Commonwealth Day, the kinds of steps we can take domestically to show that we mean business when we get to the meeting in October. I want to make clear that that in no way takes away from what I accept as being the unequivocal commitment of the Government. However, I want to see that commitment followed by action. The action itself should become as important as the commitment in sending out the kinds of messages we want to send. We hope that the meeting in October will provide the platform on which a wide variety of countries can take a further step toward ending apartheid and toward presenting to the world a set of proposals on how that anguished country might move toward a democratic system. If Canada plays its proper role at the Commonwealth Summit in October, hopefully the next time we celebrate this very important day it will be in more positive terms.

Some Hon. Members: Hear, hear!

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, I am most pleased to have been chosen by my Party to join with the Secretary of State for External Affairs (Mr. Clark) in speaking in recognition of Commonwealth Day.

The Commonwealth, to those not a part of it, must seem a curious institution. Created by conquest, it has become a model of international co-operation based upon the shared values of justice and equality among a diversity of peoples around the globe. Transcending race, transcending religion,

and transcending cultures, it has taught Canadians that our own nation can develop strength and vigour through diversity.

As we have become a multicultural and multiracial nation and have demonstrated our commitment to independence, self-determination, economic development, and to the end of oppression and racism, Canada has assumed a position of leadership in this most friendly of international associations and in the world. It has been most particularly in the fight against apartheid that Canada has established a position of leadership within the Commonwealth, displacing even the mother country as its Government struggles to understand that justice is not equivocal or to be delayed.

As noted by the Secretary of State for External Affairs, the people of Canada and the Parliament of Canada see the issue of apartheid as a question, not of partisanship but of justice. All of us support the Prime Minister (Mr. Mulroney) when he said, "if there are not fundamental changes in South Africa, we are prepared to invoke total sanctions against that country and its repressive regime. If there is no progress in the dismantling of apartheid, our relations with South Africa may have to be severed absolutely".

We are concerned, however, that the promised action has been so long delayed. The South African regime has become not less oppressive but more oppressive; not more conciliatory, but more recalcitrant. Thousands have been displaced from their homes in ruthless pursuit of the still existing homelands policy. Thousands more have been jailed, tortured, and killed, including very small children, under the present state of emergency. Devious manipulation of a tortured people has turned black against black, as a curtain of darkness imposed by the evil regime keeps from the world the dark details of its evil oppression.

Even as we applaud the Government's international leadership we must mention, as the Secretary of State for External Affairs failed to do, that Canadians expect more, as was so clearly demonstrated just nine days ago in a meeting of groups opposed to apartheid in Montreal.

As stated in the reports of the Special Joint Committee on Canada's International Relations and the House Committee on Human Rights, they want full legislative, mandatory, universal, economic sanctions imposed against South Africa, and they want them now.

We share, as my colleague in the Liberal Party shares, the concept that Canada must act to demonstrate leadership and to provide a model of what others should do. It has been our consistent position that we exhibit an appropriate model when we exhibit leadership, by applying what most can be done by the country. We have hesitated too long in doing what we can do and should do. I know the Secretary of State for External Affairs has within his vest pocket permission from the Cabinet to proceed with increased sanctions. It is the position of my Party and most Canadians that he should proceed now, so that when the Commonwealth meets in Vancouver in the fall Canada can exercise its leadership, having demonstrated what should be done by others, most particularly what should be done by the mother country.

I am most pleased, as I am sure are other Members of the House, that the Government, through its Prime Minister, has made a commitment for increased aid to the front line states, for they will suffer, as he has indicated, most of all by acts of retaliation by a South African regime already engaged in actions to destabilize those nations. I hope the Secretary of State for External Affairs has expressed the full commitment of his Government when he was asked last week at the committee hearing whether the Government was prepared, in co-operation with other nations, to provide those means to the front line states by which they may protect themselves against South African aggression, those very establishments we have helped fund to enhance their transportation facilities and to allow their economic growth and development. It will do no good if we give them aid for development while we sit idly by and watch an aggressive military regime undermine our contribution.

We should not forget in that context our commitment to the freedom of Namibia. We should take conspicuous note of the inconsistency involved in our efforts in the front line states, while the United States of America provides $100 million for South Africa's allies in undermining the Angola regime and in resisting the freedom of Namibia.

We join together with all Parties in expressing our national commitment to justice, particularly justice for the South African majority population. However, along with other Canadians, we hope we will not hesitate any longer in expressing the leadership for which so many have called in leading the fight against apartheid.

Some Hon. Members: Hear, hear!

* * *

PUBLIC ACCOUNTS

PRESENTATION OF FOURTH REPORT OF STANDING COMMITTEE

Miss Aideen Nicholson (Trinity): Mr. Speaker, I have the honour to present the fourth report of the Standing Committee on Public Accounts. This report deals with the management of Indian bands and moneys.

In a 1984 decision involving the surrender of Indian bands, the Supreme Court of Canada held that the Department of Indian Affairs had a fiduciary duty to Indian people and awarded damages of $11.7 million to an Indian band. Approximately 100 other lawsuits against the Crown are pending, and 25 per cent of these claims with a dollar value represent a potential liability of $1.77 billion. The remainder have no stated dollar value.

The Standing Committee on Public Accounts believes that Indian people should receive the same standard of asset care that all Canadians would expect from a professional trustee. In

addition, the Department must protect the Crown from future legal liabilities.

The committee has noted a number of areas where the Department has not met professional standards in the management of lands, estates, and moneys. The Department has indicated three types of responses to these deficiencies which will be monitored closely by the committee.

[*Editor's Note: see today's Votes and Proceedings.*]

* * *

• (1130)

PETITIONS

OPPOSITION TO ESTABLISHMENT OF MILITARY BASE

Mr. Gordon Taylor (Bow River): Madam Speaker, I have great pleasure in presenting a petition on behalf of Canadians. The certificate of the Clerk of Petitions is attached. Your petitioners humbly pray and call upon Parliament to restrict the Department of National Defence from using, utilizing, purchasing, leasing or in anywise establishing a military base on the eastern slopes of the Rocky Mountains of Alberta, particularly the Highwood River Valley area abutting the Kananaskis Provincial Park as in duty bound your petitioners will ever pray.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Les Benjamin (Regina West): Madam Speaker, I have the honour and the duty to present petitions on two matters. One is a petition signed by members of the Senior Citizens Association, Imperial, Saskatchewan in which they say that the proposed amendments to the Patent Act will unfairly hurt Canadians whose health needs require the purchasing of prescription drugs on an ongoing basis and the proposal that the federal Government will result in higher costs to provincial drug plans. Therefore, the undersigned, your petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

TRANSPORTATION—ECONOMIC REGULATORY REFORM

Mr. Les Benjamin (Regina West): Madam Speaker, I have two petitions from citizens of Deer Lake, Newfoundland, Calgary, Alberta, Saskatoon, Saskatchewan and Fredericton, New Brunswick. These petitioners request Parliament, on the grounds that transportation is a natural monopoly without economic regulation, that the Government's Bill C-18 will create unnecessary chaos in transportation as well as a deterioration in the quality, type and frequency of service, to have Bill C-18 withdrawn and to reject the proposals therein.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Elliott Hardey (Kent): Madam Speaker, I have the duty and the honour to present a petition from approximately 110 constituents from the riding of Kent. This petition is certified by the Clerk of Petitions. The petitioners indicate that they wish the Government to reject proposals to change the Patent Act because they feel the amendment will raise the cost of prescription drugs.

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Madam Speaker, I have a petition that has been duly certified. It documents the extent to which fishermen across Canada depend upon the Unemployment Insurance Program. It expresses their concern that this program is being taken away from them, and calls upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) rejects any recommendation that would deprive fishermen of their right to collect unemployment insurance. It also calls upon Parliament to ensure that the Minister enters into consultations with all representatives of fishermen in Canada in order that improvements to the program offered to fishermen are made.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Stan J. Hovdebo (Prince Albert): Madam Speaker, it is my honour and duty to present on behalf of citizens of the Prince Albert district a petition which calls on the Government and Parliament to reject proposals which will increase prescription drug prices for Canadians and thereby establish a recognized level of purchases of prescription drugs.

* * *

TERRITORIAL LANDS ACT

MEASURE TO AMEND

Hon. Flora MacDonald (for the Minister of Indian Affairs and Northern Development) moved for leave to introduce Bill C-43, an Act to amend the Territorial Lands Act.

The Acting Speaker (Mrs. Champagne): Shall the Hon. Minister have leave to introduce the Bill?

Some Hon. Members: Agreed.

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

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Madam Speaker, the following questions will be aswered today: Nos. 66 and 73.

[*Text*]

ACTUARIAL SURPLUS OF PSSA, CFSA AND RCMPSA

Question No. 66—**Mr. Gauthier:**

As of March 31, 1986, what was the actuarial surplus of the Public Service Superannuation Account (PSSA), the Canadian Forces Superannuation Account and the Royal Canadian Mounted Police Superannuation Account, using the assumptions contained in the most recent valuation report of these accounts that was tabled in the House of Commons but with (*a*) an annual inflation and salary increase scenario of 3.5 per cent and 4.5 per cent respectively; (*b*) an annual interest rate scenario of (i) 11.0 per cent for 1986-87, 1987-88, 1988-89 (ii) then reduced by 0.1 per cent for each of the next three years (iii) then reduced by 0.2 per cent a year until an annual rate of 7.5 per cent a year is reached, and (*iv*) continuing thereafter at a rate of 7.5 per cent a year; and (*c*) for the PSSA a current service employer rate equal to (i) 1.25 times (ii) 1.50 times, and (iii) 1.75 times the employee contribution rate?

Hon. Robert de Cotret (President of the Treasury Board): Based on the hypothetical factors provided in the question, the calculation is estimated to be:

	($ billions)
(i) PSSA	8.1
(ii) CFSA	7.5
(iii) RCMPSA	.9

The Public Service Superannuation Account employer current service contribution rate does not affect the calculation.

TARIFF ON ENGLISH LANGUAGE BOOKS

Question No. 73—**Mrs. Finestone:**

1. Was a 10 per cent tariff on English language books imposed by the Government on June 6, 1986 and, if so, to date, what was the total amount collected?

2. What nations' book sales to Canada were affected and what amount of the total sum collected was attributable to each country?

Hon. Elmer M. MacKay (Minister of National Revenue):

1. Effective June 6, 1986, the Customs Duty on Books Remission Order (1982), which allowed duty free entry of certain books, was revoked. Consequently, novels, works of fiction, some periodicals, publications to encourage enrollment in educational institutions outside of Canada and books of printed music reverted to being subject to the legislated duty at the rate of 10 per cent *ad valorem* under the most favoured nation tariff and the U.K. and Ireland tariff.

Other books, including text books or works of reference included in the curriculum of any university, college or school in Canada; books for *bona fide* libraries; books and periodicals in any other than in the English language; books which have been actually printed and manufactured more than 12 years; books for the promotion of medicine, the fine arts, law, science, technical training and the study of languages, are not affected by this change and remain duty free.

The amount of duty collected from June 6, 1986 to November 30, 1986 (date of the latest available statistics) was $11,142,000.

2. Of the $11,142,000 collected in duty on books imported under tariff items 16900-1, 17100-1, 17800-6 and 18200-2, $9,741,000 was collected on books imported from the United States; $979,000 from the United Kingdom; $109,000 from Hong Kong; $85,000 from Japan; $47,000 from Italy; $44,000 from Belgium and Luxembourg; $37,000 from Spain; $14,000 from West Germany; $14,000 from Switzerland; $2,000 from France; $1,000 from Ireland, and the remaining $69,000 from other countries.

[*Translation*]

Mr. Lewis: I suggest, Madam Speaker, that the remaining questions be allowed to stand.

The Acting Speaker (Mrs. Champagne): The questions enumerated by the Hon. Parliamentary Secretary have been answered. Shall the remaining questions stand?

Some Hon. Members: Agreed.

[*English*]

The Acting Speaker (Mrs. Champagne): I wish to inform the House that because of the Ministerial statement Government Orders will be extended by 23 minutes beginning at one o'clock p.m. today.

[*English*]

GOVERNMENT ORDERS

BORROWING AUTHORITY ACT, 1986-87 (NO. 2)

MEASURE TO ENACT

Hon. Tom Hockin (for the Minister of Finance) moved that Bill C-40, an Act to provide borrowing authority, be read the second time and referred to a Legislative Committee.

He said: Madam Speaker, I rise today to seek approval of Bill C-40, an Act to provide borrowing authority. As Hon. Members are aware, the Financial Administration Act requires that statutory borrowing authority must be obtained from Parliament in order for the Government to borrow. Specifically Part IV, Section 36 of that Act requires that:

No money shall be borrowed or security issued by or on behalf of Her Majesty without the authority of Parliament.

This refers to new money only, rather than the refinancing of existing debt. Under Section 38 of the Act, there is continuing authority to borrow funds to repay maturing debt. While Section 39 provides for short-term temporary borrowing, statutory borrowing authority must be obtained from Parliament to permit the Government to implement a regular debt program to meet its financial requirements.

• (1140)

There can be no doubt that the timing of the Bill before us is appropriate. The Government is following the pattern for an improved budgetary process that was set out in a paper the Minister of Finance (Mr. Wilson) tabled in May 1985. The same pattern was followed with the last borrowing authority Bill. One of the suggestions presented in that paper which the Government has been actively pursuing is that parliamentary approval of borrowing authority for each upcoming fiscal year should be sought at the same time as the Budget is presented. The logic behind the proposal was that the Budget presentation in February would set out the financial information for the new fiscal year for parliamentary study. This is a course of action now being taken and I would hope that debate on the Budget and the fiscal stance presented by the Government will be helpful in examining this borrowing authority Bill.

[*Translation*]

Allow me now to give you a few details concerning the provisions of the Bill and the reasons why this borrowing authority is being sought.

[*English*]

The largest amount is $24.3 billion in borrowing authority requested for the next fiscal year, 1987-88, as set out in Part II of the Bill. I will discuss that in more detail later in my remarks. First, however, I would like to deal with the circumstances underlying the request in the Bill for supplementary borrowing authority in the current fiscal year which ends March 31.

Part I, Clause 2(1), seeks supplementary borrowing authority for 1986-87 of $3.6 billion. This amount is equal to the amount of borrowing authority that has already been used to acquire U.S. dollar reserves during the period from April 1, 1986, to January 31, 1987. While the Government does have a non-lapsing reserve of $2 billion carried forward from borrowing authority legislation in 1984-85, this reserve is not sufficient.

[*Translation*]

The Government therefore is seeking to borrow an additional amount of $3.6 billion to replenish this $2 billion reserve and have the operating margin required to react on the exchange market when further interventions become necessary between now and the end of this fiscal year.

[*English*]

Clause 2(2) of the Bill provides for the cancellation on March 31, 1987, of all borrowing authority conferred by the above Section that remains unused in this fiscal year 1986-87 and to the extent that it exceeds borrowing pursuant to Section 39 of the Financial Administration Act undertaken between February 18 and April 1, 1987.

[*Translation*]

Hon. Members know that Section 39 empowers the Governor in Council to borrow when it appears that there will not be enough money in the Consolidated Revenue Fund to make expenditures.

[*English*]

This action is designed for short-term, temporary use only. The term of the borrowing may not exceed six months and each borrowing requires approval by the Governor in Council.

Financial requirements are seasonally high in the first quarter of a new fiscal year, especially in April when they typically exceed what can be financed through a feasible borrowing operation in that one-month period. Thus, fiscal 1986-87 year-end cash balances will have to be built up in order to help meet these heavy seasonal requirements and this will be done on a temporary basis through short-term borrowings pursuant to Section 39 of the Financial Administration Act.

The Minister of Finance announced on February 26 that authority under Section 39 was being used to provide for a net increase of up to $600 million in Treasury bill borrowings this week. Funds borrowed under this Section cannot be rolled over in the regular way as under Section 38 and will require new borrowing authority. Thus the Bill provides for borrowing authority to the extent it equals money borrowed under Section 39 in 1986-87 to be carried forward into 1987-88 to roll over the maturing debt issued to build up cash balances in the current fiscal year.

The primary reason for seeking supplementary borrowing authority now is the impact on the Government's borrowing operations arising from the recent volatility in the exchange markets which has been quite extreme. Our actions to maintain an orderly exchange market in this volatile environment, in the face of upward pressure on the value of the Canadian dollar during January and early February, have resulted in a very substantial increase in the Government's official reserves. Domestic borrowing was therefore increased to obtain Canadian dollars to finance this increase in reserves. There no longer remains sufficient borrowing authority to facilitate additional borrowings. As a result, the Government found it necessary to use Section 39 of the Financial Administration Act to enable it to continue its debt operations, and I should note that Section 39 was used in similar circumstances in 1983 and 1985.

It is most important that the Government be in a position to maintain an orderly, ongoing debt program so as to rebuild its cash balances. Speedy passage of this Bill will help to achieve this objective and will reduce the need for heavy reliance on short-term borrowings pursuant to Section 39 of the Financial Administration Act.

[*Translation*]

Now, Madam Speaker, allow me to tell you about the borrowing authority we will need for the next fiscal year. Part II of the Bill provides borrowing authority of $24.3 billion for the year 1987-88. This amount covers the $21.3 billion financial requirements set forth in the Budget plus a $3 billion non-lapsing reserve for unforeseen outlays, including a new

build-up of international official reserves during the year 1987-88.

[*English*]

In light of recent exchange market developments, the $3 billion reserve amount being sought is appropriate. In the month of January alone, about $2.5 billion in borrowing authority was used as a result of exchange market operations. The proposed $3 billion reserve will provide the Government with the ongoing flexibility that is needed to rebuild its cash balances.

[*Translation*]

If I may, Madam Speaker, for your information I should like to table a document explaining the source and use of the borrowing authority for this fiscal year until February 28, 1987.

[*English*]

One of the fundamental principles of fiscal policy as set out by the Minister of Finance is that the Government should ensure substantial year-over-year reductions in the Government's financial requirements. This is of particular interest to the House because, over three years, the Government will have reduced financial requirements by 28.5 per cent: from $29.8 billion in the year we took office to $21.3 billion in this coming fiscal year. This steady reduction in the demands made by the Government on the nation's savings is one of the most important factors underlying our steady economic advance.

In conclusion, the borrowing authority requested by this Bill is reasonable in the circumstances. The added flexibility we are seeking allows us to cope with sudden large demands for funds and to moderate exchange market fluctuations. It is, I submit, a prudent measure in light of the potential volatility of the exchange markets. The authority we are seeking to cover next fiscal year's financial requirements reflects the Government's ongoing policy to bring about steady and substantial reductions year by year in the federal Budget deficit.

• (1150)

[*Translation*]

Ever since this Government took office, the Minister of Finance has clearly expressed our determination to stay within the bounds of financial responsibility. In the context of that policy I urge the House to pass the Bill.

Mr. Raymond Garneau (Laval-des-Rapides): Madam Speaker, in speaking to Bill C-40, our normal reaction might be that the Budget Speech has been read, the Main Estimates have been tabled and that the debate on the Budget Speech is extensive enough to warrant keeping our comments on the borrowing authority Bill to a minimum. However, I think we would not be doing our duty as the Official Opposition if we were to give such short shrift to a Bill that will add to the national debt as much as $30 billion, if we consider the borrowing authority being sought by the Minister in clause (2), that is, $3.6 billion between now and March 31, 1987, the $24.3 billion for current expenditures and a contingency fund of $3 billion, something for a rainy day, but $3 billion just the same. This Bill seeks borrowing authority for all these amounts.

As I said before, we could go back to what we said in our speech in response to the Budget Speech made by the Minister of Finance (Mr. Wilson), but I think we should dig a little deeper and put this borrowing program into perspective, in the light of the commitments made by this Government during the 1984 election campaign and also in the light of what was said by the Prime Minister (Mr. Mulroney) and the Minister of Finance during the weeks and months following the 1984 election, statements that have been repeated many times both in and outside the House.

Madam Speaker, the group of which I am a member believes it is essential that public administrators act prudently when administering the affairs of this country. We believe in fiscal responsibility, and I may remind the House of what was said by the Leader of my Party, now the Leader of the Official Opposition, in the weeks preceding the election campaign, and of my own comments on financial matters. We have explained many times why, during the 1984 election campaign, the Liberal Party of Canada limited the number of promises and the commitments it made. It was because of a financial situation that was largely the result of an economic recession that had affected not only Canada but the entire western world. The impact of this economic recession has been compared with that of the Depression in the thirties, and if its impact was not as dramatic, this was undoubtedly because of our social programs that helped maintain the purchasing power of Canadians and ward off disaster from many Canadian families.

In other words, throughout the 1984 election campaign we took a position favouring fiscal responsibility not only in words but in actions as well, and I am referring to the kind of limited election program we were advocating. We on this side of the House and the Leader of the Liberal Party who was then Prime Minister, myself and many of my colleagues reminded Canadians of this harsh reality. During that time the Conservatives travelled throughout the country making promises. We counted roughly 330 of them, all rather an expensive drain on the public treasury. Yet at the same time as they were making election promises right and left they also told Canadian consumers they would get new funds through various programs or projects, they were told the deficit would be reduced because it had become imperative to gain control over the public debt. A very conservative approach, quite contradictory of course! One day they were making promises, the day after they were saying they would do this and that. I have had opportunities to debate this issue with many people as it often happens during election campaign, open debates before student groups and various associations, and my experience has always been the same. In the same breath the Conservatives were saying: We will give more and spend less. Altogether contradictory.

As I have done in earlier debates, Madam Speaker, we might recall the statements made by the Prime Minister and the Minister of Finance concerning the solemn commitment that a Conservative Government would not raise taxes. It was imperative not to raise taxes. We were even told that it would be against the economic well-being of all Canadians. So what have we seen since their Party took over? Taxes have gone up dramatically. If we look at tax increases for the years 1984-85, 1985-86 and 1986-87, we find that personal income tax will have increased by 53 percent during that period because of the combined effects of income tax increases brought about by deindexation of tax tables, rate increases, withdrawal of benefits, and so on. Individual taxes, that is personal income tax and taxes on consumer products, will have increased by 53 percent while corporate taxes, including income tax and taxes paid by oil companies, will have decreased by 18 percent. Individuals will pay 53 percent more and corporations 18 percent less.

Madam Speaker, there are two possibilities. Either the Conservatives made promises that they knew they could not keep, which would have been a very petty political game, or else they did not know what it meant to govern the country. I still do not know which is true, but one thing is certain, and that is that this Government has not only neglected to keep its electoral promises, but has also done the opposite of what it had said it would do. It is one thing to promise a bridge and quite another to destroy a bridge. In this case, not only has the Government not kept its promises, but it has done exactly the opposite of what it said, namely brought about a very large tax increase.

Madam Speaker, does this increase, especially in individual income tax and consumer taxes, do these increases of billions of dollars . . . The 53 percent tax increase within a three-year period which I mentioned earlier means an increase of $22 billion, or nearly $1,000 for each man, woman, child and senior citizen in Canada. There are new taxes. If we consider the fact that a very large number of people, such as children, pay no taxes, it means that the Mulroney-Wilson Budgets of the Conservative Government will put an additional burden of nearly $2,000 on each Canadian family even though we had been promised lower taxes.

Madam Speaker, it is not surprising that the popularity of a Government which fails so flagrantly to keep its electoral commitments would fall to 22 percent in Canada as a whole. Only 22 percent of Canadians still have confidence in this Government, and the figure is as low as 18 percent in Quebec. This is not surprising since the Government has failed to keep all its commitments.

I said earlier that taxes had been increased even though the Government had said that this would not occur. What effect has this had on the budgetary deficit after three years of a Conservative Government since, according to the Conservatives, the deficit was to be their main priority after the elections? The 1986-1987 deficit keeps to practically the same level as in 1983-1984 when this Government came to power, that is for the last full year of the previous administration. After increasing taxes by $22 billion, they now come up with more or less the same level of deficit.

• (1200)

And looking now at the impact on the national debt, Madam Speaker, the debt increased to a level where at the end of the fiscal year under review in the estimates and the Budget Speech, this Tory Government will have added $10,000 to the debt burden of each Canadian man and woman, an absolute record for any Government over such a short period of time! In brief, not only did they not honour their commitments with regard to income tax, not only did they just about fail to alter the deficit to any extent, Madam Speaker, we are now coming to a situation where the national debt has increased from $16,000 to $26,000 because of this Tory Government's management.

Madam Speaker, with this legislation we are to all intents and purposes requested to approve a possible $30.9 billion in total borrowings. But, essentially, this Tory Government has succeeded in concealing part of its deficit. This they did in a tricky way in their dealings with businesses. You know how things go—businesses pay out wages and salaries, part of which they withhold for income tax purposes and hand over once a month to provincial and federal Governments. This Tory Government has now decided to go and get that money twice a month. And during the initial phasing-in period—the result will be the same—because once the system is onstream during the initial implementation year, 1987-1988, they will be getting $1.2 billion more over the fiscal year.

Of course, those $1.2 billion will add up to this Tory administration's actual deficit, which will then go up from $29.3 billion to $30.5 billion. Those are the facts. After three years of Tory administration, after an economic recovery that has been going on since 1983, after increasing taxes by $22 billion on the backs of Canadian taxpayers, they now have come up with a $30.5 billion deficit. And is that the last trick used to arrive at that deficit figure? No, there is yet another one. There is the $1.2 billion windfall. There is the deferral of a $200 million expenditure with regard to the Department of National Defence. Another tricky way of saying: We will spend those dollars but we will not pay them out—we will wait until next year. And this means they are adding to the deficit. This is another $200 million to be added to the deficit figure. And, finally, in the envelope—since they changed cash management methods with respect to the envelope for public assistance to development, they succeeded again in coming up with an artificial saving of $150 million for this year only. All this means, Madam Speaker, that without handling anything, simply by presenting figures on the same basis as in previous years—because clearly, changing the accounting basis alters the basis for comparison—the actual deficit for fiscal year 1987-88 amounts to $30.8 billion, even before making provision as the Minister of Finance (Mr. Wilson) has himself stated for the ice-breaker that was announced with great fanfare by the Minister of Transport (Mr. Crosbie) last week.

There is no provision nor estimates either for implementing the Prime Minister's commitment with respect to child care programs. There is no money either provided for the anti-drug action referred to by the Prime Minister and the Minister for social affairs in their speeches. There is no provision for that.

We have no reservation either against granting assistance to western farmers who in 1988 will probably face the same conditions as in 1987 with respect to wheat price and the Government had earmarked therefor $1 billion which means, Madam Speaker, that the Minister of Finance and the Government are trying to tinker with the books. Actually, the 1987-88 deficit will exceed $29.3 billion and it already does as a result of tricks used by the Minister, but if we take into consideration all those commitments made since the Budget Speech for which no estimate has been provided, the deficit will be considerably higher. This is the reason why the Government was wise enough to cover up because when a Bill is introduced asking the House the authority to borrow, since the money can be used for almost any purpose and allotted to any department, the debate deals almost entirely with public administration. In order to avoid that, the Minister have resorted to a double dodge. He said: Since we are in March, today being March 9, we will earmark $3 billion for the period ending March 31, 1987, and another $3 billion as a reserve for up to the end of 1988. This means that the Minister of Finance has arranged for some room to manoeuvre ranging between $3 and $5 billion so that he would be in a position to borrow further amounts without having to come back to the House and face another public debate and relevant questions. We have before us the first instalment, the first $3.6 billion which will be used to repay the loans made by the Minister of Finance to protect the Canadian dollar on the exchange market.

Madam Speaker, I wonder why a Government which would like to see the interest rates decrease—this is at least what the Minister has said, although he has maintained that there is no magic formula . . . Last year when the dollar was dropping I asked the Minister what he intented to do. He told us that he had no control over interest rates and the dollar value. In his Budget, he congratulated his Government for having succeeded in reducing interest rates. He cannot of course have his cake and it eat too and cannot say when conditions are bad that interest rates are controlled by the United States and that the markets are controlling the value of the Canadian dollar, and take credit when conditions are better. I think that the Minister would do well to correct his statements and remain consistent in his comments .

However, more recently it has been suggested that up to $3.6 billion should be borrowed to avoid an overvaluation of the Canadian dollar. Madam Speaker, there is now a gap in interest rates between Canada and the United States on 90-day Treasury Bills—or at least there was up to last week-end—of between 130 and 140 percentage points, that is to say, between 1.3 per cent and 1.4 per cent. I wonder if, instead of overcharging the loans, the policy of the Department of Finance should not be rather directed toward lowering interest rates, in view of the fact that the Canadian dollar, under pressure from the market, is somewhat stronger. I wonder why the Government is artificially maintaining interest rates at that level, when it could easily reduce the gap by, say, as much as 50 percentage points, thereby making it possible for Canadian men and women to benefit from this situation, instead of fighting against foreign speculators who, under pressure from the United States for a devaluation of the American dollar, are taking refuge in Canada and buying Treasury bills and other Canadian securities because the funds available to them must be invested somewhere and I do not see why the Minister of Finance is so anxious to take these so-called speculators, to tax instead of allowing interest rates to go down a little as a result of the current gap. I imagine $3.6 billion amount being sought could have been lower. I have already mentioned of course with regard to the forecast deficit, the $3 billion reserve.

• (1210)

As I stated a while ago, Madam Speaker to reflect facts without decieving Canadian men and women the real deficit for fiscal year 1987-88, should have been estimated at $30.850 billion. But when we consider the other moves made by this Government, we realize that part of its deficit has been transferred to the provinces and municipalities in the following ways:

Let us begin with municipalities. Municipalities table their budget once a year, as we all know, and their budget must balance. By changing sales taxes, by widening the sales tax base to include components of asphalt and prestressed materials, concrete, etc., we have transferred to municipalities an additional charge which forces them to either curtail their services or raise their taxes. We have in fact transferred part of the deficit to municipalities by forcing them to pay to the Federal Government taxes which they did not pay before. Secondly, by also raising the tax on gasoline—an input which is of course used by public utilities, transport commissions, etc., bus and subway services—we have added to the financial burden of municipalities. The deficit has been shifted in part from the federal Government to the municipalities.

This is even truer and more striking in the case of provincial Governments. I have mentioned this before in the House, but I would simply like to recall the impact of the federal Government's decision to curtail transfer payments to finance health programs such as hospital insurance and medicare, as well as post-secondary education, a program so essential that it bears repeating and one which cannot be turned on and off like water from a tap. No act or ministerial decision can regulate the number of people who are ill or will suffer health problems in a province, whether in Quebec, Ontario, New Brunswick or British Columbia. Provincial autorities who are responsible for the administration of hospitals, health care and post-secondary education are faced with the urgent needs of users. At a time when provinces were making considerable efforts to control their expenditures, the federal Government decided *proprio motu* after offhandedly notifying the provinces of its decision,

to reduce by 2 per cent the growth rate of federal transfers for the funding of those programs. What it means is that, instead of sharing in the evolving growth of collective wealth, the Gross National Product, it was decided transfer payments would be geared to the Gross National Product less 2 per cent.

Madam Speaker, according to figures that are quite precise even though they are preliminary, that represents a deficit transfer from the federal to the provincial Governments of about $8 billion, give or take a few billions, in the next five years.

That amounts to $2 billion for the Province of Quebec and about the same for the Province of Ontario. The federal deficit has simply been shifted to the deficit of the provinces. Then they boast that financial positions have been substantially improved. Madam Speaker, if the financial statements of Canada were presented on a comparative and real basis, we would realize that after three or four years of economic recovery, after tax increases of billions of dollars, the deficit the federal Government made one of its top priorities after the election is at the same level if not higher than in the last full year of the Liberal administration.

Madam Speaker, this Government has transferred part of its deficit onto the provinces and their taxpayers, from British Columbia to Newfoundland. There is no exception, all Canadians provinces will have to share this loss of $8 billion. Maybe the Hon. Member disagrees with the decision made by his Government. He should say so. The figures agreed upon during the federal-provincial conferences on the subject show that between 1987 and 1991, that is the next five years, there will be a transfer of $8 billion. In other words, the federal Government will contribute $8 billion less to Medicare, hopital insurance and post-secondary education.

Who is going to pay? Are we going to forbid people from being sick? Are we going to deny a college or university education to our young people? Is that what we are going to do? Are we going to ask families to contribute more substantially to the cost of education in CEGEPs in Quebec, colleges in other provinces and universities? Unless the Government asks or forces the provinces to eliminate some services? That is—during the weekend, the Parliamentary Secretary to the Minister of Finance (Mr. Vincent) was on a radio program, and I heard him say that he had no reason to believe that provinces should spend that much money. I hope he is the only one in his group to think that way and that Hon. Members from all provinces are aware of the importance of post-secondary education, aware of the importance of Hospital Insurance and Medicare, especially for an aging population, and will not echo this rubbish from the Parliamentary Secretary who says that Quebec, Ontario and the other provinces can merrily cut into the financing of their hospital insurance, Medicare and especially post-secondary education programs.

This Conservative Government has transferred part of the deficit to the provinces in order to reduce somewhat the debt and the borrowing it will have to do—without that the amount in Bill C-40 would be higher—and, now, the Ministers of Finance in Ontario, Quebec and the other provinces will have to go and borrow on the financial markets instead of this Minister.

But also there were drastic changes made in equalization payments. Madam Speaker, the equalization formula was changed in 1982. It is true. The purpose was to extend the base for arriving at the average for comparison purposes. And since in that equalization formula, agreed upon in 1982 by all provinces and the Government of Canada, there was a danger that the new formula would not bring about the same results as the former formula, the then Canadian Government had guaranteed that the payments made under the new formula would not be lower than those granted under the previous one. And as evidence of its good faith, the federal Government said: We will guarantee that for three years. Because it was felt at that time by everyone, the technicians included, and it was actually believed that that was going to happen. Unfortunately, the projections proved to be worse than had been foreseen, and after three years, a correction had to be made, because the guaranteeing formula had operated for three years and as it was coming to an end, a correction had to be made.

Madam Speaker, that correction was made. That is true. Except that, in usual Tory fashion, an injustice was produced that I have been denouncing in this House since the impact is known. The then Minister of State (Finance) had stated from her seat, speaking on behalf of the Government, that each province would receive in equalization payments at least 95 per cent of the money it had received the previous year. The additional money that were voted by this House ensured that all provinces got at least 95 per cent with one exception, Quebec. Why those double standards? Why did the Government refuse and still refuses to honour its promise and the commitment made in this House by the Minister of State (Finance)? Why impose on Quebec taxpayers alone the burden of levying or paying those $66 million that have increased to nearly $90 million?

Why that discrimination against one single province? Madam Speaker, if such commitment had been made by the Parliamentary Secretary or by a back-bencher it would be understandable, but it was actually made in this House by someone in the Government. We thus see that this Government not only reneges on its election commitments but then it does not even honour the commitments made in this House by a Minister answering from his seat on its behalf to a question put by the Opposition. If those commitments had been honoured and part of the deficit had not been transferred to the provincial Governments through the financing of established programs, if such firm commitments made to the provinces had been kept, we would see that the management of the public debt and the deficit by the Conservative Government is far less wonderful than what the Minister of Finance and other Government Members would like to have us believe in their comments inside and outside this House.

• (1220)

[*English*]

Bill C-40 is an example of how the Government mismanages public funds. The Minister of Finance has used a number of tricks to camouflage part of his borrowing. He asks to borrow $3.6 billion for his operations in order to maintain the value of the Canadian dollar. He asks for another $24.3 billion for regular government operations. He asks for an additional $3 billion just in case.

I suppose the additional $3 billion for the end of the year could not cover the commitments made by the Minister of Transport (Mr. Crosbie) with respect to building an ice-breaker, since there is nothing in the Estimates to finance even part of it. Will this additional $3 billion be used to finance the day care system announced by the Prime Minister (Mr. Mulroney) last Monday? Or will it be used to cover the expenses of other programs which have been announced by different Ministers and for which there are no figures provided in the Estimates? If this is so, then the deficit for fiscal year 1987-88 will not be $29 billion but something closer to $34 billion. We know that the real deficit is higher than the one contained in the Budget Speech.

The Minister has used a number of tricks to hide certain expenses. We know that he transferred a part of the deficit to the provinces as a result of changes in the way the Established Program Financing arrangements are financed and also as a result of changes that have been made to the equalization formula by the Government.

We realize that the Government has not lived up to its promises. We heard members of the Government make a number of promises during the election campaign. In the House and outside the House we have heard the Minister of Finance say that he will never increase taxes. Yet we know that he has increased taxes by billions and billions of dollars. It is unbelievable that a Government can so openly deny all its commitments and then bring down a Bill such as this, which is similar to the one passed in 1985-86 and which will add thousands of dollars on to the shoulders of Canadians. That is the increase per worker in the national debt under the Tory Government.

These are good reasons for the Official Opposition to say that we intend to vote against the Bill. In doing so we will ask the Government to live up to its promises. The Government promised a certain number of things to Canadian taxpayers. We realize day after day that the promises are broken day after day. In voting against Bill C-40 we send an additional message to the Government to be responsible and to live up to its promises.

Mr. Mike Cassidy (Ottawa Centre): Madam Speaker, I wish to participate in this debate on Bill C-40 more out of a sense of sorrow than out of a sense of anger, since it effectively continues some of the concerns which my Party has raised in the course of the debate on the Budget. I appreciate the courtesy of the Minister of State for Finance (Mr. Hockin) in giving us some insight before the Bill was brought forward. We have had some discussions with him about the purposes of the Bill that was brought forward in terms of borrowing for the exchange fund and in meeting the Government's budget borrowing requirements as a consequence of the deficit forecast and the cash requirements of the 1987 Budget. I also appreciate that some self-interest was involved on the part of the Government because there is a deadline with respect to this Bill. Its passage is required by the end of the month, and the Minister was seeking to have some co-operation from opposition critics.

Co-operation does not necessarily mean support. We in the New Democratic Party remain concerned about the failure of the Government to take any meaningful action with respect to regional disparities in Canada in the course of the Budget. Of course, this borrowing Bill does not hit at that directly but it certainly hits at it indirectly. It speaks to a recipe for deficit reduction which people in my Party find uncomfortable and unacceptable to live with.

In terms of deficit reduction the Government's view seems to be that deficits can be reduced in two ways. Taxes can be increased, particularly those on individuals, and that has been done with a vengeance. Since the Government came to power revenues from personal and sales taxes have increased by more than 50 per cent at the same time that revenues from the corporate sector, in terms of taxation, have actually gone down. Taxes on individuals can be increased in order to combat the deficit, or programs can be cut back. The Government can cut back on its Canadian Jobs Strategy, for example, something which directly affects disadvantaged Canadians. These are people who are out of a job and who need assistance in getting back into the labour force or who need assistance in terms of obtaining training for the new skills that are required in the 1980s and the 1990s. The Government can cut back on spending in economic and regional development, as it has done with a vengeance since taking power. Or it can cut back on the programs of the Department of Regional Industrial Expansion, as it has also done since taking power.

In other words—

[*Translation*]

—the Government's economic policy for getting rid of the deficit is either to increase taxes that affect us personally, such as sales tax, or cutting Government spending, and especially spending that affects individuals such as job creation, the Department of Employment and Immigration's job strategy and the regional industrial expansion programs in the Government's Budget.

That is their policy. However, Madam Speaker, there is no concern about the need for a full employment policy, the need for getting rid of the unemployment that unfortunately still exists in our country. The Budget offers nothing in this respect, and in fact, Bill C-40 merely reflects the Budget as far as unemployment is concerned in this country. In fact, the Government is saying we will have to accept the employment

situation, instead of setting goals for reducing unemployment, just as the Government sets goals every year to reduce the deficit.

Madam Speaker, I would like to quote from a speech given last Friday by the Minister of Finance (Mr. Wilson) at the Macdonald-Cartier Club in Calgary, which was about the Government's policy, not just how it affects the West, but the Government's policy in general.

• (1230)

[*English*]

We know to what extent the vacuum in terms of leadership in the Government has allowed power to drift back into the Department of Finance. We also know what happened when the present Minister took over the Department of Finance two and a half years ago. He was one of the few Ministers to still be in the same position two and a half years after the Government came to power. He found a group of advisers who were, relatively speaking, of like mind with the Hon. Minister. They are increasingly taking charge of the Government.

You may recall, Madam Speaker, because you were a candidate in that election, how the Hon. Prime Minister (Mr. Mulroney) promised that there would be jobs, jobs, jobs immediately the Conservative Government came to power. For example, in the Province of Quebec there is still an unemployment rate of over 11 per cent in the city and region of Montreal, one of the two metropolises of our country.

After two and half years, that is not good enough, but that is the result that we have had from the Government, and from the policies put forward by the Minister of Finance. These policies reflect a wing of policy of his Party. I also believe that they reflect the views of the business community in Canada, and the traditional views which have been put forward by the Department of Finance for many years. At times they win, at times they lose. Now they are on a roll because of the disbandment by a Leader of the Opposition, when he was Prime Minister, of the ministry responsible for economic development, because of disbanding and other efforts to balance the control and direction of economic policies within the Government, and because of the fact that the Department of Finance has therefore become much more powerful than it was two or three years ago.

In Calgary on Friday, in the conclusion to his speech to the Macdonald-Cartier Club, the Minister of Finance said this, "In my remarks today, I have stressed the fact that the government you elected," and "you" is underlined, "in September, 1984, has carried out your program," "your" is underlined, "your desires for fiscal rejuvenation", "your" is underlined, "your principles of a market-driven economy," "your" is underlined, "and your commitment to stimulating the private sector." "Your" is also underlined. I would challenge any Conservative, including Conservatives from Calgary, to tell me that there was a large group of unemployed Calgarians or Albertans who were in the hall of the Macdonald-Cartier Club when that meeting was held on Friday; that there were a great many single mothers who are on welfare; a large number of native people; a large number of handicapped people; a large number of poor people. Were they in that hall? No, they were not. The people who were in that hall were representatives of the business community in Alberta who came together to hear the Minister of Finance.

I recognize that a serious downturn has occurred in the Alberta economy because of changes in the energy sector. This has affected the business community, as well as other people in the population of the Province of Alberta. My Party has also recognized that in calling for specific action. My Leader has been calling for specific action to take the revenue from the increase in taxation on gasoline and use it for the small producers of oil and gas who have been shut out by the Government's policies of catering to the large producers and the multinationals, and not to the small producers.

What is interesting is the blatant, unabashed, and unashamed manner in which the Minister of Finance said to the representatives of the business community that we are following "your program, your desires for fiscal rejuvenation"—that means cut the deficit before other priorities—"your principles of a market-driven economy, and your commitment to stimulating the private sector".

Over the weekend I refreshed my memory of what has been occurring in politics over the last decade or so in terms of the dying years of the Trudeau Government in its first and second manifestations, the brief blip when the Conservatives were in power under the Right Hon. Secretary of State for External Affairs (Mr. Clark), and now under the Government of the present Prime Minister. The point that was made in an excellent book which I recommend to all Members of Parliament, Ron Graham's book, *One-Eyed Kings*, is that there has been in the past something of an accommodation in terms of Government policy between accommodating the interests of the business elite in the country on the one hand, and also ensuring an adequate policy in terms of job creation, and in terms of a net of welfare services for average Canadians. That was followed under previous governments, often because of the efforts and pressures of the New Democratic Party.

A Government to stay in power, if it is one of the two old Parties, has probably no choice but to try to balance the needs of ordinary Canadians, and accommodate its friends in the business elite. I say quite bluntly that what has happened is that the policies that are reflected in Bill C-40, and are reflected in the Budget, are policies which are designed to accommodate the business elite and ignore the needs of ordinary Canadians. That is one of the reasons the Conservatives have fallen to the abysmal levels in terms of public esteem. It is not only that they violated public trust, although that is an extremely important factor, it is that they have violated the trust ofthe people in expecting the next Government of Canada to be implementing its promises of jobs, jobs, jobs in every region of Canada, and to be demonstrating fairness to every Canadian in terms of job creation and in

terms of the tax system. These are things which the Government has failed to do.

I wish to cite a few points made by the Minister of Finance in his speech, and then comment on them. In his speech to the business elite in Calgary, he said that he believed "we"—whoever that is—"share a common purpose—that is to restore the economic health throughout this country". Every Party talks about restoring economic health throughout this country. We, as a Party, believe that this is not a matter for rhetoric, it is a matter for action.

When you look at the fact that between January, 1986, and January, 1987, of the net creation of 137,000 jobs across Canada, all but 5,000 of those new jobs were in the Province of Ontario, mostly in southern Ontario, and there were only 5,000 new jobs created in net terms between Newfoundland on the East Coast and British Columbia on the West Coast, I ask what type of restoration of economic health does that amount to? The answer is damn little.

The Minister of Finance stated, and I quote:

> I recognize that some regions in this country have not participated fully in the economic recovery, and that a good deal of the growth has been concentrated in other parts of Canada, besides Alberta.

The Minister of Finance euphemistically ignored the fact that today the unemployment rate in seven provinces in Canada is higher than it was at the height of the 1981-82 depression. It is higher in two provinces than it was in September of 1984 when the Conservatives came to power. There has been a certain amount of progress in most provinces since 1984. There has been some reduction in unemployment. But one has to ask if that reduction has been enough. I would certainly answer, as I think most Canadians would answer that it has definitely not been enough.

I wish to cite some figures, and I do not wish to repeat my comments in the Budget debate, but in January of this year unemployment, on a seasonally-adjusted basis, rose again to 9.7 per cent from 9.4 per cent.

As we pointed out—

[*Translation*]

—in seven provinces, the unemployment rate today is higher than it was during the 1981-82 recession. If we consider two of our provinces, Prince Edward Island and Nova Scotia, the unemployment rate is higher today than it was in September 1984. Madam Speaker, if we look at the situation in our major cities, we find the following: According to Statistics Canada, in January the unemployment rate was 15 per cent in Vancouver, the Expo '86 city; in Victoria, the capital of British Columbia, it was 14.6 per cent; in Edmonton, 12.5 per cent; in Saskatoon, 11.4 per cent; in Montreal, the metropolis of the Province of Quebec, the unemployment rate, according to the Parliamentary Secretary, was 11.4 per cent, while it was 10.3 per cent in Quebec City. In St. John's, Halifax and Saint John, unemployment was 10.8, 10.4 and 12.1 per cent respectively.

Such is the difficult situation in our major cities, and you know quite well, Madam Speaker, that unemployment is often much higher in rural areas than in major cities.

If we compare this with the situation in Toronto, where the constituency of the Minister of Finance, Etobicoke, is located, we find an unemployment rate of 4.8 percent. I am well aware that there are unemployed workers in the Maritimes who spend two or three months working for the building industry in Toronto and that it is difficult to find workers in that city, where the situation approaches what could be called full employment. My son, who is 20 or 21 years old, now works in Toronto, where he has just found a job. It is not a very big job, but there are still jobs in the Toronto area.

However, saving Toronto and the economy of southern Ontario is not the same as saving the economy of the whole country. The Minister of Finance has said that the regions of this country have not participated fully in economic recovery and that much of the growth which has been concentrated in other regions of Canada has failed to occur in Alberta. He is speaking the truth since the major part of this growth has occurred in Ontario.

Madam Speaker, the Minister of Finance has said in his Calgary speech: "We, as national Government, must look at the problems in each region. And I can assure you that we are working and will continue to work night and day to guarantee that all Canadian men and women benefit from the economic resurgence in our country."

Madam Speaker, I have to ask: Where is the economic resurgence in Newfoundland? Where is the economic resurgence in Alberta? In British Columbia? It is not there.

Madam Speaker, the Minister of Finance has also assured us that tax reform is on the fast track. This means that it is being prepared quickly, Madam Speaker. According to the Minister, his proposals will be published in the spring. He says that the Government wants to lower rates and to enlarge the tax base for personal and sales taxes and to reduce the number of tax categories.

However, Madam Speaker, the tone of the speech made by the Minister of Finance suggests that he now expects to achieve neutrality in terms of income, but only for personal and sales taxes. This means that there will be no transfer of the tax burden from individuals to corporations.

If we look at the situation in the United States, Madam Speaker, we find that Congress has just passed a tax reform project to transfer about $132 billion in taxes from individuals to corporations. What is the Minister of Finance saying? He says: "We know that unfair distortions remain in the corporate taxation system. We want to correct promptly—" Madam Speaker, the Government has been in power for two and a half years and it now promises changes and tax reforms although corporate taxes decreased since 1984. But I say that we want to correct promptly those distortions.

"Corporate tax rates", he says, "must be lowered to remain competitive in view of tax reforms taking place in the United States."

Madam Speaker, in the United States, taxes paid by corporations have increased by $132 billion and here is our Minister of Finance saying that in spite of all the tax breaks given to corporations, their tax burden should not be increased at all and that corporate taxes will be lowered.

The Minister says that we will in effect eliminate some loopholes. That is a good thing. But we must also take into account the fact that corporate income tax has not increased at all, while personal income tax have gone up by 50 per cent.

Finally, Madam Speaker, the Minister said to journalists, before the Macdonald-Cartier Club in Calgary, probably answering a question about Petro-Canada: "We believe", he said, "that Petro-Canada has outlived its public policy purpose. Therefore the Government can now proceed to the sale of Petro-Canada."

Madam Speaker, a few Conservative Members agree to the privatization of Petro-Canada. As a New Democrat Member, I can say that the reasons for the purchase of Petro-Canada are still valid, that the Canadian people supported it when it was recommended—on whose suggestion? By a New Democrat under the minority Government of 1972-74. One of the reasons why New Democrats are now on an equal footing with Liberals in the Province of Quebec is because we, the NDP, recognize why Canadians wish to maintain Petro-Canada as a Crown corporation.

• (1240)

[*English*]

I am very concerned to hear Conservatives in the House supporting the perhaps offhand comments made by the Minister of Finance in Calgary, suggesting that Petro-Canada no longer fulfilled any public policy role and therefore we could move ahead in order to sell it off. We think there is a public role. We think the Government should have directed Petro-Canada in the last two weeks not to go along with the increase in gasoline prices which was put into place by one of the multinational oil companies. We think—and Canadians think it as well—that one of the reasons for Petro-Canada is to have a window on the industry and to have a means by which to protect Canadians from being gouged at the petrol pumps by private multinational corporations. That was the situation which prevailed back in the 1970s. We feel—I think most Canadians feel it—we do not want to see a situation where we are once again held to ransom by privately owned oil companies if energy prices start to climb in a dizzying spiral, as they did at that time.

The Minister of Finance also talked about how he viewed the world. In speaking to a business audience—and there were certainly no poor people there—he said that the deregulation of industry in an approved climate to foster entrepreneurship and attract foreign investment and freer trade was part of the fundamental belief that the best economic decisions are those which are made in the market-place.

Some Hon. Members: Hear, hear!

Mr. Cassidy: Again Conservative Members are saying: "Hear, hear", as they listen to me quoting certain comments of the Minister of Finance.

The other day I rose in the House to ask the Minister of Finance why it was the Government, which has fallen over itself in order to try to attract foreign investment and show that Canada is "open for business again", in their words, had in fact done so badly. In 1985 and 1986 combined we had a net outflow of some $10 billion on job creating—the long term direct investment account. Direct investment by Canadians, Madam Speaker, accounted for a $10 billion outflow over those two years, $5.1 billion in 1985 and $4.8 billion in 1986.

• (1250)

What happened in terms of direct investment from foreigners? Direct investment by foreigners was up by $1.5 billion in 1986 but it had fallen by $2.5 billion the previous year. So over those two years Canada had a direct investment outflow, a disinvestment by foreigners of more than $1 billion. Yet the Finance Minister goes to Calgary and says "Look what a great job we are doing in attracting direct investment from foreigners". But he and the Government are doing a lousy job.

One of the miracles that was going to happen for the economy was that money would come flowing in in direct investment to help create jobs, particularly in the depressed regions of Canada, but that did not occur at all. In fact, the direct opposite occurred. American multinational corporations have been pulling investment out of Canada. We are seeing this even in the industrial heartland of Ontario. In the riding of my leader, Oshawa, in the chocolate factory, which has employed 400 people, a rationalization is taking place. Is it the Roundtree plant that is closing, it has been taken over by Cadbury's—perhaps it is the other way around—

Mr. Stewart: Try Nielsens.

Mr. Cassidy: —but 400 jobs will be discontinued.

In the riding of Lakeshore represented by an able Conservative Member more than 1,000 jobs at the Good Year Tire plant are disappearing. Why? Not because the plant is not profitable but because the company is pulling manufacturing out of Canada for a year or two. The company wants to break the union despite the co-operation the union has given to make the plant more profitable. I have been there and those jobs are being sacrificed on what used to be called a kind of cross of gold. Now it is a cross of paper entrepreneurship. The U.S. parent company in an effort to fend off a buy-out by a British corporate raider borrowed very heavily to prevent the company from being taken over so as to protect management's prerogatives. As soon as that had been done, what happened? The U.S. parent company embarked on a cost-cutting exercise

which is leading to 1,000 or more jobs being cut. Those jobs in the industrial heartland are continuing to disappear, even in areas with relatively high employment. In other words, disinvestment rather than investment is taking place. We were promised the opposite.

What about the Canadian corporate sector? Our fundamental belief is that the best economic decisions are those made in the market-place. That is what the Minister of Finance says. What forecast is he making about the economic decisions that will be made in the market-place by Canadian business in 1987? He says there will be a real increase of only 1.5 per cent in business investment over the course of this next year. That is simply not enough in order to provide the job creation we need, the creation of jobs in the small business as well as the big business sector. We need the ability to remain competitive.

As well, one assumes there will be a continuation of Canadian direct investment in large sums into the United States and abroad. Instead of investing in Canada, which could be taking the jobless rate down and creating employment, Canadian business does not have the confidence of the Finance Minister's convictions to the point that it is prepared to invest here. The consequence, of course, is a situation of continued economic recession in most regions of Canada. But do we deserve it? If you look at the favourable treatment given to big business, the answer is no. We have given enormous concessions to big business over the course of that period of time. We have given tax concessions and tax cuts.

When talking about the deficit there continues to be an enormous overhang of tax losses and other deductions of which business has not yet even taken advantage, commenced under the Liberals in 1983. They passed rules which allow for an extension to seven years of tax loss carry-forwards and of investment credit tax carry-forwards. This Government inherited a situation where those carry-forwards were worth about $13 billion or $14 billion. Now they are worth double that. If the Government intended and wished genuinely to bring the deficit down, it could and should be acting in order to eliminate some of those carry-forwards to ensure that business pays a fair share. The Government would not have opened up new loopholes, such as the $500,000 tax concession to people on high incomes.

I asked the Minister of Finance about the situation and whether or not he was happy with the high unemployment rate. He shed crocodile tears in the Committee on Finance last week. He said, "Look, I am not happy with the 9.7 per cent unemployment rate, but it is better than 11.7 per cent. Aren't we doing wonderfully because Canada's growth rate has been higher than the other OECD countries". It is good that our growth rate has been higher because we have to run very fast just to stand still in Canada. When we still have 1.25 million Canadians who are out of work, we are doing not much more than standing still. The forecasts that come from the OECD, from the private sector forecasting groups and from our own economic council which indicate that we will have unemployment of more than 9 per cent into the 1990s and that we will continue to have 1.25 million Canadians unemployed in perpetuity, make me unhappy as well. I would be more than unhappy than the Minister of Finance.

Canada needs a policy of full employment in which we make a commitment to bring down unemployment year by year to a level which is tolerable and sustainable. What is that level? It used to be 3 per cent, Madam Speaker. I note that in Japan the unemployment rate has risen above 3 per cent for the first time in 20 years. Perhaps we cannot do as well as the Japanese have been able to do but, nonetheless, if you look at the country and the hidden rates of unemployment they are a lot worse. If the participation rate of workers in Newfoundland was as high as it is in Ontario and if there were only the number of jobs that there are there today, we would have an unemployment rate in Newfoundland not of 18 per cent or 19 per cent but of 36 per cent or 37 per cent. More than one-third of the active population seeking to be in the labour force would be unemployed. Many women, older workers and youths are simply not counted as being in the labour force in that province because the situation of finding jobs is so bad.

We have to run faster just to stand still. In other OECD countries they have stable populations or a declining populations. We still have an increasing population because of immigration and fertility rates. We have a more rapidly growing population than the United States. It is almost automatic that we have to have a higher rate of job creation in Canada than in any other OECD country. The question is not how do we do compared to West Germany, Greece, Spain or the United Kingdom, but how are we doing in relation to what we need to do here in Canada? We are doing well enough.

I have a few other comments about the priority Canadians put on the deficit as opposed to action to reduce unemployment and to create jobs, which is a major and unused way of reducing the deficit. According to the Decima poll on the attitudes of Canadians relative to the deficit which was reluctantly made public by the Finance Department a few days ago, people in Canada still expect the Government to be responsible for the country's economy. The proposition put by focus groups was, "Even though we've got to rely more on the Canadian business sector for economic growth, I still expect the Government to oversee and manage the country's economy". Eight-eight per cent of the people polled by Decima agreed with that statement and only 12 per cent disagreed.

• (1300)

When people were asked back in 1985 what they felt was the most serious long-term threat in terms of economic problems, 44 per cent polled said unemployment and 28 per cent said the deficit. When they were asked what the federal Government was most concerned with, 26 per cent said that the federal Government was most concerned with the deficit and 28 per cent said it was most concerned with unemployment. Then those polled were asked what the federal Government should be most concerned with. Two-thirds of the

respondents said that the Government should be most concerned with unemployment and only 19 per cent said the deficit. Things have not changed very much since that time. The Government continues to put deficit fighting at the top of its priority list as reflected by Bill C-40 and the Budget, while Canadians continue to be most concerned with unemployment.

The comment I made a few moments ago about the needs, priorities and perceptions of Canada's elite versus the needs, priorities and perceptions of ordinary people across Canada is, I believe, well taken. Perhaps the elite who speak to the Minister of Finance are concerned about the deficit. However, I must say that ordinary Canadians are much more concerned about unemployment and about what will happen to them. That is what we have to see the Government take action on over the course of the next two years and beyond.

I would like to say a final word in regard to the tax system. As I said earlier, I was disappointed to hear the Minister of Finance indicate in Calgary that he believes that there should be tax neutrality and, therefore, no transfer of tax burdens between individuals and corporations, and that he will put back on to individuals every penny they save on income tax by means of the business transfer tax. I suspect that that means among other things that he will tax food with a business transfer tax and ordinary Canadians will be given a minuscule tax credit to compensate for this major new tax on a necessity of life.

We have pointed out again and again to the Government, confirmed by the Government's own figures, that some 80,000 companies across Canada are profitable each year but do not pay corporate tax. The Government told us a few months ago that 12,000 of those corporations are paying taxes and that the Government is making some progress on that. However, when we asked the Minister of State for Finance for the figures, we found that the figures were somehow obtainable by him to make rebuttals in the House of Commons but were not accessible to members of the Opposition.

We have estimated that corporate tax breaks are now costing the federal Government some $10 billion per year in forgone revenue. Some of that money might go back into the corporate sector for job-creation programs, but that $10 billion suggests that corporations may only be paying half of their way in terms of income tax. When we talk about the need for action, job creation and regional development and the vital need for a national program of day care, we are lectured constantly about the deficit. I would suggest to the Government that it is about time it looked in the mirror to see how much revenue is being lost because of the tax system and how much could be gained.

I would like to suggest a few principles of tax reform that I think should guide the Government. We believe and recommend to the Minister and the Government that there should be a shift to direct taxes and that we should be seeking to raise revenue primarily through the direct taxation of individuals and corporate incomes rather than through indirect sales, consumption or payroll taxes which are not geared to ability to pay. We think income should be taxed equally, regardless of how it is earned, and that the current bias in favour of investment and property income as opposed to wage and salary income should be eliminated. We believe it is necessary to cut corporate tax breaks and to restore a fairer balance in the tax system between individuals and corporations through such things as a minimum tax on corporations and the elimination of the transferability of dividend incomes between corporations without tax. We think that incomes taxes should be progressive so that they rise as people's ability to pay rises in order to help redistribute income from wealthy and average-income to low-income Canadians. We think the tax system needs to be simplified so that it is as clear, simple and intelligible as possible. This will help restore public co-operation and trust. We believe the Budget should have accounted for tax expenditures which now come to some $30 billion per year because that is every bit as much a loss to revenue as payments by the Government. We believe that taxes on ordinary Canadians should be cut.

Those are some principles that I commend to the Government and the country. I suggest that if those principles were put in place, and if we were to have tax reform now, we could take a major step toward fairness as well as bring the deficit down, while at the same time achieve the goals of economic growth in every region of Canada.

[*Translation*]

Mr. Claude Lanthier (Parliamentary Secretary to Minister of Public Works): Madam Speaker, although we have been here for a few years now we find it very difficult to follow the essential points of the debates because the Opposition is bent on steering the debates towards something else. Today the debate has to do with additional borrowing authority, yet they are campaigning on the Budget. Well, Members of the Opposition—official and unofficial alike—are welcome to debate the Budget, we are prepared to accommodate them. However, on behalf of the Minister of State for Finance (Mr. Hockin), I will explain the technical provisions of the Bill now under consideration by the House.

So if I may I should like to give some explanations concerning the technical aspects of the Bill and the reasons why this borrowing authority is being sought. The largest amount is $24.3 billion in borrowing authority requested for the next fiscal year, 1987-88, as set out in Part II of the Bill. I will discuss that in more detail later in my remarks. First, however, I would like to deal with the circumstances underlying the request in the Bill for supplementary borrowing authority in the current fiscal year which ends March 31.

Part I, Clause 2(1), seeks supplementary borrowing authority for 1986-87 of $3.6 billion. This amount is equal to the amount of borrowing authority that has already been used to acquire U.S. dollar reserves during the period from April 1, 1986, to January 31, 1987. While the Government does have a non-lapsing reserve of $2 billion carried forward from borrowing authority legislation in 1984-85, this reserve is not sufficient. The Government, therefore, is seeking an additional

borrowing power of $3.6 billion in order to replenish its $2 million reserve and to get the necessary room to manoeuvre in order to react on the exchange markets and face any situation which might arise before the end of the current fiscal year. Let Chicago speculators be warned that Canada is ready to face the music.

Clause 2(2) of this Bill provides for the cancellation on March 31, 1987, of all borrowing authority conferred by this clause that remains unused in the fiscal year 1986-87, (in other words, to eliminate all the other previous borrowing authorities replacing them with a new one) to the extent that the unused authority exceeds the amount authorized pursuant to Section 39 of the Financial Administration Act between February 18, 1987, and April 1, 1987. In other words, the unused portion of the temporary borrowing authorities are now expired and replaced by the provisions of this Bill.

Hon. Members are well aware that under Section 39, the Governor in Council may authorize a borrowing power when it is felt that there will not be enough reserve in the Consolidated Revenue Fund to make the necessary payments. The idea is to improve the Government's cash-flow. This action is designed for a short term, temporary use only. The term of the loan may not exceed six months and each borrowing requires the approval of the Governor in Council.

As a rule the financial requirements are high during the first quarter of a new fiscal year, especially in April when they exceed the financial requirements which can be met with a borrowing operation in that one-month period. Thus, the year-end cash balance at this period of the year will have to be built up to help meet the very heavy seasonal requirements, and this will be done on a temporary basis through short term borrowings under Section 39 of the Financial Administration Act.

On February 26 of this year, the Minister of Finance (Mr. Wilson) announced that authority under Section 39 was being used to provide for a net increase of up to $600 million in Treasury bill borrowings this week. The funds borrowed under that section cannot be rolled over in the regular way, as under Section 38 and will require new borrowing authority. This Bill, therefore, provides for borrowing authority to the extent it equals money borrowed under Section 39 in 1986-87 to be carried over into 1987-88 to roll over the maturing debt issued to build up cash balances in the current fiscal year.

Madam Speaker, the Government is seeking this additional borrowing authority because of the impact the recent volatility on the exchange markets have had on the borrowing operations of the State. The steps we have taken to maintain an orderly exchange market in the face of upward pressures on the value of the Canadian dollar during January and February of this year have resulted in a subtantial increase in Canada's international official reserves. Domestic borrowing was therefore increased to obtain Canadian dollars to finance this increase in reserves, so that we lack enough borrowing power to facilitate additional borrowings.

The Government, therefore, found it necessary to use Section 39 of the Financial Administration Act to continue its debt operation. I should note that Section 39 was used in similar circumstances early in 1983 and 1985.

If I may, Madam Speaker, I should like to deal now with the borrowing authority we will need for the next fiscal year. Part II of the Bill provides for a $24.3 billion in borrowing authority for the fiscal year 1987-88. This amount corresponds to the $21.3 billion financial requirements provided for in the estimates, plus a non-expiry reserve of $3 billion for contingency purposes, including a new accumulation of official reserves for the fiscal year 1987-88.

In the light of recent exchange market, developments, the $3 billion reserve amount being sought is adequate. In the month of January alone, about $2.5 billion in borrowing authority was used as a result of exchange market operations. The proposed reserve of $3 billion will give the Government the necessary flexibility to make it possible to rebuild its cash flow, in order to face all the contingencies of the volatility of the Chicago Market which, according to the Minister of Finance, cannot direct the financial future of our country.

• (1310)

Let me conclude, Madam Speaker, by stating that the borrowing authority requested in this Bill is reasonable in the circumstances. The added flexibility we are seeking is not exaggerated, and it allows us to cope with sudden large demands for funds and to moderate exchange market fluctuations, and it is undoubtedly a prudent measure in light of the present volatility of the exchange markets, whether it is spontaneous or speculative. The authority my Government is seeking to cover the next fiscal year's financial requirements reflects the Government's ongoing policy to bring about steady and substantial reductions year by year in the federal budget deficit, in compliance with the November 1984 Economic Statement and with the 1986 Budget and the new 1987 Budget.

As clearly stated by the Minister of Finance since our Government has been in power, in 1984, we are committed to take the lead to fiscal responsibility and we refuse to choose the easy solution of the cheque without funds which will be paid later, say by the next generation. In the context of this policy, I therefore ask this House to pass this Bill as quickly as possible.

Mr. Garneau: Madam Speaker, I would like to ask the Hon. Member who just spoke if he agrees with the Government's decisions to reduce financial and fiscal transfer payments under established programs financing for health services, hospital insurance, health insurance and post-secondary education, which means that the provinces will have to provide a far greater share of the financing from their own resources. In other words, I would like to ask the Hon. Member whether he agrees with a decision made by the Conservative Government to transfer part of its deficit to the provinces.

Mr. Lanthier: Madam Speaker, I think it is high time we set the record straight. I would like to know on what grounds they are talking about a reduction. After all, it is common knowledge that without being under any obligation to do so, the Minister of Finance (Mr. Wilson) already answered the question in a very positive way when he stated that last spring, the Progressive Conservative Government authorized payment of an additional $110 million to the Government of Quebec alone. So there is an increase, not a reduction.

When they say that we are shipping the deficit out to the provinces, Madam Speaker, that is just not true. I remember when I was Parliamentary Secretary to the Minister of Finance, I attended a number of meetings in preparation for the consultations with the provinces to find a new formula for transfer and equalization payments. The Government will very shortly be introducing a Bill to enact the new equalization formula. Meanwhile, our Minister of Finance, always acting on the principle that we must transfer as much as possible to those who need it most, and to do so, stop giving to those who do not need it at all, our Minister of Finance was able to find $110 million to transfer to Quebec alone. I wonder about all this talk of cutting equalization payments and shipping out responsibilities when the Canadian Government transferred $110 million more to the Quebec Government alone.

Madam Speaker, I certainly do not agree that the Minister of Finance has been acting as suggested by the financial critic of the Opposition. Of course I understand the present policy being followed by federal Liberals from Quebec, who are hanging on to the provincial Liberals' coat-tails to strengthen their claims, because the federal Liberals from Quebec are like losers trying to get on the bandwagon with the winning team. Madam Speaker, if that is the case, it isn't going to work. I think the Hon. Member should find some other subject, because today, there have been no cuts and in fact our Government has increased payments, without being under any obligation to do so. And I am referring to those additional payments that were made to the Province of Quebec.

[*English*]

Ms. McDonald: Madam Speaker, the Parliamentary Secretary raised the matter of the Government intending to reduce the deficit. Can he define the term "deficit reduction"? Would it not be better to admit that the deficit is going up? We have a large accumulated deficit and when you add $32 billion or $30 billion or $29.7 billion, or however many billion you add to it each year, the deficit is still increasing. At the very most the Government should say it is going to increase the deficit by a slightly smaller amount than it did last year.

Would he also not agree that deficits since 1984 have been larger than the deficits in the Trudeau years? The Member can compare them year by year or take an average, whichever he prefers. However, they are in fact larger. We are hearing a lot of rhetoric about deficit reduction but the deficit is not going down, it is going up.

• (1320)

Finally, would the Member not agree that the great deficit slasher in Canadian history is Tommy Douglas? When he was Premier of the Province of Saskatchewan they actually reduced the deficit. Year by year, over a 20-year period the deficit, which had been accumulated under Liberal management in Saskatchewan, actually went down. That is what Canadians understand by deficit reduction. The present Government is actually still increasing the deficit.

[*Translation*]

Mr. Lanthier: Madam Speaker, I think there is confusion concerning the terms.

[*English*]

We must differentiate between debt and deficit. Debt is a long-term accumulation of deficits, but the deficit is annual.

[*Translation*]

According to the question here, the deficit is reduced. It has been declining steadily ever since we took office in 1984. Every year we try even harder not only to reduce it, but even if we maintain it we will reduce it as a result of the diminishing value of the dollar due to inflation. But not only that, we reduce it every year. Even so it is important to say today that we are adding to the debt. But according to the long term program set forth by the Minister of Finance, by 1990-91 we will have gained control over the annual deficit and then we will be in a position to come to grips with the national debt. Of course we must avoid confusing the two words debt and deficit. As we said, the deficit has gone down and I believe the Minister of Finance and the Minister of State (Finance) are aware that the deficit is carried over from year to year; the national debt will go up, but the deficit declines every year, we are holding it in check and will soon gain control over it. Indeed private enterprise and financial sectors have shown confidence in our financial policy by increasing their investments.

The Acting Speaker (Mrs. Champagne): When debate is resumed there will be three more minutes for the period of questions and comments following the remarks of the Hon. Member for LaSalle (Mr. Lanthier). For the time being, it being 1.23 p.m. I do now leave the chair until two o'clock.

At 1.23 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

S. O. 21

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

CRIMINAL CODE

SEXUAL ATTACKS—JUSTICE'S ATTITUDE

Mrs. Lucie Pépin (Outremont): Mr. Speaker, on September 6, 1984, a young Ottawa woman was the victim of an odious and indescribable sexual assault.

After consuming alcohol in a bar, the young woman went to the apartment of a friend of the eventual assaulter. There, the young woman lost consciousness and the two men raped her, shaved her and introduced beer bottles and other objects in her vagina. In addition, they videotaped their horrible acts.

These two men, who had a criminal record, pleaded guilty not of rape, but of gross indecency and were condemned only to 18 months each in prison.

Mr. Speaker, this was not an act of gross indecency, but a criminal act, nothing less than a rape. The judge in the case said that the victim had given her consent to the incident since the plaintiff had consumed alcohol and had gone voluntarily to the apartment. In addition, the fact that she was unconscious made the act less serious. How can there be any talk of consent in such circumstances? The young woman was unconscious and had never imagined such an aggression possible. To speak of consent reduces the impact of horror and the seriousness of this assault. To identify such an attack with gross indecency instead of sexual assault minimizes the appearance of seriousness.

Mr. Speaker, I ask the Department of Justice, the Canadian Bar Association and all judicial bodies in Canada to hold retraining classes for judges to give them a different approach and different attitudes when confronted with cases of sexual assault.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

PAROLE ELIGIBILITY OF CHILD KIDNAPPER

Mr. Bill Gottselig (Moose Jaw): Mr. Speaker, I and the residents of Moose Jaw were horrified and outraged to learn that a man convicted of kidnapping a young boy and threatening the child's life is eligible for parole only 10 months after receiving a five-year sentence for his horrendous crime.

The sentence was already too lenient, as any compassionate and reasonable person will conclude after reading the frightening details of the crime conveyed by *The Globe and Mail* last February 27. Now he is eligible for parole only 10 months after a premeditated, calculated kidnapping of a young boy. This young boy was drugged, bound, and forced to kneel in a car and taken over 1,000 kilometres from his home before the kidnapper, a paedophile, was caught by an alert and courageous Ontario Provincial Police officer.

Parole only ten months after sentencing? The kidnapper had already assaulted a 15 year-old boy, a 13 year-old boy, two boys aged 12, and another aged seven. Five children were assaulted before he lured the boy from Moose Jaw into his car. Surely justice demands and the public deserves to see less leniency in this case.

* * *

ROYAL CANADIAN MOUNTED POLICE

RAID ON DUNCAN SIKH TEMPLE

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, on November 6, 1985, RCMP raided the Duncan Sikh Temple as part of the investigation into the explosion at Narita Airport in Japan and the loss of Air India Flight 182, both on June 23, 1985.

Although the raid found no evidence for the investigation, it did violate the sacred space of the Sikh people and placed the entire Sikh community under suspicion.

Given the central place of religious freedom in the Canadian Constitution, the police should have had extremely well-founded reasons to believe such a raid would produce important evidence.

Last year I asked what reasons existed to justify the raid but was told that the information to obtain a search warrant was sealed until January 13, 1987. This has been extended to June 1, 1987.

In the interest of religious freedom and fairness to the Sikh community, I call on the Solicitor General (Mr. Kelleher) to unseal this information.

* * *

[*Translation*]

ABORIGINALS

DESIGNATION OF GREAT CREE COUNCIL AS NON-GOVERNMENTAL ORGANIZATION BY SOCIAL AND ECONOMIC COUNCIL OF UNITED NATIONS HUMAN RIGHTS COMMISSION

Mr. Guy St. Julien (Abitibi): Mr. Speaker, on behalf of the Government and all Canadians I extend congratulations to the Quebec Great Cree Council for having been designated a non-governmental organization by the Social and Economic Council of the United Nations Human Rights Commission.

The status granted the James Bay Crees is particularly significant because this is the first time a Canadian native people group has been recognized as such by the United Nations.

As a result of the adoption of the Cree-Naskapi Act in 1984, the Crees found ways to set up the kind of local government which they chose and which respects the spirit and the letter of the James Bay and Northern Québec Agreement.

I particularly want to commend Great Chief Ted Moses and his assistant Matthew Coon Come for the effort before the Social and Economic Council of the United Nations Human Rights Commission. I am convinced that the Crees will use their new status to promote the well-being of their people and of other native people in Canada and elsewhere in the world.

* * *

• (1405)

[*English*]

ENVIRONMENTAL AFFAIRS

DAMAGE CAUSED BY CHLOROFLUOROCARBONS

Hon. Chas. L. Caccia (Davenport): Mr. Speaker, next September Canada will host an international conference in Montreal to complete negotiations and, hopefully, to sign an international treaty to control the release of chlorofluorocarbons and other substances that damage the ozone layer. Canada has been a leader in the search for a solution to this global problem, and we welcome the initiative.

Chlorofluorocarbons are used to propel aerosol sprays, manufacture foam plastics, and operate refrigerators and air conditioners. When released into the atmosphere chlorofluorocarbons are broken down. The chlorine released damages the ozone layer, allowing more ultraviolet radiation to reach the ground. Increased exposure to ultraviolet radiation would increase the incidence of skin cancer, slow the human body's immunological response, and reduce the productivity of some of the world's most important food crops, including wheat, rice, corn and soybeans.

Problems with such far-reaching implications for the entire world require co-operation on a global scale. Hopefully, we have a model here for the solution of complex international environmental issues in the future.

* * *

[*Translation*]

AEROSPACE INDUSTRY

QUEBEC—GOVERNMENT'S PERFORMANCE

Mr. Richard Grisé (Chambly): Mr. Speaker, the many involvements of the Conservative Government in the aerospace industry in the Montreal area have created a rather unusual situation, that is a shortage of specialized manpower. Thus, according to the director of the National Aerotechnical School in Saint-Hubert, in the riding of Chambly, job opportunities are excellent in that sector. Thanks to the efforts of our Government, students who are being trained for the aerospace sector and are registering at the National Aerotechnical School are now sure of a job, and some of the companies are even hiring them before they complete their schooling.

Our Governement has given the aerospace industry in Quebec a new impetus taking part in many projects involving companies such as Pratt & Whitney, Canadair, Spar Aerospace, *CAE Electronique* and several others. Statistics clearly indicate the development of manpower in that sector since our coming into power in 1984. Close to 4,000 new jobs have been created in 1985 and 1986 while the Centre for Aerospace Manpower Adjustment in Quebec expects the creation of some 3,000 new jobs between now and the year 1990.

Mr. Speaker, our Government is honouring its promises, especially in the Montreal area and in the riding of Chambly, so much so that our area will be seen as the turntable for the Canadian aerospace industry in creating jobs and giving confidence to our younger people. This is what the Conservative Government is all about, Mr. Speaker.

* * *

[*English*]

ABORIGINAL RIGHTS

SUPPORT FOR ENTRENCHMENT IN CONSTITUTION

Mr. Jim Fulton (Skeena): Mr. Speaker, a national poll commissioned by the Inuit Committee on National Issues and conducted by Decima Research between February 17 and 20 of this year reveals majority support for aboriginal self-government and its constitutional protection from every region of Canada. Some 84 per cent of Canadians want the federal and provincial Governments to come to an agreement on aboriginal self-government. Some 77 per cent of Canadians want that right entrenched in the Constitution. In just 17 days that final and unique opportunity presents itself at the Constitutional Conference here in Ottawa.

While the majority of Canadians want action, the process is blocked by the Liberal Premier of Ontario, along with his Conservative and Socred allies in Saskatchewan, Alberta, and B.C. Even here in Ottawa the largest majority Government in Canadian history led by a Prime Minister (Mr. Mulroney) from Quebec refuses to produce its written position on aboriginal self-government. Last week the Prime Minister refused to meet with the Métis. Today he refused to address the National Assembly of First Nations just down the street.

On March 26 Canadians expect Canada and the provinces to recognize and entrench aboriginal self-government.

S. O. 21

REFUGEES

SUPPORT FOR GOVERNMENT POLICY

Mr. John Reimer (Kitchener): Mr. Speaker, I commend our two Ministers responsible for employment and immigration for the measures they took to make it possible for Canada to continue to help genuine refugees who need our protection by attacking and deterring abuse of the refugee determination process.

• (1410)

These measures reflect the Government's commitment to provide genuine refugees with protection. However, to do so, we must prevent the refugee system from being undermined by abuse by phoney refugee claimants.

Canada has a long and honourable tradition of refugee and humanitarian assistance. Since the Second World War some 500,000 refugees have found new homes in Canada, and special humanitarian measures have helped thousands of other people. When the size of our population is taken into account, our record of aid to refugees in recent years is second to none.

I commend the Government for these actions which made it possible for Canada to gain control again over our borders.

I also commend the thousands of immigration counsellors for their dedicated and excellent service in the face of recent increased pressures placed upon them by so many illegal and bogus refugee claimants and queue jumpers.

* * *

HUMAN RIGHTS

U.S.S.R.—TREATMENT OF JEWISH CITIZENS

Mrs. Sheila Finestone (Mount Royal): Mr. Speaker, the Soviet Union's carefully timed release this year of a few prominent refuseniks and prisoners of conscience seems to be part of the Kremlin's effort to paint itself as humane. Given the abysmally slow pace of current Soviet-Jewish immigration, this individual case-by-case approach is a smoke-screen behind which the Soviet Government continues the brutal repression of its Jewish citizens, particularly the 400,000 who have indicated their wish to join their families around the world.

On March 8, International Women's Day, a brave group of Jewish women in the Soviet Union began a three-day hunger strike, a desperate act of last resort to bring their message to the world. I wish to quote part of their statement:

> Many years have gone by since we first applied for permission to emigrate. Since that time we have been ousted from the social and communal life of Soviet society into the murky waters of the anti-Israel and anti-Zionist propaganda campaign. Almost all of us, and our husbands, are deprived of the right to work in our professional fields. We have suffered from acts of harassment, yet we've never violated law and order. Our efforts to bring up our children and educate them in the spirit of Jewish national traditions have been utterly defeated.
>
> Have we no right to re-unite with our own people? Are we serfs of the state? Save us and our children!

POLITICAL PARTIES

POSITION OF LIBERAL PARTY ON CRUISE MISSILE TESTS

Mr. Alan Redway (York East): Mr. Speaker, just where does the Liberal Party stand on Cruise missile testing?

In January the National Liberal Convention passed a resolution calling for a ban on Cruise tests. Last Friday the Leader of the Opposition (Mr. Turner) said that Cruise testing should continue. The same day the Liberal caucus agreed on an immediate end to testing. But the caucus chairman said that was not the end of the issue. Today we read that at least one Liberal Member of Parliament will vote against his Leader on this issue. Now the Liberal caucus chairman says that he does not know how the Liberal Members of Parliament will vote.

That is only one issue. Where do they stand on trade negotiations with the United States? Where do they stand on deficit reduction? Where do they stand on cutting government expenditures?

In 1984 the Leader of the Opposition, the then Prime Minister, had a choice and he could not make it. When Canadians take a close look today, they will find that nothing has changed.

* * *

FISHERIES

MARITIME ECOLOGY LABORATORY

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, senior staff members of the Department of Fisheries and Oceans insist that there are no cut-backs in scientific programs as a result of restructuring and down-sizing at the Maritime Ecology Laboratory located at the Bedford Institute of Technology in Nova Scotia.

The Maritime Ecology Laboratory is comprised of an excellent mix of researchers, chemists, biologists, and physical oceanographers who are recognized as world class leaders in marine ecology. Their research has gained international respect. In addition, these scientists provide expertise for university professors and students, as well as private industry and the military. The Maritime Ecology Laboratory has been doing significant research in marine food chains, and the effects of long-term climate changes on the fishery. The dismantling of this laboratory by transferring key scientists to other regions of Canada will destroy our reputation for excellence in marine ecology, and curtail basic research in this important area of study.

TARIFFS

IMPOSITION OF TARIFF ON CORN IMPORTS—PROTECTION OF BRITISH COLUMBIA CONSUMERS

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, on March 6, 1987, the Canadian Import Tribunal determined that subsidized grain corn from the United States is causing material injury to the domestic grain corn industry in Canada. As a result, the Government introduced a countervailing duty on imports of grain corn from the United States.

Once again the Government of Canada has shown its appreciation and understanding of the unique circumstances that exist in the various regions of this country. In response to the concerns voiced by residents of British Columbia, we have acted on their behalf to ensure that this tariff does not apply to corn imported for consumption in British Columbia. In taking this action, British Columbia consumers are protected from a potential increase in the price of corn and the undue hardship it would cause.

• (1415)

Our Prime Minister (Mr. Mulroney) and our Government are committed to treating every region of the country with respect and equality. This is living proof of the Prime Minister looking after the regions of the country.

* * *

CORRECTIONAL SERVICE CANADA

CALL FOR LOWERING OF PERSONNEL'S RETIREMENT ELIGIBILITY

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, employees of Correctional Service Canada, particularly guards and other personnel working directly with inmates, have jobs which are very stressful and sometimes dangerous.

For more than 10 years these employees have been promised the same opportunities for early retirement as members of the Armed Forces, members of the RCMP, and air-traffic controllers, that is, the privilege to retire after 25 years of service if they so desire.

There is no doubt that the stress on correctional employees is as great or greater than on the peacetime army or the RCMP. We call upon the Government to proceed with this long promised privilege of early retirement, if employees wish to take advantage of the opportunity.

ORAL QUESTION PERIOD

[*English*]

PETRO-CANADA

FUTURE OF CORPORATION—GOVERNMENT POSITION

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is directed to the Prime Minister. It concerns the mixed signals which cabinet Ministers are giving about the future of Petro-Canada. Canadians are witnessing shades of 1979. Last Friday in Calgary the Minister of Finance said: "I don't believe that Petro-Canada has any public policy role". This morning in St. John's, Newfoundland, the Minister of Transport, accompanied by the Minister of Energy, announced more exploration on Canada's East Coast and said:

> Contrary to recent statements in the press, Petro-Canada has been and will continue to be a strong, positive force in the development of oil and gas activities in Newfoundland and Labrador.

I ask the Prime Minister to which of the views of his two senior Ministers does he subscribe? Can he tell us plainly whether or not Petro-Canada is for sale?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, there is no inconsistency between the statements of the Ministers at all. The Minister of Finance was reported in the following way: "Mr. Wilson told his audience that there are no immediate plans to sell the oil company and he said the Government has not received any bids from firms willing to buy it. But he did say the matter is being looked at by the Minister of State for Privatization, Barbara McDougall". It seems to me that that is an entirely consistent position. The Government is going to examine assets of this nature and ascertain if they continue to play an appropriate role in public policy, and we will make a determination as we have in other cases.

Mr. Tobin: Only this particular Prime Minister could find those two statements consistent, and that speaks volumes for itself.

DEVELOPMENT OF TERRA NOVA OILFIELD

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, Newfoundlanders, and I know all Canadians, welcome any news of activity off Canada's East Coast. What we do not welcome, however, is an announcement this morning in Newfoundland of Petro-Canada's intentions for the Terra Nova oilfield for 1991, coupled with statements by the Minister of Finance and by the Minister of State for Privatization suggesting that Petro-Canada may not be around long enough to keep its commitments. Can the Prime Minister give the people of Canada, particularly the people of Newfoundland, an assurance today that the development intentions announced this morning by Petro-Canada for the Terra Nova oilfield will be carried out because Petro-Canada will be around long enough to ensure that they happen? Can he give us that assurance?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, will Petro-Canada be around? Well of course it will be around. Will it always be around in exactly the same configuration as today? That is a matter for the House to decide. Will it continue to serve Canada? Absolutely. I think my hon. friend would agree in retrospect that de Havilland having been privatized, for example, is giving great service to Canada and more jobs, as is Canadair in Montreal. These are perfect illustrations of where the Opposition opposed something which has now brought on new growth and prosperity.

Mr. Tobin: The Prime Minister's privatization mania would put Canadians back on their knees before OPEC; that is what it would do. The Government has abandoned security of supply for the country and has abandoned any attempt to use Petro-Canada as a means of ensuring a fair price for Canadian consumers at the gas pumps.

• (1420)

REQUEST THAT CORPORATION NOT BE SOLD

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, since the Government has absolutely no mandate, none whatsoever, from Canadians to sell Petro-Canada, will the Prime Minister give the House a commitment today that no such initiative will be taken until he has had a chance to bring this matter before the people of Canada in an election?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we campaigned very vigorously on raising the question of privatization and making the determination as to what instruments serve the national policy. I said clearly that we did not want companies financed by public money doing jobs that should be done by the private sector.

Some Hon. Members: Hear, hear!

Mr. Mulroney: The Liberal Party will have to make up its mind. Is it a traditional Liberal Party of St. Laurent and King, or is it the Liberal Party of Broadbent and the rest of them?

Some Hon. Members: Oh, oh!

Some Hon. Members: Hear, hear!

CRUDE OIL PURCHASES—NOVA SCOTIA BOARD'S REQUEST FOR INFORMATION

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is for the Right Hon. Prime Minister. Petro-Canada has told the Public Utilities Board of Nova Scotia that it may have to pull out of Nova Scotia if it is forced to disclose information on crude oil purchases publicly, as requested by the Public Utilities Board. Instead of trying to destroy public confidence in Petro-Canada, why doesn't the Government follow the recommendation of the Restrictive Trade Practices Commission and use Petro-Canada's potential to help formulate orderly and good competitive practices in the industry?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada's mandate is defined in a piece of legislation adopted by this Parliament, which clearly indicates that Petro-Canada's activities and commercial standards should be acceptable to the business community of this country as a whole. The Minister of Energy, Mines and Resources cannot interfere in its daily activities, which is Petro-Canada's responsibility according to Parliament's decision on a bill introduced by the Liberal party when it was in power.

As a matter of fact, contrary to what a Liberal Party leader indicated in Toronto over the week-end, it is not Petro-Canada's duty and responsibility to get involved in the gasoline price issue in Canada. That does not come at all within its mandate. I urge you to refer to the legislation and the guidelines which the ruling Government of the day gave Petro-Canada. Neither in the legislation nor in any guideline were ever these issues put forward by the former Liberal administration or by our Government for that matter. There are trade practices in this country, and it is within these practices and standards that Petro-Canada must operate. That is what the Act says and that is what is happening.

[*English*]

ROLE OF PETRO-CANADA

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, it is the Government that changed the practices of Petro-Canada. What the Government is saying is that it is okay to blackmail the people of Nova Scotia and keep from them the information which they have every right to have. Why doesn't the Government forget about this craziness of privatizing Petro-Canada and just try to use it to foster some competition in the industry?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member is resorting to the lowest kind of demagogy. Petro-Canada's responsibility, everywhere in Canada including Nova Scotia, is first and foremost to abide by the laws passed by the Canadian Government and the Nova Scotia Government. If it feels that Petro-Canada is not abiding by the law, the Nova Scotia Government should take the necessary steps to have it enforced.

[*English*]

CORPORATION'S MANDATE

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have a question for the Prime Minister. On Friday in Calgary the Minister of Finance said that Petro-Canada ought to be privatized because it had no public policy role. In the context of the mandate that the Conservative Government gave to Petro-Canada changing its role, the Prime Minister will recall that immediately upon taking office his Government changed the role of Petro-Canada. In the words of Petro-Canada's

chairman in the 1984 report he says that the Government has changed its role, given it a new mandate, and from now on Petro-Canada is "to behave in a commercial sector manner", that is, to maximize profits. Isn't it the height of hypocrisy for the Government to change the public role of Petro-Canada one year and then use that changed role as an excuse to privatize it the next?

• (1425)

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I simply do not see the connection between the premise and the question. If my hon. friend is asking if the Minister made a statement, I refer him to what the Minister said. There is no inconsistency at all in that. We raised this question specifically during the election campaign and indicated that, if appropriate and if beneficial to Canada, we would take action in regard to privatization. That is exactly what we have done in some cases. I know my hon. friend does not always agree but I think he will acknowledge that we brought these cases forward, we explained them, and we proceeded with them. If we feel it to be in the national interest, we will do that in other cases, including Petro-Canada and others.

GOVERNMENT POLICY

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I will try again. According to the Chairman of Petro-Canada himself, until this Government was elected Petro-Canada had a public policy role to play. According to Mr. Hopper, the new Government changed that role and instructed Petro-Canada to behave just like Shell, Imperial Oil, and Gulf.

An Hon. Member: Hear, hear!

Mr. Broadbent: A Tory down there is saying: "Hear, hear".

Some Hon. Members: Hear, hear!

Mr. Broadbent: We do not say: "Hear, hear"; we say Petro-Canada has a responsibility to the energy sector and the people of Canada, not just to maximize its profits. Is it not hypocritical for the Government to change the role of Petro-Canada one day and then, having changed its role and destroyed its public responsibility, announce that as an excuse for privatizing it the next day?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, my hon. friend refers to the public policy role of Petro-Canada. Under the Liberal-NDP coalition, that public policy role was to gobble up the taxpayers' money and to compete with the private sector. That is exactly what was taking place.

We have just developed a very harmonious relationship with the management and direction of Petro-Canada, but we indicated in the election campaign that at an appropriate time we would examine whether or not this was an appropriate use of taxpayers' money and whether the national interest would best be served by maintaining that structure or by changing it.

We indicated in the past that change was appropriate and we introduced changes in the House that brought benefits to de Havilland, Canadair and others, and there may be others still. The Minister of State for Privatization was appointed specifically for the purpose of examining privatization because we believe that the private sector, and an expanding private sector, are very much in the national interest.

Mr. Broadbent: Mr. Speaker, the people of Canada let the Conservative Government of 1979 know what they thought of that idea during the 1980 election. If the Government wants to fight an election campaign on privatizing Petro-Canada, we will welcome that campaign any day of the year.

[*Translation*]

REQUEST THAT GOVERNMENT RESTORE ORIGINAL MANDATE TO PETRO-CANADA

Hon. Edward Broadbent (Oshawa): Mr. Speaker, my last question is directed to the Prime Minister. Instead of altering Petro-Canada's mandate whenever an energy crisis occurs or whenever we are faced with a price problem, would the Government consider restoring Petro-Canada's original mandate?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, we are proceeding with this matter, just as we did with others, for instance Canadair where, I think, the House's decision is having a very beneficial impact on Montreal and elsewhere. It is an instrument of national development, and we are considering Petro-Canada from this point of view.

[*English*]

My hon. friend has referred to the 1980 election campaign. We will have time to fight another election campaign and quite properly we will be judged, but the NDP voted against the Conservative Government for 18 cents a gallon and then supported the Liberals all during the life of that Government while it increased gas by $1.18. The Hon. Member should be ashamed of himself. We will deal with his hypocrisy in the next election campaign.

Some Hon. Members: Hear, hear!

DEVELOPMENT OF NEWFOUNDLAND OFFSHORE OILFIELD

Mr. George Baker (Gander—Twillingate): Mr. Speaker, Newfoundlanders cannot be blamed today if they have mixed emotions abut the big announcement because they cannot really understand what the Government of Canada is saying with the Minister of Finance saying on the West Coast that Petro-Canada will be sold and with the Minister of Transport and the Minister of Energy, Mines and Resources saying in St. John's, Newfoundland, that there are long-term plans for Petro-Canada off the Newfoundland coast. Is the Government now saying that if Petro-Canada is sold there will be a guarantee in the contract of sale to honour the drilling and

production plans announced today by the Government and Petro-Canada?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada's President clearly indicated that announcements made in St. John, Newfoundland, were based on a business approach. Canada's energy policy is conducted on the basis first of geology and second of market forces and the right to invest within that framework. For sure, there is a policy difference, and the NDP Leader is right. We have put an end to intervention in the area of energy, and it is within that policy framework that the Petro-Canada decision was made. It is a business decision. When the Government considers, as it has done, whether Petro-Canada should be privatized, it is clear that business operations will carry on.

* * *

• (1430)

[*English*]

FISHERIES

CANADA-FRANCE AGREEMENT—DISTRIBUTION OF GOVERNMENT BROCHURE IN NEWFOUNDLAND

Mr. George Baker (Gander—Twillingate): Mr. Speaker, the announcement today by the Minister of Energy and the Minister of Transport is the culmination of a week of fancy publicity in Newfoundland with half-hour television programs paid for by the taxpayer. We now have a booklet going out to every household in Newfoundland and Labrador. I ask the Minister of Transport, the man responsible, if he really believes this fancy and expensive taxpayer-paid publicity is going to work. PC may stand for Petro-Canada today in St. John's but it stands for Propaganda Campaign throughout Newfoundland, master-minded by that PC in Ottawa, Papa Crosbie.

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the Hon. Member certainly spouts poppycock.

Some Hon. Members: Hear, hear!

Mr. Crosbie: I am happy to advise him that a brochure is going to every household in Newfoundland today giving the facts on the Canada-France fishery boundary, and that I and others who appear in the film are not accepting any residuals so that the cost is considerably lower than it might have been.

PETRO-CANADA

REQUEST FOR WITHDRAWAL OF PRIVATIZATION PROPOSAL

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister concerning the privatization of Petro-Canada. At this time in our history there is a crisis in the oil industry right across the country. If ever there was a time in our history when we needed a publicly-owned energy company, now is that time. Can the Prime Minister stand up and, in light of the need for a publicly-owned Petro-Canada, indicate that he is prepared to withdraw the proposal for privatization?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, there is always a crisis in the energy sector. When producers are not concerned, consumers are. Right now, the crisis stems from the fact that there is a glut of petroleum products, which affects the producing sector.

Working through a Crown corporation is one way among many others of establishing an energy policy. The policy now established by Canada is a market-oriented policy, contrary to the previous Government's policy. Although there was Petro-Canada, the Energy Department's policy was bad, it was an interventionist policy that produced the National Energy Program and the difficulties which befill Canadians. And that policy was supported by the NDP.

All this to say there are various ways of doing that. There are various public policy instruments. We have statutes, regulations, standards, criteria, taxes, departmental policy interventions, corporations, there is not just a Crown corporation—

[*English*]

GOVERNMENT POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my supplementary is again directed to the Prime Minister. I believe the Minister who just spoke has forgotten our history. It was 1973 and we were captives of the large multinational oil companies. We New Democrats are proud that we brought Petro-Canada into existence. We are approaching exactly the same crisis now. I ask the Prime Minister to stand in his place and give a commitment to the people from one end of this country to the other that he will not throw Petro-Canada down the tubes.

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, this Government has respect for people. Clearly, Mr. Speaker, any analysis, any reviews will take public interest into account.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FIRST VICE-PRESIDENT OF LEGISLATIVE COUNCIL OF ZAIRE

Mr. Speaker: I would like to draw the attention of the House to the presence in our Gallery today of Mr. Kalume, First Vice-President of the Legislative Council of Zaire, leader of a parliamentary delegation that is visiting our country.

* * *

DEPARTMENT OF ENERGY, MINES AND RESOURCES

GOVERNMENT'S PRIVATIZATION POLICY

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources or to the Prime Minister. I am not sure which of the two can provide an answer, because the issue is not clear, and I am referring to the privatization of some of the Department's operations, namely its mapping division.

I have here a press release issued today by Lavalin, in which the president of the company confirms that recently, as part of its make or buy policy, Treasury Board started talks with his company and Bell to explore the possibility of privatizing certain federal services engaged in mapping.

I also have a press release issued by Treasury Board on March 6, which reads:

"Treasury Board has not negotiated any pilot projects with Lavalin or any other company, Mr. de Cotret stated—

Mr. Speaker, who is telling the truth?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I want to thank the Hon. Member for reading the press release. Quite frankly, we had some purely exploratory talks with several companies to discuss our make or buy policy. There were no negotiations or contracts or any attempts in this respect. There was never any attempt to engage in an exercise of this kind, as stated in my press release.

GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, we were promised responsible government. I want to ask the Prime Minister to inform the House whether this Government intends to privatize the sectors in question, especially the mapping division. And what about the employees? Do their careers count for anything at all with this Government? Can we give them some assurance? Couldn't their morale, which is very low at this time, be given a boost by a firm statement from the Prime Minister: "No, we will not privatize these services."?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I may point out to the Hon. Member that in all the talks we have had about privatization so far, excluding these preliminary talks which concern an area that has never been the subject of a Government privatization plan, the interests of our employees have always been uppermost in our minds. That has been so in every case of privatization, Mr. Speaker. We have always said that the interests of the taxpayers and the employees come first. These two sets of interests receive equal billing in every privatization exercise.

* * *

[*English*]

BY-ELECTIONS

ST. JOHN'S EAST—DISTRIBUTION OF GOVERNMENT PAMPHLETS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my question is directed to the Minister of Transport. He spent $40,000 of taxpayers' money on a TV film shown across Newfoundland last Thursday which was nothing but a blatant commercial for the Conservative running in the St. John's East by-election on July 20. Now the Minister is bragging about 135,000 pamphlets being mailed to Newfoundlanders. When the writ for the by-election has been dropped and all parties are restricted to election spending of less than $35,000, does the Minister believe the Government can shake off its reputation for mismanagement and dishonesty with this kind of sharp practice at the expense of the taxpayer?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I am delighted to have that question asked because I have in my hand a letter sent by the Leader of the NDP using the frank of this House of Commons and asking the people of St. John's East to vote for the NDP.

Some Hon. Members: Shame!

Mr. Crosbie: The Hon. Member has the gall and hypocrisy to get up and ask that question of me when his own Leader is using his frank to send this message to every voter in St. John's East.

Some Hon. Members: Shame!

Mr. Crosbie: You should be ashamed of yourself.

• (1440)

Mr. Mazankowski: Resign!

Some Hon. Members: Resign, resign!

Mr. Mazankowski: Honest Ed.

Mr. Wilson (Etobicoke Centre): Fess up, Ed.

Mr. Clark (Yellowhead): The old double standard.

Mr. Mazankowski: Now the truth comes out.

Mr. Blaikie: Were you expecting that question, John?

Mr. Crosbie: No.

Mr. Blaikie: Do you always carry Ed's letters around?

PROVISIONS OF ELECTION EXPENSES ACT

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, my supplementary question is directed to the same Minister. Contrary to what the Minister says, when the New Democratic Party has mailed into St. John's East after the writs have been dropped, the New Democratic Party has paid for the mailings. In the spirit of the Election Expenses Act, will the Minister now do the right thing by the Canadian taxpayer and charge the cost of that TV program and that mailing to the Conservative Party rather than the Canadian taxpayer?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I have in my hand a pamphlet which sets out the facts in the Canada-France fishing boundary dispute.

Mr. Broadbent: Who paid for it?

Mr. Crosbie: It was paid for by the Government because it sets out information which every Newfoundlander is interested in having, not the half-truths and specious nonsense which the NDP has spouted. In this hand I have the frank of the Leader of the New Democratic Party who said, "I hope you will work with me to elect a New Democratic Member of Parliament". That was paid for with the taxpayers' money.

There is nothing in here about voting for any Party. This gives the facts about the fishery. This is an election cry asking them to vote for the New Democratic Party. I will accept your apology humbly when it is offered.

Mr. Murphy: What's the date on it?

* * *

REFUGEES

ENTRY OF CHILEAN GROUP

Mr. Sergio Marchi (York West): Mr. Speaker, my question is for the Minister of Employment and Immigration. It is with regard to the human desperation which I witnessed yesterday during my visit with the 20 Chilean refugees in Montreal whose families are stranded by this Government in Argentina.

Given that their families were caught in transit while the administrative changes were being announced in Ottawa and that no period of grace was accorded, and given that the United Nations High Commission on Refugees has deemed them to be bona fide refugees, will the Government not admit its mistake, stop any further procrastination, and allow these individuals to enter the country and rejoin their families here?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Last week, Mr. Speaker, referring to the case of Chileans in Montreal, the Minister of State Immigration explained how we are proceeding, particularly with respect to those who are now in Buenos Aires. I think he was very clear and I fully endorse his statement.

On February 20 we set up and applied control measures. We are now making every effort required to try to define exactly the situation of those people and, if they are authentic refugees, they will have the right and opportunity to come or come back to Canada. We are simply applying the measures, and again I repeat that we are doing what we are supposed to do and what we announced two weeks ago we were going to do.

[*English*]

Mr. Marchi: Mr. Speaker, the Minister and his Government should stop manipulating public opinion and inciting the backlash which we are seeing in certain parts of the country.

[*Translation*]

REQUEST THAT GOVERNMENT SHOW COMPASSION AND JUSTICE

Mr. Sergio Marchi (York West): Mr. Speaker, I should like to ask the Minister if instead of denouncing the hunger strike he might deal with what caused it in the first place, namely people stuck in transit, people who are genuine refugees, and people who want to be re-united with their relatives. When will the Minister show the compassion and justice to which the Prime Minister was referring last summer?

[*English*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, the Hon. Member talked about compassion and help for the refugees. I would like to have more from the Liberal Party in particular. Last summer when we asked this Party what its position was on refugees, the Member told us we could open refugee camps.

Mr. Marchi: That's not true.

Mr. Bouchard: I listened to you. Can you please listen to me? Yesterday the Member was in Montreal. He needs more than photos with the people.

Mr. Marchi: Why don't you go visit them rather than going to Florida?

Mr. Bouchard: We need to know more. Where do you stand?

Mr. Marchi: Why don't you go visit them rather than going on holidays?

Mr. Speaker: Order, the Hon. Member for Abitibi.

[*Translation*]

CANADA POST CORPORATION

NEED FOR ADEQUATE POSTAL SERVICE FOR VILLAGE OF UMIUJAQ IN ABITIBI

Mr. Guy St. Julien (Abitibi): Mr. Speaker, my question is directed to the Minister responsible for Canada Post Corporation. For some months now, I have been trying to get adequate postal service for the Village of Umiujaq in Abitibi. Could I possibly have a positive answer this week, so that the people in that remote community can get adequate postal service, because Canada Post's fanthom President Landers has no concern for those people's isolation? Mr. Minister, I want action.

Hon. Harvie Andre (Minister of Consumers and Corporate Affairs): Mr. Speaker, in answer to the Hon. Member's question, I enquired from officials of Canada Post Corporation this morning. They assured me that postal services will be provided to the Village of Umiujaq in the coming week.

Some Hon. Members: Hear, hear!

Mr. Andre: Canada Post Corporation is now consulting with the town's mayor, and also with the Member of Parliament, to make sure that the service provided is adequate.

* * *

[*English*]

CHILD CARE

PARLIAMENTARY COMMITTEE'S REPORT

Mr. Neil Young (Beaches): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. As the Minister knows, the research director of the Special House of Commons Committee on Child Care has decided not to renew his contract with the committee, claiming that there has been interference with the work of the committee.

Would the Minister not agree that, given the urgent concern of Canadian families about the lack of affordable child care in the country, those families must have confidence in the integrity of the committee's report?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the House will receive that report this month.

An Hon. Member: But tampered with.

Mr. Epp (Provencher): I suggest to Hon. Members that they do not know the contents of the report. I think we would all be wise to judge the report and its contents when it is made public.

FORMER COMMITTEE RESEARCH CONTRACTOR'S VIEWS

Mr. Neil Young (Beaches): Mr. Speaker, my supplementary question is directed to the same Minister. I do not think he understands the question. The question is with regard to the concerns which have been raised by the research director of this committee who is reported to have said that his "concern was more the research integrity of the report, that the text itself was consistent with the data and what our understanding was of what the hearings had said". The director of research seems to be saying that there has been interference.

Mr. Speaker: The Chair has obviously tried to be generous in this matter. However, it seems to me that the question directed to the Minister is about something which took place in a committee. Unless the Member can rephrase his question to address a matter of ministerial responsibility, the Member is getting very close to being out of order. Perhaps the Member could rephrase the question.

Mr. Young: Thank you, Mr. Speaker. Perhaps I could direct the question to the chairperson of the committee rather than to the Minister.

Mr. Speaker: The Hon. Member wishes to direct the question to the chairperson of the committee. Questions to chairpersons of committees are in order, but they are limited to scheduling and administrative procedures in the committees. I think that in this case that would probably be out of order also.

Mr. Young: Can I try the question anyway?

Mr. Broadbent: How do you know what the supplementary question is?

Mr. Speaker: Perhaps the Hon. Member could consider whether he wishes to place another question to the Minister. In the meantime I think it is appropriate to recognize the Hon. Member for Hamilton East.

[*Translation*]

INQUIRY WHETHER CANADIAN POPULATION WILL HAVE CONFIDENCE IN COMMITTEE'S REPORT

Ms. Sheila Copps (Hamilton East): I have a question for the Prime Minister. Since his Government has been procrastinating for two and a half years on the subject of child care, and it now appears that the Director of Research for the Committee on Child Care has resigned, we would like to ask the Prime Minister whether he can guarantee that the Canadian people can have confidence in what will come out of that report, in view of the fact that although that Committee's chairperson has received a seven-page memorandum from three researchers she chose to keep it secret and would not even provide committee members with copies of the memorandum that criticized the process. Does the Prime Minister think that report will enjoy the confidence of the Canadian people?

• (1450)

[*English*]

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I believe that question is very similar to one asked by a New Democratic Member, and which I answered. The answer is the same.

CONTENT OF FORTHCOMING REPORT

Ms. Sheila Copps (Hamilton East): Mr. Speaker, it was not the same question. Given that the Prime Minister refuses to answer specific questions but only wants to make general, grandiose statements with no substance—

Some Hon. Members: Order.

Ms. Copps: I will direct my supplementary question to the Minister of National Health and Welfare. Does he expect the Canadian public to have confidence in a committee report that is so bad that a seven-page memo criticizing the process was given to the chairman, which the chairman refused even to distribute to members of the committee? Does he expect the Canadian people to believe anything that comes from this so-called day-care report that is nothing more than a Tory sham?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, this is another example of how the member operates. She does not know anything about it, she just has innuendo. She does not follow the rules of her leader who says to know the facts.

Ms. Copps: I have the facts.

Mr. Epp (Provencher): She throws out allegations and hopes they will stick. If she wants to talk about day care, let us talk about the facts rather than her fixations or the allegations about which she knows nothing.

Some Hon. Members: Hear, hear!

Ms. Copps: Those are the facts.

* * *

INVESTMENT CANADA

INTENDED PURCHASE OF AMC SHARES BY CHRYSLER CANADA LIMITED

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Minister responsible for Investment Canada. It concerns this morning's announcement of Chrysler Canada Limited buying out a 46 per cent share in AMC in Brampton. Given that the Canadian Government committed some $60 million to AMC in 1985, will Investment Canada thoroughly review this takeover to make certain that the $60 million is protected and that it is in the best interests not only of the company but the job creation for which that $60 million was originally intended?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Yes, Mr. Speaker, we are aware of this letter of intent which was announced as recently as this morning between Chrysler Renault car manufacturers concerning a per centage of 46 per cent of the shares which would be purchased by Chrysler Corporation, and we have indeed instructed Investment Canada officials to examine this transaction to make sure that it meets the benefit requirements.

[*English*]

REQUEST FOR JOBS GUARANTEE

Mr. Derek Blackburn (Brant): Mr. Speaker, in view of the tremendous amount of taxpayers' money involved in this deal, will the Minister make the guarantee of jobs the number one on the list of benefits?

[*Translation*]

Hon. Michel Côté (Minister of Regional Industrial Expansion): Mr. Speaker, I suggest that this reply has already been given by Chrysler management when it indicated that no job would be jeopardized, and I can assure the Hon. Member that the Government of Canada is always concerned about job creation. We have already considered setting up a mechanism which would assure Canadians of new opportunities and employment, and we will respect this commitment.

* * *

[*English*]

ROYAL CANADIAN MOUNTED POLICE

POSTINGS OF MARRIED COUPLES WHO ARE MEMBERS OF FORCE

Mr. John Nunziata (York South—Weston): Mr. Speaker, in the absence of the Solicitor General my question is directed to the Prime Minister. It concerns the ridiculous new policy of the RCMP with respect to transfers of married couples who are both members of the Force. Four women who are about to graduate from the academy and become members of the Force have filed grievances because they have been refused postings near their husbands and, in fact, have been posted hundreds of miles away from their families and husbands. In two cases they have been posted thousands of miles apart. Does the Prime Minister agree that this policy of the Royal Canadian Mounted Police is unfair and inequitable? Will he immediately instruct the Commissioner of the RCMP to adopt a more fair and reasonable policy with regard to this matter?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, in the absence of the Solicitor General I will be happy to take the question under advisement. I assure the Hon. Member that I will look into it and discuss it with the Solicitor General as soon as he returns.

Mr. Nunziata: In effect, these women have been given a choice; either quit the RCMP or leave their husbands and families.

An Hon. Member: Sit down. That is not a question.

FORCE'S POLICY

Mr. John Nunziata (York South—Weston): Mr. Speaker, my supplementary question is directed to the Prime Minister. In view of his so-called commitment to women, fairness, equity, and equality, will he personally look into this policy of the RCMP and ensure that it is changed and a new policy is implemented that would be fair, reasonable, and equitable in the circumstances?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I will look into this, as I indicated in my response to the Hon. Member's first question. At this point, not knowing the facts, I do not necessarily accept the premise of the question. However, I understand the very legitimate concerns of the Hon. Member and can only assure him that I will talk to the Solicitor General and ensure that we look into the matter in every respect so that equity and probity are followed in this case, as in all others.

* * *

ABORIGINAL RIGHTS

ENTRENCHMENT IN CONSTITUTION

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, my question is directed to the Prime Minister who is aware that aboriginal chiefs and leaders from across Canada are meeting this week in Ottawa to prepare for the First Ministers' Conference near the end of the month. Since the Prime Minister has refused an invitation from the Assembly of First Nations to address this assembly and thus has forgone the opportunity to clarify the Government's position not only to aboriginal people but to all Canadians, will the Prime Minister explain that refusal? Furthermore, since the aboriginal peoples of Canada did not give up their right to self-government in any of the 484 treaties signed between the Crown and the aboriginal peoples of Canada, will the Prime Minister explain to Canadians why the Government appears to be preparing to deny that right in the upcoming negotiations?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, I do not know what nonsense the Hon. Member is talking about. I have been available, I suggest, certainly more than any other Prime Minister in memory, for meetings of substance with the leadership of native groups here and across the country. We have had many meetings leading up to the very important series of meetings in the next couple of weeks. I do not know what the Hon. Member is referring to because he will know that we came very close to securing an agreement on a constitutional amendment two years ago. We are very much committed to that process of justice. Everything the Government has done is consistent with trying to bring justice and dignity to the native peoples of Canada. I am at a loss as to why the Hon. Member would try to read something other than that into the entire process.

Mr. Parry: If the Prime Minister is unaware of the specific invitation I am sure we can arrange to have him invited personally.

ALLEGED OPPOSITION OF PROVINCES

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, in view of the Prime Minister's protestations, what has he and the Ministry done specifically to try to convert the provinces that are apparently against the inherent right to self-government to a position that will validate and recognize that right of the aboriginal peoples of Canada?

Right Hon. Brian Mulroney (Prime Minister): Mr. Speaker, again I am afraid my hon. friend does not know all the facts. A very important ministerial meeting with the leadership is scheduled for March 13, in anticipation of the First Ministers' Conference that will be held a few days later. The Hon. Member asks what has the Government done and will it bear fruit. I do not know. That is the object of the meetings. The penultimate meeting on the thirteenth will be followed by the televised constitutional First Ministers' and leadership meeting. Are we seeking a constitutional amendment? Of course we are. Have we laid it out? We have done so with absolute clarity. Do we want the provinces onside? We have worked exactly toward that end. We hope we will bring justice to the people of Canada, but not by the supercilious and uninformed criticisms of the NDP. It has to be done by a national Parliament acting with a certain amount of unity and cohesion.

Some Hon. Members: Hear, hear!

* * *

• (1500)

VIA RAIL

PLAN TO REDUCE SERVICE BETWEEN TORONTO AND WINDSOR

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, my question is for the Minister of Transport. I ask the Minister if there is any truth to a report which appeared in *The Sunday Star* which states that starting June 7 VIA Rail will be reducing passenger rail service between Toronto and Windsor. If this is the case, does the Minister agree with these reductions?

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I believe the Hon. Member realizes that VIA Rail is a Crown corporation and responsible for the administration and management of its own affairs. I understand that there are

to be some reductions in service primarily in the Quebec-Windsor corridor. The modifications represent about a 6 per cent reduction in train miles in the corridor. They are being implemented to effect economies through the reduction of lightly used trains to make schedules more convenient for the majority of the users of the trains.

I do not think these are extensive changes. This is within the power of management, which is doing its best to run the system as efficiently and effectively as it can.

[*Translation*]

INQUIRY WHETHER GOVERNMENT CAN ASSURE SERVICES IN ATLANTIC, QUEBEC, AND WEST WILL NOT BE REDUCED

Mr. Fernand Robichaud (Westmorland—Kent): Mr. Speaker, if there are to be reductions in service in a well-travelled region such as southern Ontario, could the Minister indicate whether there will be reductions in service in the Atlantic, Quebec and Western Regions which are a lot less travelled than the Ontario region? Could he indicate to us whether there will be reductions in those areas which are already unsufficiently served?

[*English*]

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, the only reductions in service that I know about are the reductions that we have just been discussing here. Incidentally, it is the expectation of VIA that over five years this action will improve its losses by about $28 million and improve its occupancy rates. It certainly seems to be an objective worth attempting to achieve.

Mr. Speaker: I must advise the House that the time for Question Period has ended. I hope that Hon. Members from both sides of the House who were hoping to be heard today will speak with their Whips in order to get a little further up the list tomorrow. The Chair will certainly try to accommodate them.

The Chair has several questions of privilege to consider which must be dealt with now. There is a question of privilege to be raised by the Hon. Member for Nickel Belt (Mr. Rodriguez) which, in ordinary circumstances, would take precedence in point of time. However, there is also notice of a question of privilege from the Hon. Minister of Transport (Mr. Crosbie). An indication has been given to me by the Hon. Leader of the New Democratic Party that he also wishes to raise a question of privilege which concerns the same issue. The Chair proposes to hear the Minister of Transport and then the Hon. Leader of the New Democratic Party on this issue. The Hon. Minister of Transport.

PRIVILEGE

ALLEGED MISUSE OF HOUSE OF COMMONS STATIONERY, PRINTING AND FRANKING PRIVILEGES

Hon. John C. Crosbie (Minister of Transport): Mr. Speaker, I rise on a question of privilege of which I gave you notice before two o'clock this afternoon, as is required. My question of privilege has to do with a flagrant misuse of the House of Commons Stationery and Printing Services and free mailing privileges by the Hon. Member for Oshawa (Mr. Broadbent) who is the Leader of the New Democratic Party and who mailed a partisan political pamphlet soliciting support for his Party in the upcoming by-election of the federal riding of St. John's East to all households in St. John's East. I have the document in my hand, if it is necessary that it be tabled.

It states on the envelope: "A message from Ed Broadbent, MP". Inside the envelope there is a letter, a copy of which I hold in my hand.

Mr. Broadbent: Read it out.

Mr. Crosbie: I will not read the whole letter because it would bore every member here to tears. However, in the second to last paragraph—

Mr. Blackburn (Brant): Read the whole letter!

Mr. Crosbie: I simply will not be shouted down, Mr. Speaker, of that I can assure you.

In the second to last paragraph of the letter the Hon. Member states:

> I hope you will work with me to elect a New Democratic Member of Parliament in the coming by-election in St. John's East. Together we can do it.

I do not know what they are hoping to do together.

Mr. Broadbent: You'll find out, John.

Mr. Crosbie: But I will tell you, Mr. Speaker, the Hon. Member will be very disappointed in what he gets to do in St. John's East.

By the way, this is a letter which was sent with a card. This card is a questionnaire the first part of which reads:

> Yes, Ed, I want you to keep up your fight to make the Mulroney Government respect Newfoundland and listen to the serious concerns of Newfoundlanders.

It is also pointed out on this card that if it is mailed the postage will be free. So that is a double misuse of the frank.

Some Hon. Members: Shame, shame!

Mr. Crosbie: The frank was used to send this out to every household in St. John's East, and there is a card for the respondent to send back free. So it is free both ways. Everything is free with the NDP. I can assure the Hon. Member that he will not do it together or singly in St. John's East. This is a direct breach of privilege.

That this is a breach of privilege is clear from your own ruling, Mr. Speaker. I refer Your Honour to page 403 of

Hansard for October 16, 1986, with respect to an earlier case in which NDP Members from British Columbia—and we saw one of them today during Question Period trained in the deep traditions of the hypocrisy of that Party—abused their stationery, printing and frank privileges to carry out a mass mailing during the provincial election in British Columbia. So there is an emerging pattern of abuse here demonstrated in this letter from the Leader of that same Party.

Some Hon. Members: Shame, shame!

Mr. Crosbie: I refer you, Sir, to your own words on that occasion. What better could I do? On that occasion Your Honour ruled:

—that the Chair should not move without great care in ruling on whether or not a communication sent under the frank is a question of privilege. However, having said that, I think it is clear that there could be cases where, depending upon the content of the communication sent under the frank, it could be a question of privilege if the content worked against the right of Members to free expression and the carrying out of their obligations as Members.

It is just those rights which have been breached by the contents of the letter sent by the Leader of the New Democratic Party. The purpose of this letter is to achieve a partisan advantage through the misuse of mailing privileges. The Leader of the NDP has placed part of the cost of his Party's campaign in the St. John's East by-election on the backs of the ordinary Canadian taxpayers of this country. It is the taxpayer who has to pay for this abuse which violates the clear guidelines on the use of stationery and printing services.

I refer Your Honour to the *Members' Manual on Allowances and Services* which states under the heading "Unacceptable Requests":

The following types of material may not be reproduced:

(a) Material unrelated to activities of the House of Commons

(b) Material of a partisan political nature such as:

(1) solicitations of party membership—

(3) requests for monetary contributions—

The letter states:

I believe Newfoundland needs a new voice in Ottawa, a voice that will ensure that Newfoundland is on the political map in Canada. I hope you will work with me to elect a New Democrat Member of Parliament in the coming by-election in St. John's East. Together we can do it.

If that is not material of a partisan political nature, then what in the name of heavens is it? For years we have been smothered with the sanctimonious sanctity and hypocrisy of the hon. gentleman opposite who tut-tutted and raised questions of conflict and scandal whenever he had the opportunity. Here we see the most frank and barbarous use of the frank, and an abuse of the mailing privileges of the Members of the House by the Leader of a Party.

What is this if not a violation? Other Members of the House cannot exercise similar freedoms without also violating the established guidelines of the House of Commons which are intended to prevent misuse of public funds. God help the people of Canada if that group ever gets into a position to expend public funds.

That is why this letter is a breach of my privileges as a Member of Parliament. The Leader of the NDP has violated the rules governing the use of stationery, the printing of materials and the use of the frank to seek an unfair advantage in the by-election in St. John's East.

Mr. Manly: You don't know what you're talking about.

Mr. Crosbie: I don't know what I'm talking about?

Mr. Broadbent: Let him go.

Mr. Crosbie: I am delighted to see the Hon. Member here today. I am delighted that he has asked me a question.

Is the Hon. Leader of the New Democratic Party to be permitted to exceed his privileges in this case, as he has done before? I am now told by outraged people who live in St. John's East that this is not the first of this kind of unseemly material to come from the Hon. Member for Oshawa. If he is to be allowed to do this and violate the privileges of other Members, then what is there to prevent him from doing it again in the context of the federal election when the cost to the taxpayers will be far greater?

• (1510)

Our election law is based on the notion of balancing campaign expenditures. There are strict limits on what can be spent. Violations of such limits are treated as serious offences. The NDP Leader is one of the first to be barking, bellowing, and barracking in his seat whenever he gets the opportunity.

I submit to you, Mr. Speaker, that this case goes to the very heart of your earlier ruling. If this does not raise a question of privilege, as you then defined it, then the meaning of your ruling, which was notable for its clarity—and if I might be permitted to say, Mr. Speaker, all your rulings are noted for their clarity—must simply collapse.

The Hon. Member opposite has set himself and his Party up as a self-declared conscience of us all. The Leader of the NDP is constantly raising questions of conflict or scandal, or the appearance of a conflict, or the shadow of a scandal. If it is shown to be not a conflict of interest, the Hon. Member will say it is apparently a conflict of interest because I said it was a conflict of interest in the first place. That is what we have had to put up with all the time. We have the Leader of the NDP, not in an apparent anything, but in an obvious case of having his hand in the cookie jar and being caught with the sugar on his fingertips.

I ask that the Hon. Leader of the New Democratic Party agree to reimburse the public for the cost of this illegitimate use of printing and mailing privileges. Will he learn the lesson:

Of all the cants which are canted in this canting world, though the cant of criticism is the most tormenting, the cant of hypocrites is the worst.

Will the Hon. Member frankly admit that and stop his canting? Will he agree to reimburse the House for the expenses? Will he agree not to do this again? Will he observe the privileges of this House in a proper manner?

I ask, Mr. Speaker, that you find this to be a prima facie case of privilege here, and that this matter be referred to the Standing Committee on Elections, Privileges and Procedure. Do not let the hon. gentleman stand and refer to a factual brochure about the fishery and the fisheries dispute, and suggest that this is in any way similar to this mishappened document sent out in a clandestine manner using the franking privileges.

I would like a report on how often this has been done by the hon. gentleman this year. How many millions of pieces of mail have been sent out improperly in this manner by the Hon. Leader of the NDP?

I wish to table this document. This is the evidence that should be sent to the committee. I am prepared to testify, and hundreds more from St. John's East, who are sickened and disgusted by this heartless display of ignoring the rules of parliamentary democracy, will appear before the Committee too, if necessary.

Some Hon. Members: Hear, hear.

Hon. Edward Broadbent (Oshawa): Mr. Speaker, I have heard a lot of nonsense in the House in my years, but I think that all the limits of credibility have been exceeded by the absurd pronouncement of the Minister of Transport (Mr. Crosbie).

I do not think that the Minister has a question of privilege at all. I indicated to you, Sir, that I had a question of privilege given what this absurd Minister said earlier in Question Period. I wish to comment on his accusations.

The Minister has referred to the guiding principles of the House as they pertain to members' franking privileges. The Minister knows full well that the same guiding principles and regulations pertain not only to what I happened to send out on this particular occasion, but to all the householder mail that is sent out by every Member of Parliament, by all Members in all Parties, of any type, including householders to their constituencies. If the Hon. Minister is raising a question of partisanship, which he has, I could take about four days, three hours, and 19 minutes quoting from every one of his members' householders and find in each and every one of them—

An Hon. Member: You could not.

Some Hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Broadbent: Mr. Speaker, I listened to the Hon. Minister. I wish that he would listen.

The point that I am making is that if we are talking about partisanship in publications that come from members, it is a common practice for all Members to make partisan comments at times. I have supported that publicly when the question has been raised about other Members in other Parties. All Members of the House know that it is the right of the member to make partisan comments. That has been practised throughout my experience in Parliament, in householders as well as other publications. That is principally what we were elected to do. I have no apology to make for that.

I wish to comment on the other parts of the Minister's interesting diatribe earlier today. The Hon. Minister talked about printing and mailing. First, who paid for the printing? I will tell you who paid, Mr. Speaker, the New Democratic Party of Canada. I will comment on the Conservatives and their obligations in a minute.

I have just received a copy of the mailing from the Post Office. Different parts have been checked off. Some members can mail freely. We can, in most publications, and in others we pay for it. Under this, who paid for the mailing? The New Democratic Party paid for the mailing, as well as publications.

The point that the Minister raised, the question of printing: we paid for it, the New Democratic Party. Unlike the Tories and what they put out, which I will come to in a minute, we paid for the mailing.

What about the date that this was sent out to the people of Newfoundland?

Mr. Crosbie: The date doesn't matter.

Mr. Broadbent: He says that the date doesn't matter, because we have caught the Tories spending public funds after an election was called. That is why he says it does not matter. I say to the Minister that to the New Democratic Party it does matter.

Ms. Copps: Don't be so sanctimonious.

Mr. Broadbent: You can get up, madam, and make your points in a moment.

The date does not matter?

Mr. Crosbie: No.

Mr. Broadbent: Apparently some Liberals do not care about this, and I am surprised. I note that it is not the leadership of the Liberal Party.

The date does matter, because once an election has been called, as all Members know, we are under legal obligations about the expenses, which is totally appropriate, and which I thought had been accepted by all Members in the House. What is the date on the matter that the Minister received and to which he objected? I wish to advise the Minister of the date. It was February 19, which was before the writs were issued for the election in St. John's East.

It seems to me that the Minister is striking out on every account. Who paid for the publication? The New Democratic Party. Who paid for the mailing? The New Democratic Party. Was it sent during the election period? Not at all. It was sent before the writs were issued.

I wish to come to my reason for being concerned about the implication raised by the Hon. Minister of wrongdoing on our part during Question Period. If we compare this with what has gone on in Newfoundland, what do we find? First, a leaflet has been mailed by the Conservative Government to every citizen in Newfoundland. It is a coloured brochure. When was it mailed? After the writs were issued. Who paid for it? The people of Canada, not the Conservative Party.

Mr. Crosbie: Absolutely.

Mr. Broadbent: Second, there was a half hour television program going into every home in the Province of Newfoundland. Who paid for that, after the writs were issued? I will tell you that it was not the Conservative Party of Canada, it was the people of Canada who were paying for that. That is a disgrace.

Mr. Fulton: Snake bellies.

Mr. Crosbie: Do you want a loan of the tape?

Mr. Broadbent: We totally welcome the comparison of the two different types of mailing; one that came out of my office which was paid for by my Party in the publication and in the mailing before the writs were issued, and another produced by the Government which was paid for by the people of Canada after the writs were issued.

The Minister should have the decency to stand up and resign.

Some Hon. Members: Hear, hear!

• (1520)

Mr. Speaker: The Hon. Parliamentary Secretary on the same consolidated question of privilege.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, it is a pleasure to participate in this consolidated question of privilege. I think it is quite clear that there is a dispute here. However, I would say to the Hon. Member for Oshawa (Mr. Broadbent) that we take him at his word. If in fact the printing was paid for prior to the election being called it does not become part of election expenses. If in fact the postage was paid for prior to the election being called, we agree that it does not become part of election expenses.

I call upon the Hon. Member to produce the proof, not here and now, I appreciate that. If in fact it has been paid for, not only the printing, but the paper, the envelope, the cost of transporting it to the postal station, and the postage, I appreciate that. I take the Hon. Member at his word because I have never had reason to doubt his word on something like this. I call upon the Hon. Member and his Party to prove positively and absolutely that everything was paid for at the time that it was done, not when the complaint arose, in February when this blatant letter was sent out using, I might add, not New Democratic Party paper, not New Democratic Party letterhead, but the letterhead of the office of the Leader of the New Democratic Party. There is no sign on this that it is election material. I appreciate that, but there is no sign on it that it is not a blatant attempt to misuse not only the stationery but the office of the Leader of the New Democratic Party in asking that "you will work with me to elect a New Democratic Member of Parliament in the coming by-election in St. John's East".

I remind the Hon. Member of his comments on May 1, 1986, "Political Parties are responsible for their propaganda. Why does the Conservative Party not pay for this propaganda". I call upon the Leader of the New Democratic Party to prove that they paid for this propaganda in February prior to the writ being issued, that they paid full value for all of it, that is, the typing of it, its reproduction, the paper, the letterhead, and the envelope.

I have one curious question. If in fact this was all paid, and if in fact there was no effort to use the frank, I raise one question for my hon. friend, why was the frank on the envelope? If in fact it was paid for, full-fledged and with no problem, why was the frank on the envelope? That is the question we must ask ourselves.

Mr. Broadbent: I will be happy to deal with all those.

Mr. Lewis: That is fine. I would have thought the Hon. Member, having raised a question of privilege, would be prepared to give the House the benefit of that. This question has been part of a deliberate pattern by the New Democratic Party to raise this kind of thing. The Hon. Member for Kootenay West (Mr. Brisco) on October 16, 1986 raised a blatant political message by way of a mass mailing on the B.C. election campaign solely for political gain brought about by the brother of the current, or I guess soon to be departed, Leader of the New Democratic Party in B.C. In part the letter said—and it was probably written by the same wordsmith in the New Democratic Party offices—of course it was all paid for, and the fact that the frank was on the envelope did not mean anything—"we are asking you to join with us in getting to work to elect the next provincial New Democratic Party. Phone your local campaign headquarters and get involved now". That was not even federal. In the last instance it was not even federal. It was part of a designed campaign to take a free ride on the back of Canadian taxpayers for individual political purposes, whether provincial or federal.

I want to ask the Leader of the NDP a question because we all want to know the answer. Is he gearing up for the next municipal election campaign somewhere? Are we to use the frank for that too? It is about time that somebody stood their ground and acted honourably in the House.

I want to point out what has been done on the other side of the question. In an earlier Parliament the Hon. Member for Yorkton—Melville (Mr. Nystrom) raised a question about a committee that was set up by the Minister of Transport to study rail line abandonment. Once the question of privilege was raised, our Party paid for it without question. It is

interesting to note that at a later date the Liberal Government of the day found that study so valuable that it paid for our expenses and in fact used the study for the purposes of the federal Government.

I want to close by saying that an abuse of the privileges of a Member of Parliament is an abuse whether it is prior to an election or during an election. The only difference is that if it is during an election, then it must be included in election expenses. If it is an abuse of the privileges of the House and the privileges we enjoy as members before an election, it is still an abuse.

I call upon the Leader of the New Democratic Party to produce his evidence. I do not doubt that he has it; I do not doubt that the Party has it. I call upon them to produce all evidence proving that it was paid for, every last expense in connection with that letter, so that they can demonstrate that they have done this with some honour, and not come into the House to leave out there the great suspicion that possibly they are doing the same thing in Yukon and Hamilton Mountain.

Mr. Jim Fulton (Skeena): Mr. Speaker, this is a classic example of a Government trying to make use of the best defence known, which is offence. It is quite clear, in terms of the $40,000 on the film and the 135,000 leaflets going around in Newfoundland, paid for by the people of Canada, that it is something they want to cover up and keep the press from thinking about.

However, let me deal with the issue made by the Parliamentary Secretary because I think it opened an enormous Pandora's box. It was something that I did not feel any necessity to raise during the provincial election in British Columbia. However, the Hon. Member for Vancouver Centre, the Minister for International Trade (Miss Carney), happened to send out somewhere between 50,000 and 100,000 householders with a picture of herself and Bill Vander Zalm standing arm in arm on the front of it. It just happened to be there in the middle of the election campaign.

If this issue is to be dealt with seriously, the House will never be able to deal with anything serious again. I can bring in thousands of documents mailed out by Conservatives which are obviously partisan and obviously paid for by the House of Commons. The Minister of Transport (Mr. Crosbie) abused the Leader of my Party. He has not even apologized after my Leader produced a certified copy from the Postmaster of the House of Commons that we had paid for the mailing. He still sits there on his rump like a cod tongue, acting as though, "Ho, ho, I am the high and mighty Minister of Transport. We have no issues in Newfoundland. We are losing. We are going to try to fabricate some kind of mamby-pamby issue to shove into the mouths of the people of Newfoundland". Well, I do not buy it and Newfoundlanders will not buy it, because they know you have been caught with your hands in the till for the movie and for those little diddley-daws on what really is not true about the Canada-France agreement. It is a lot of blah, and you should be embarrassed about it.

Mr. Speaker: Before recognizing the Hon. Member for Mission—Port Moody (Mr. St. Germain), I understand that there is some strong feeling about the matter, but I ask all Hon. Members to refrain from using the personal word "you".

Perhaps, now that the matter has been explored with great vigour by several interventions, the Hon. Member for Mission—Port Moody would try to confine his remarks to the issues.

There are two issues here. One was raised by the Hon. Minister of Transport (Mr. Crosbie) who says that a frank has been used to deliver a message, a political message, which is aimed at an upcoming by-election. The Hon. Leader of the New Democratic Party has said that a publication put out by the Government of Canada in respect of the fisheries situation and the relationship between Canada and France in terms of certain fish stocks is an abuse of the Government's position. That also is aimed at resulting in some political advantage for the Government. Those are the two issues.

• (1530)

The question is whether or not there is a question of privilege. There is clearly a complaint on both sides and clearly there is an issue of what is appropriate when parliamentary rights to communicate with constituents are used. I am not saying it is a question of privilege, but I do want Hon. Members to try to address that specific point because that is what I have to decide.

Mr. Gerry St. Germain (Mission—Port Moody): Mr. Speaker, I will be very brief. This is a breach of individuals' privileges. The Hon. Leader of the New Democratic Party (Mr. Broadbent) tried to put forth something that is not the true picture. He spoke in his opening remarks when countering the remarks of the Hon. Minister of Transport (Mr. Crosbie), of householders being utilized, a totally different situation from that with which we are dealing. We are dealing with our own ridings. When householders are of a partisan nature, they are often rejected and not printed. A member is told to produce a householder which does not solicit votes, and that is the whole issue here.

What is revolting to all Canadians, Mr. Speaker, is the sanctimonious attitude of the New Democrats. They speak of the abuse of public funds. This matter unquestionably is a deliberate abuse of public funds. All of us are tainted, whether we like it or not, when one member abuses his privileged position to either his or his Party's advantage. This is not right either morally or legally, *vis-à-vis* the rules of this place. When it comes to public spending—and make no mistake about it, Mr. Speaker, this is public spending in the true sense of the word—the NDP over there yell the longest and the loudest about it.

We are dealing here with the privileges of each and every Member of this House having been abused by the misuse of stationery in this case and possibly the misuse of the frank. I

take it that the Hon. Member for Oshawa has stated he has paid for the postage. I still question why he utilized his frank.

The most disgraceful part of the exercise is seeing the New Democrats sanctimoniously and hypocritically chastising everybody in this House and challenging one of the most honourable Canadians, the Minister of Transport. It is unheard of.

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, I will keep my contribution to this discussion as brief as you would like it to be.

Mr. Speaker: I know the Hon. Member will do just that. The Chair I think has given all members a chance to express their views with language which has been brisk and vigorous, but it has been within the bounds. The Chair now really does need some procedural advice. The Hon. Member.

Some Hon. Members: Oh, oh!

Mr. Tobin: Mr. Speaker, knowing my reputation as an expert parliamentarian, I can understand why at this stage of the debate, after so much colourful and exciting language, you would call upon me to summarize this matter in a way that is logical and succinct and which will give the Chair the ability to make the decision rather quickly. I hope the Chair will be slightly tolerant, but I want to say that as a representative, as are all members ultimately, of Newfoundlanders who were the recipients of the propaganda being debated in the House, in case there is any misapprehension whatsoever in this Chamber that whether you wrap flimflam in a $40,000 slick video presentation, whether you put it in a blue, white, red and yellow householder or wrap it in a letter from the Leader of the New Democratic Party (Mr. Broadbent), Newfoundlanders can recognize flimflam no matter how it is packaged. Whether it is $40,000 flimflam or the NDP Leader's letters of flimflam, the people of St. John's East will not swallow it because it is all flimflam in the end.

I believe that it is incumbent upon Members—that is what we in this Party shall be doing—to go out in the streets of Newfoundland to communicate with and listen to the people. That is the appropriate forum. Whether or not there has been an improper use of taxpayers' funds in this spitting contest that we see between the New Democratic Party and the Conservative Party, the only logical question to ask is that of the Chief Electoral Officer. We shall see when the election is over and when all of the forms have been filed whether or not the Election Expenses Act has been followed. That is all that matters, Mr. Speaker. I submit from where I sit that that perhaps this is all you have to rule upon today.

Let me say in defence of Newfoundlanders that when you manufacture nonsense, be it in a $40,000 package or a letter from the Leader of the New Democratic Party, Newfoundlanders will recognize it is nonsense every time. We are not impressed by this spitting contest between the two Parties. We want some answers. We want some leadership. We want to know what the policies are to put the Province of Newfoundland back to work and to help it realize its full potential. We do not want a shouting match between schoolchildren in a forum that has been changed into a schoolyard. This is a shameful, shameful day.

[*Translation*]

Mr. Jean-Pierre Blackburn (Jonquière): Mr. Speaker, on this same question of privilege, I would like to point out that, a few weeks ago, I also made a statement pursuant to Standing Order 21 to denounce the same use of franking privileges for partisan purposes by the Leader of the New Democratic Party. What I was denouncing at the time was the fact that, the Hon. Member had used his franking privileges to send a partisan message to Jonquière residents in which he took position on the tax reform and income taxes.

I have here another document from the Hon. Member of which I would like to read a few sentences:

"Mr. Broadbent, I want you to know what I think about fair taxes and employment." Then, there is only a small space where you cannot write either yes or no. It is simply written "yes". You have to put a check-mark if you agree with the statement. Then, the document says: "Yes, I believe that a tax reform guaranteeing that everyone pays his fair share is necessary. Low or middle income Canadian men and women should not have to bear an unfair tax burden." I wonder why such a question should be asked to Canadians, Mr. Speaker. It seems very obvious to me that everyone would agree that people must not bear an unfair tax burden.

Then, the Hon. Member said: "Yes, I believe that tax rebates should be used to create new jobs, not to provide tax holidays for groups or big businesses." The terms used are not even correct. It should be tax shelters and not tax holidays.

On another point, the Hon. Member says: "Yes, I agree with you when you support fair taxes." Is there anyone who could be against fair taxes, Mr. Speaker? Even though the words "A message from Ed Broadbent" were written on the letter, the Hon. Member is using for partisan purpose his privileges as a Member of Parliament, for which he pays less than ordinary citizens. The return postage was also prepaid. No stamp was required and it was addressed to: Ed Broadbent, Member of Parliament, House of Commons. The Hon. Member was using his privileges for partisan purposes, which is exactly what the Minister of Transport (Mr. Crosbie) is now describing, but in relation with another type of letter.

Mr. Speaker, we can go back to the statement I made a few weeks ago pursuant to Standing Order 21, when I said that, to top it all, this was only a mock survey. If the Hon. Member were at least using his privileges logically, even though such behaviour would still not be acceptable, it would be somewhat better. But this was just a sham. People could not even reply by saying yes or no. There was just a space for yes and questions on which everyone agrees since we are all for fair and equitable taxes.

• (1540)

[*English*]

Hon. Herb Gray (Windsor West): Mr. Speaker, it would be tempting to continue to listen to Conservative and NDP Members fight it out for third place, but I think we are dealing with something of importance to the proceedings of the House of Commons and that is whether or not we do have here a genuine question of privilege. As I understand it, Citation 84 on page 25 of Beauchesne's refers to the role of the Speaker in these matters. The citation reads:

> Once the claim of a breach of privilege has been made, it is the duty of the Speaker to decide if a prima facie case can be established. The Speaker requires to be satisfied, both that privilege appears to be sufficiently involved to justify him in giving such precedence (or as it is sometimes put, that there is a prima facie case that a breach of privilege has been committed); and also that the matter is being raised at the earliest opportunity.

What are we talking about when we deal with a matter of parliamentary privilege? In this connection, I would respectfully refer you, Mr. Speaker, to Citation 16 on page 11 of Beauchesne's. In both cases, I have been referring to Beauchesne's Fifth Edition. Citation 16 appears to be a quotation from Erskine May, Treatise on the Law, Privileges, Proceedings and Usage of Parliament, 19th Edition. I respectfully draw to your attention some of the words of this Citation which read as follows:

> Parliamentary privilege is the sum of the peculiar rights enjoyed by each House collectively as a constituent part of the High Court of Parliament, and by Members of each House individually, without which they could not discharge their functions and which exceed those possessed by other bodies or individuals. Thus, privilege, though part of the law of the land, is to a certain extent an exemption from the ordinary law.
>
> The distinctive mark of a privilege is its ancillary character. The privileges of Parliament are rights which are "absolutely necessary for the due execution of its powers". They are enjoyed by individual Members, because the House cannot perform its functions without unimpeded use of the services of its Members; and by each House for the protection of its members and the vindication of its own authority and dignity.

You must decide, therefore, Mr. Speaker, whether the matter raised by the Minister of Transport (Mr. Crosbie), or for that matter the question raised by the Leader of the New Democratic Party (Mr. Broadbent), falls within the rather restrictive definition of privilege set down in the authorities I have cited and if in those circumstances you are in a position to rule that there has been a prima facie breach of privilege as so defined.

It may be that what has been complained of by the Minister of Transport is something to be looked at in another forum or by others outside this Chamber. I will not attempt to deal with that at this time. However, the question is whether or not we are talking about a matter of privilege within the definition set down by the authorities in question.

As I have said with respect to the matters before us and as I think a member on the government side indicated by saying we are dealing with what he called rather ingeniously a consolidated question of privilege, you have a rather narrow and specific task to perform. With respect to the point raised by the Leader of the New Democratic Party, I suppose it could be argued that at some point it will be a matter of parliamentary debate on the proper expenditure of public funds by the Government when it comes to various mailings and films in the Province of Newfoundland.

I know you have invited us to make some comments on the procedural aspect of this, Mr. Speaker. While my doing so may detract from the other aspects of the discussion at this time, and while, as I have said, it would be tempting to allow members of the Conservative and New Democratic Parties to continue their ongoing fight for third place, I thought I would rise at this time to draw to the attention of the House considerations at which we must look when any of us raise a question of privilege, and to call upon you, Sir, to see if there has been a prima facie breach of such a question.

Mr. Les Benjamin (Regina West): Mr. Speaker, thank you for allowing me to participate in this important discussion. I think you, Sir, will have to rule on this sleazy operation of the Hon. Member for St. John's West (Mr. Crosbie). I would like to remind my hon. friend that, as my Leader said—and I know my hon. friend will accept him at his word—we paid for the printing and the postage, and that is not the case with the postage on the stuff he sent out which was paid for not by a political Party but by a Department of the Government.

I would like to point out to you, Mr. Speaker, and to my hon. friend from St. John's West, that I have here an epistle sent out under the frank of John Thomson, MP, Calgary South, advertising the Stampede Barbecue at Spruce Meadows. Thank goodness it got sent to an NDP MLA in Regina. That is how I got it.

I have another letter, Mr. Speaker, that begins with: "Dear Fellow Conservative". The envelope reads J.B. M.P., Regina East. I hope the Hon. Member for St. John's West is paying attention to this. The letter is addressed to Mrs. Pat King and reads: "Dear Fellow Conservative". I must say that this is the last thing Mrs. Pat King would ever be. In any case, the letter reads as follows:

> Accompanying this letter is a request addressed to you by Bill Wheatley, President of the Regina East Progressive Conservative Association, to formally join the Association.
>
> The Regina East Constituency is one of the fifty federal ridings singled out by the new leader of the NDP for an intensive effort on its part to elect an NDP Member of Parliament.

By the way, we happened to do that. The letter goes on:

> In order to respond to this challenge, it is important for our party to maintain a strong grass-roots organization.

The letter was sent out under the frank of James Balfour.

Mr. Crosbie: They are not even Members any longer.

Mr. Benjamin: Oh, yes, but why, all of a sudden, is my hon. friend exercised about the matter when his Party has been the worst offender in the misuse of taxpayers' funds by Members of Parliament in the whole history of this Parliament and of every Parliament going back to 1867?

I think you, Sir, will have to come down hard and fast on what is contained in the newsletters of Members of Parliament, and we are prepared to live with that because we pay our bills. We might be slow but we pay them.

I have another letter which reads as follows:

Dear Supporter,

I want to bring to your attention our Party's financial statement for 1979.

I must say I am proud that individuals are responsible for more than 81 per cent of PC Party contributions—the highest per centage of all Canadian political parties.

I think he has the statistics wrong but that does not matter. The letter goes on:

We in the PC Party have always believed our roots sprang from a belief in individual initiative—

Et cetera, et cetera, *ad nauseam*. It goes on:

I am sure you will join me in expressing sincere gratitude to PC Canada Fund Chairman Terry Yates, and his board of directors,—

It is not a political Party, it is a corporation and it should be subject to the corporate laws of Canada. It goes on:

—for ensuring that our Party can meet its financial commitments—

I would be happy to provide the Chair with a copy of the envelope. By the way, Mr. Speaker, this letter was sent to me asking me for a donation. I have here more requests for donations from the PC Canada Fund than you can shake a stick at. It just shows how hard up the Tory Party is when it asks me for donations. I would give it something for a welfare cheque but nothing else. This letter came addressed to me at 21st Avenue in Regina and it was signed by, would you believe, the Hon. Member for Yellowhead (Mr. Clark).

I defy the Hon. Member for St. John's West and anyone else in the House to find anywhere else that kind of blatant soliciting of funds or peddling of so-called news at the expense of a Department of the Government so obviously aimed at pursuing political purposes.

• (1550)

Now that this can of worms has been opened, I invite you to go over the record and rule that from now on, in fact even retroactively, every Member of this House will be sent a Bill for the printing, stationery, and postage, the whole damn works.

Mr. Nunziata: Ed could not afford it.

Mr. Benjamin: I have a newsletter coming out next month and I hope you will examine it carefully. If I am wrong in any part of it, send me a bill and I will pay it. My Leader has already paid the bills for this one.

Mr. Crosbie: Let us see them.

Mr. Thacker: When?

Mr. Benjamin: Does the hon. gentleman not accept my Leader's word?

Mr. Lewis: He did.

Mr. Benjamin: He accepted the word?

Mr. Crosbie: Let us see them, that is all I am saying.

Mr. Benjamin: That means you do not accept his word.

Mr. Lewis: Oh, yes, we do.

Mr. Crosbie: You do what you like and I will do what I like.

Mr. Benjamin: Make up your mind. The problem is that when it comes to Newfoundland we have too many members that are liars.

Mr. Crosbie: You are not going to have another one from there.

Mr. Benjamin: Mr. Speaker, I think you should rule that if Hon. Members from all Parties—

Mr. Tobin: Point of order, Mr. Speaker.

Mr. Speaker: I think I can anticipate the point of order. The Hon. Member just said that when it comes to Newfoundland we have too many members who are liars. The Hon. Member was very careful not to say which ones were among the too many. I am sure the Hon. Member is only expressing a point of view which, perhaps, goes to occasional lapses of accuracy by Hon. Members no matter what part of Canada they come from. I am sure he is not trying to call any particular Member from Newfoundland or all members together liars, and I am sure he would like to indicate that through the Chair.

Mr. Benjamin: Mr. Speaker, I apologize. I am perfectly prepared to withdraw it. I was trying to use a Newfoundland accent where they talk about "lawyers". If my colleagues from Newfoundland take offence, I withdraw unequivocally.

Mr. Crosbie: Mr. Speaker, may I just say a few words in conclusion?

Mr. Speaker: I am sure the House will permit the Minister to say a few final words, and then the Chair will consider the matter and report back to the House in due course.

Mr. Crosbie: Mr. Speaker, with reference to my question of privilege, I properly gave you notice in writing before two o'clock this afternoon of a question of privilege with respect to this letter sent by the Leader of the NDP (Mr. Broadbent) to the electorate of Saint John's East. The NDP Leader alleges that he laid some kind of a notice of breach of privilege against me. It was not done in writing or in accordance with the rules and nothing has been produced which the Hon. Leader of the NDP is alleged to be complaining about, namely that a pamphlet or document has been sent to every household in Newfoundland dealing with the Canada-France fisheries dispute. No document was presented by the Leader of the NDP of which he complains. He says there is some kind of half-hour documentary film, about which he complains, paid

for by the Government. I am quite willing to confirm that there is such a film, it was on television in Newfoundland last Thursday night, and I highly recommend that members recall it on their systems and have a look at it. They will find that there is absolutely no partisan political material in either that TV program or in the pamphlet which has not been produced in this House by the Leader of the NDP. How can the man complain of a document he has not seen? He is not a Newfoundlander and until someone down there mails him a copy of this pamphlet how can he complain? He has not read it, he has not seen it, and when he does read it and see it he will no longer have an excuse for his abysmal ignorance of the fishery problems in the Canada-France treaty.

There is no question for you to decide upon concerning my allegedly breaching the privileges of the Members of this House. None whatsoever. There is nothing before you.

If I might just address my own question of privilege, the Hon. Member for Oshawa says he paid for the mailing. If he says he paid for it, I am not going to say he did not. I will simply say that it would be interesting to see when it was paid and how much was paid for mailing 36,000 pieces of mail apparently.

Mr. Tobin: About $201.

Mr. Crosbie: About $201. That is quite a bargain, because if they all went out at 34 cents apiece for 36,000 pieces of mail it would be $12,240.

Mr. Benjamin: Do you accept his word or don't you?

Mr. Crosbie: I would like to see how much was paid for this mailing.

Mr. Benjamin: You do not accept his word? Make up your mind.

Mr. Crosbie: I want to see how much was paid for the mailing and by whom. If the Hon. Leader of the NDP says the Party paid for it, let us see the evidence. The way for that to be done is in the committee to be set up on this question, if Your Honour rules that there is a prima facie case of a breach of privilege. I would then like to see who paid for the stationery, because the stationery used is that of the Leader of the NDP in his capacity as an MP. Did the NDP pay for that?

Mr. Murphy: Yes.

Mr. Crosbie: We would like to see that, and the envelope as well. Those are some of the questions which remain unanswered.

Mr. Benjamin: You do not take his word?

Mr. Crosbie: They are not answered by the Hon. Member for Regina West (Mr. Benjamin) tottering in here, living in the past and producing letters sent out years ago by Members who are long departed—

Mr. Murphy: Joe Clark?

Mr. Crosbie: —some of them to the Senate and some to the grave.

Oh, how it hurts these souls of sanctimony to be caught and hung on their own petard violating the rules of this House for partisan political advantage. Hypocrites anonymous no longer, just hypocrites, that is what they are.

I refer once again to the rules on allowances and services. Under unacceptable requests, as I read to you before, Part B concerns material of a partisan political nature, which this is. Then further on down we have reference to the reproduction on letterheads such as Party stationery and so on. If you go on to Part F, you will find reproduction of material prepared by Party research offices. We got the distinct impression today, and perhaps someone over there would like to deny it, that this material was prepared by the NDP research office. If so, they have no right under the rules to reproduce and send that material out under the franking privileges or otherwise of this House.

Was all this referred to the printing unit so that it could review the material to see whether it met with the rules? It was not.

Mr. Benjamin: It is automatically.

Mr. Crosbie: I would ask you to rule, Mr. Speaker, that there has been a prima facie breach of the privileges of the Members of this House.

Mr. Benjamin: It never went to the printing unit, you bonehead.

Mr. Crosbie: This kind of activity by the NDP has to be stopped. Just as they did in the B.C. provincial election, they are now attempting to break every rule in the book when it comes to the St. John's East by-election. But I will tell them this: They will never see an NDP Member elected from St. John's East, never, even if they send out 500,000 pieces of mail from now until the end of July. There will be no NDP Member elected, not even with this sanctimonious breach of the rules of the House.

Some Hon. Members: Hear, hear!

• (1600)

Mr. Speaker: The Chair has listened with care to the interventions which have been made. The Chair will consider the problem, which seems real enough, and will consider whether or not it is a question of privilege and, if not, how it might be resolved.

The Hon. Member for Nickel Belt (Mr. Rodriguez) has waited patiently to raise a question of privilege.

INTERVIEW GIVEN TO PRESS BY MR. DE COTRET

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, I gave you written notice of my question of privilege at eleven o'clock this morning. It is with regard to an interview given by the President of the Treasury Board (Mr. de Cotret) to a *Globe and Mail* reporter, Mr. David Stewart-Patterson.

Mr. Speaker: Perhaps the Chair can assist the Hon. Member. The Hon. Member sent to the Chair a model notice which set out the points exactly. I invite the Hon. Member to go over those points. However, I point out that the Minister, who is alleged to have made certain statements which are the subject of the complaint, is not in the Chamber today. I propose, if this would meet with the approval of the Hon. Member raising the question, to hear the Hon. Member and then adjourn the matter to allow the Minister to reply, if he wishes, and to allow other Members to make comments. Given the hour and the fact that the Minister is not here, if that is agreeable to the Hon. Member, we will proceed in that way.

Mr. Rodriguez: That is most agreeable to me, Mr. Speaker. It is important that some background be given with respect to this particular issue. Some weeks ago the Standing Committee on Employment and Immigration was questioning UI commissioners who were witnesses before the committee. These commissioners included the Chairman, Mr. Gaétan Lussier, the Deputy Minister of Employment and Immigration. At that particular meeting a member of the committee moved a motion to have the witnesses sworn. The motion was carried and the witnesses were sworn.

In an interview with Mr. David Stewart-Patterson of the *Globe and Mail* last Friday the President of the Treasury Board is quoted as having said:

> It's a terrible precedent. I would never ask a public servant to testify under oath. The committee is really saying he's a liar. I don't believe that.

Later in the same interview the Minister is quoted as having said:

> I would have liked to see Gaétan Lussier walk right out of the room.

The President of the Treasury Board is not the ordinary, run-of-the-mill Minister. In fact, he is the Minister of public servants. In more specific terms, he is the Minister of the mandarinate. He is their Minister.

First, in my opinion, the Minister is imputing motive to the members of the committee which can only be considered as a reflection, not only on the members of the committee, but on all Members of the House.

Citation 50 of Beauchesne's, found on page 19, reads:

> A suggestion in a newspaper in 1941 that a member nominated to a committee could not act impartially was noted by the Prime Minister to be a breach of privilege but the House took no action.

In this particular instance the President of the Treasury Board is imputing motives or comments to members of the committee. He is suggesting that the members of the committee thought that Mr. Lussier was a liar and that is why the committee was putting him under oath to give testimony. Standing committees of this House have the power to put witnesses under oath. The Deputy Minister was appearing as a witness. The Minister is telling the Deputy Minister that he does not have to submit to Parliament. Who pays the Deputy Minister's wages? Who foots the bill for the Deputy Minister? Why, Mr. Speaker, the taxpayers of Canada do. Who are the voices of the taxpayers of Canada? The Parliament of Canada, every single Member in this House, is a voice for the taxpayer. We are even more so the voice of taxpayers in committee. In fact, committees today are recognized as doing extremely important work.

The Minister shows disrespect for the Parliament of Canada by counselling the Deputy Minister to ignore a standing committee and the House. We may not have a fifth amendment in the Constitution of our country, but who needs it when we have the President of the Treasury Board? Who needs a fifth amendment when the Deputy Minister is being counselled by the big cheese of all the mandarinate to ignore the committee and Parliament?

If you find that I have a prima facie case of privilege, Mr. Speaker, I would be willing to move the appropriate motion.

Mr. Speaker: I would like to thank the Hon. Member for Nickel Belt (Mr. Rodriguez) who has put the matter very succinctly. Again, I commend him for the great care with which he framed his notice which was served in plenty of time. In view of the suggestion by the Chair that this matter be adjourned to another appropriate time when the Minister might want to be here, the Hon. Parliamentary Secretary has a comment.

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I appreciate the comments of my colleague and your suggestion. I will bring the matter to the attention of the Minister in order that he may take the matter under advisement and consider his course of action.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1986-87 (NO. 2)

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre), that Bill C-40, an Act to provide borrowing authority, be read the second time and referred to a legislative committee.

The Acting Speaker (Mrs. Champagne): When the House rose there were three minutes left in the period for questions and comments following the speech of the Hon. Member for LaSalle (Mr. Lanthier). Are there any questions? There being no questions, we will resume debate.

Borrowing Authority

Miss Aideen Nicholson (Trinity): Madam Speaker, we are again debating a borrowing authority Bill, and the circumstances are again not very happy. The public debt is continuing to increase more rapidly than economic growth. This must be of concern at any time, but it is of particular concern when the Government is raising taxes, cutting services, and taking measures which run counter to increasing economic growth.

We in the Official Opposition have criticized every Budget brought down by the Conservative Government since it took office, and each for the same basic shortcomings. We are disturbed by the Government's apparent fixation in the short term and by the lack of concern and vision for what the country's future will be. Second, while we are sympathetic to the need to reduce the deficit, we have serious reservations, both about the choices the Government has made to meet this objective and about the poor results to date.

Canadians have not been well or fairly treated by the Government which made so many promises that have not been fulfilled. Since the Government came to power Canadians have been subjected to a regime of continually escalating taxes and dwindling services. Only corporations and the wealthy have been spared the steady erosion of their disposable income that started with the first Budget of the Minister of Finance (Mr. Wilson) in May, 1985. By April, personal income taxes will be 48 per cent higher, an increase of $43.3 billion, than in 1984-85, the year the Government was elected. For corporations, however, the increase is a mere 4.3 per cent.

• (1610)

This 48 per cent increase in personal taxes does not include the 62 per cent increase in federal sales and excise taxes, which account for a further $22.83 billion out of the pockets of Canadian consumers.

Although sales and excise taxes are levied at the manufacturers' level, they are invariably passed on to the consumers in the form of higher prices.

Sales taxes have not only been increased at every opportunity, they have been extended to cover a wide range of products not previously taxed.

In last year's Budget, the Minister of Finance announced a 3 per cent surtax on all individuals. It has been described as temporary, but no mention has been made of how long it is to be in effect. It is clear that in its search for revenue the Government has squeezed the average Canadian, the person of modest means, as well as the poor. Not only are the poor paying more, the measures brought in by the Government, including the deindexation of tax brackets and the elimination of the $100 federal tax reduction, are creating a situation where more and more low-income people are being added to the tax rolls even though their incomes remain static. The Government has quite deliberately put the burden of deficit reduction squarely on the backs of low-income and middle-income Canadians.

What has it offered in return for all these extended raids on the taxpayers' pocketbook? We were told that increases were necessary because everyone had to participate in reducing the deficit. Low and middle-income Canadians have done more than their share, but has the Government done its part? Has it succeeded in reducing the deficit? Let us remember that attacking the deficit was a key goal the Government set for itself. Yet two and a half years into its mandate its record on the deficit is less than impressive.

Despite all the belt tightening inflicted on taxpayers, the cuts in services, the new user fees and service charges, the deficit in fiscal year 1986-87, after four years of economic recovery, will be $32 billion compared to $32.4 billion in the last full year of the previous Liberal Government when we were just beginning to climb out from recession.

What happened? The Government has raised taxes by $6 billion but all of its self-congratulatory rhetoric cannot hide the fact that despite the tax burden added on Canadians in the name of deficit reduction the Government has scarcely managed to make a dent in it.

The high level of public dissatisfaction with the Government comes as no surprise. There is very little to show that the Conservatives remember the promises they made to Canadians.

Last week in the House I asked the Minister of Finance how he expected his policies to result in a better future for Canadians. The Minister's answer was less than satisfactory because it was merely a litany of some of the measures he has introduced, ostensibly to assist Canadians. He mentioned the refundable sales tax credit, but surely that is a very meagre provision. It is available only to those with annual incomes below $15,000. That still leaves out many families living below the poverty line.

The Minister also mentioned the prepayment of the Child tax credit as a measure introduced to improve the quality of life for Canadians. Again, this is a very restricted measure, available only to those whose incomes fall below $15,000 a year. It simply means that those families receive in November what they would have received anyway the following April. However, the approximately 300,000 Canadian families living below the poverty line but with incomes over $15,000 are not eligible for it. In any case, the money going back to Canadians through the sales tax rebate and child tax credit prepayment combined is still less than half of what the Government gets when it raises sales taxes by 1 per cent. I remind members that the Government has raised sales taxes by three per centage points since coming to power.

In his response, the Minister also mentioned increases in veterans' pensions and spouses' allowance. While that is all well and good, I point out that these are also classed as income for tax purposes and are therefore vulnerable to the Minister's hungry hidden taxes which are taking bigger bites each year from the incomes of Canadian seniors.

Finally, the Minister threw out the figure of 677,000 jobs having been created. How does he explain that there are still 1.25 million Canadians having trouble finding just one job? Unemployment is not likely to abate under the Government. In January this year unemployment was 9.7 per cent. After four years of economic recovery, this is not a result of which to be proud. Unemployment levels have barely edged down from their mid-recession high of 11 per cent. According to the forecasts of the Minister of Finance, unemployment will still be at an unacceptable 9 per cent by the end of this year.

The Government would appear to be satisfied with that because in its spending Estimates tabled on March 2 we see that it plans to cut its funding for job-creation by 12 per cent, from $1.8 billion to $1.6 billion. To be fair, not all job-creation funds are being cut. The Estimates indicate that employment programs for welfare recipients and refugees will receive some additional support.

However, I remind the Government of one very important thing which it seems to overlook. It is the relationship between education and employability. Education and training are the keys to success in the job market. This was recognized by the Forget Commission which was appointed by the Government to review the unemployment insurance system. In its report, the commission said that: "Canada must take immediate steps to put in place the ingredients essential for bringing about full employment". Among those ingredients the commission listed education, skills development and training. The commission report went on to say: "Failure to respond to this challenge will result in lost opportunities for all Canadians and will doom the least successful to a marginal existence on unemployment insurance and social assistance". The Government cannot fail to be aware of this. My colleagues and I have raised the matter time and again in our speeches and in questions in the House.

I find it utterly amazing, therefore, that the Government could have tabled on the one hand a Budget that abdicated job-creation to so-called market forces and, on the other hand, tabled spending Estimates that show millions of dollars cut from federal support to the provinces for post-secondary education and from federal job-creation programs.

The Estimates show a cut of $14 million in cash transfer payments for post-secondary education. When I raised the matter in the House, the Minister of Finance very indignantly responded that there will be no cut since the Estimates provided for an increase in tax transfers to the provinces. The provinces are not obligated to apply tax transfers to specific programs. There is no guarantee that there will be a replacement of the $14 million cut that the federal Government has made in the cash transfers that are specifically targeted to post-secondary education.

• (1620)

The Government says that it is concerned about unemployment. But how are Canadians to find this credible when the actions of the Government indicate the opposite? Things are especially difficult for those living outside central Canada, in regions where unemployment is worse now than it was in the depths of the recession. But what is the Government doing?

Since coming to power it has year over year reduced its support for the economically disadvantaged regions. Even with the grain subsidy program, regional development support has dropped by about $2 billion since the Conservatives took power. In his Budget Speech the Minister of Finance acknowledged that the regions are "hurting"; but he had no new programs to announce. The Estimates tabled last week showed, apart from the grain subsidy, very little to change the perception that the Government has abandoned the regions.

Recently, the Association of Mayors and Reeves made a special request of the Government for additional funds for municipal infrastructures: sewers, roads, bridges and so on. The mayors and reeves made very persuasive arguments in favour of protecting the quality of life and, in particular, in favour of creating employment. The Government refused their requests. However, it was not content just to refuse a request for assistance from municipalities, it has acted to make life more difficult for municipalities. The increase in the excise tax on gasoline has, of course, pushed up the cost of providing public transportation. The additional requirement for deducting the essential deductions from wages, that is, the Canada Pension Plan, unemployment insurance and income tax, which are now required to be deducted fortnightly instead of monthly, is adding to the workload of municipalities. Of course, the sales tax has hit municipalities very hard.

So we are really seeing the Government making a desperate attempt to look as though it were reducing the deficit while it is transferring more of its deficit to municipalities and provinces. But we do not see serious attempts to stimulate the economy and to take the type of measures that would in fact reduce the deficit in a long-term and constructive way.

We have had a great deal of rhetoric from the Government on the subject of tax reform. It was supposed to be the centrepiece of the February Budget. It has now been put off to some nebulous time in the spring. But there was a hint in the Estimates of what Canadians might expect from tax reform. It is why most Departments will have to adjust to further cuts in staff. We see that Revenue Canada is scheduled to hire over 400 new tax collectors. That does not seem to line up with the Finance Minister's promise that tax reform would make the tax system fairer, simpler and more efficient.

I now come to the Public Service. The Government has made much of how it would bring in greater efficiencies in the Public Service. Last year, the Government announced that it would consider instituting a system of what it called productivity bonuses for managers in the Public Service who have been successful in "meeting expenditure targets". What that seems to amount to is bonuses for those who were able to cut jobs. We learn from the Estimates that the Government will be spending about $4.5 million on bonuses for last year's work. The bonuses are for senior management, people who already earn anywhere from $50,000 to $120,000 per year. I have learned that their job performances will be evaluated in the

normal way. Those who are judged satisfactory will receive a bonus of 1 per cent of their salary, while those judged superior or outstanding will receive a 1.5 per cent bonus. There are between 5,000 and 6,000 public servants in the senior management categories who will be eligible for bonuses. I estimate that a maximum of 10 per cent of these are women.

There are a great many more women in the lower ranks of the Public Service, in the categories that are more vulnerable to lay-offs and job elimination. The President of the Treasury Board (Mr. de Cotret) has said that although 5,500 Public Service jobs, or person-years, were cut last year, in the end, because of transfers, natural attrition and so on, only 500 were actually laid off. It would be interesting to find out how many of those 500 were women and, in particular, how many were women supporting families. It would be interesting to know what standards and criteria the Government established to determine which jobs were to be cut and what their impact was on jobs held by women. This is information we have tried without success to obtain in the Public Accounts Committee.

We have also had a great deal of rhetoric from the Government on the subject of child care. The accredited day care centres can only accommodate 20 per cent of the children whose parents work outside the home. Of all the Canadian families with children under the age of 16, over one-half, or 51 per cent, are two-parent, two-earner families. There was nothing whatsoever in the Estimates with respect to day care. Yet last week in the House the Prime Minister (Mr. Mulroney) promised the establishment of a "national comprehensive child care program". From where is the money to come? It is not in the Estimates. It is not in the Budget. We do not see any mention of it in the borrowing authority Bill. It is a program which is very much needed, but given the Government's success rate on keeping its promises Canadians may be excused if they wait to see action rather than putting their faith into words.

The Acting Speaker (Mrs. Champagne): If there are no questions or comments, I will recognize the Hon. Member for Mississauga South (Mr. Blenkarn) on debate.

Mr. Don Blenkarn (Mississauga South): Madam Speaker, we have seen hypocrisy piled on hypocrisy by a Liberal Party which, first, says it will not support the borrowing authority Bill, and then proceeds to castigate the Government with respect to all sorts of cuts in expenditures ranging from training programs to education to transfers to the provinces. Somehow these Members seem to say that we are supposed to operate the country and increase training, transfers and benefits, while not increasing taxes or borrowing. They seem to say that we are supposed to go behind Parliament Hill and pick from the trees out there the money which is on them. That is the hypocrisy of the Liberal Party. It is also the hypocrisy of the New Democratic Party. That is why members of those Parties could never form a Government.

The people of the country may consider us to be down a bit right now, but they will certainly be looking at Members opposite, too. As the people look at them, they will note what they did to the country. Over a period of time they took the nation from basically being in balance, where, aside from wartime, the taxes received were sufficient to pay the ordinary running expenses of the country, to the time when along came John Turner, the then Minister of Finance, now the Leader of Her Majesty's Loyal Opposition, who changed the system so that taxes went down on an indexed basis, and expenses went up on an indexed basis.

• (1630)

The year ending 1984-85 was the fiscal year when the present Government took over. The year had elapsed seven months by that time. The spending was in place, the orders were in place, and the staff were in place. If it had not been for Michael Wilson, our Minister of Finance, putting on the brakes in November of 1984, the deficit for that year would have bounced to well over $40 billion. As it was, it was $38.5 billion. Here they are, hypocrisy.

I have spoken on borrowing authority Bills since I was returned to the House in the 1979 election. I spoke when the Government was under the leadership of the Right Hon. Joe Clark. I also spoke when we were in opposition. In detail I have gone over the cost of the borrowings and the fiscal imbalance problems that are built into our system. As a Government, we have endeavoured to get a handle on it, get our arms around this problem. Bit by bit we are doing so, but it is not easy. It is very much like a frog trying to get out of a well. We go up a little, but then the expenses drive us down.

This year, $28.5 billion of what we have to spend will go in interest to pay for money that was spent years ago. It goes in interest to pay the bills run up by the Government, supported by the Hon. Member for Trinity (Miss Nicholson). No wonder we have our problems. Yet the Hon. Member suggests that we spend more and tax less. What an interesting idea. She suggests that we find a money tree. That is the essence of their position, go find a money tree. I suppose we should go and print it as does Brazil or Argentina. That is what they were in the process of doing. The Government is turning it around, but it is not easy with the problems of regional disparity that the Official Opposition has alluded to. The Government knows about them, and that there is an unemployment problem of enormous proportions in western Canada that did not exist. Western Canada was dragging the country along, and it can no longer do that at the present time with the horribly low prices for oil. At one point oil went down to less than $10 a barrel. Therefore, we are not able to receive the tax revenue from that source, nor are we able to cut back expenditures, because we have to pour more and more money into unemployment insurance and other benefits in order to help the west get back on its feet. It is not easy. But what does the Official Opposition suggest? It suggests that we should not tax as much, spend more, and run a larger deficit. "We will not let you have any borrowing authority", they say. That is a brilliant, progressive concept put forward by the Liberal Party.

Let us look at what we presently have in terms of deficits. In the seven months beginning this year, and I am going by the real figures, $72.5 billion was spent. That was approximately $3 billion more than the previous year. In the same period, revenue was up by about $6 billion. In going over the figures of Department after Department, and I wish to name some of them, I have found that expenses are down for the Departments of Employment and Immigration; Energy, Mines and Resources; Fisheries and Oceans; Labour; Public Works; Regional Industrial Expansion; Secretary of State; and Transport. We have been carrying and controlling the expenditures of Government by making sure that we receive value for every dollar that is spent, not because we wish to be niggardly or because we wish to cut back on the people who are employed, but because we have to. If we do not cut back on expenditures, more money will have to be borrowed. We have cut back rather dramatically on expenditures.

The Hon. Member for Trinity referred to bonuses to public servants who make their Departments run more efficiently. Somehow that is supposed to be the wrong idea. I suppose good public servants should not be rewarded for running their Departments more efficiently. Somehow it is a heresy that competent, progressive, capable people who bring about efficiency for their Department should not be rewarded. The Liberal Party would reward incompetence. The Government rewards competence, capability, honesty, and progressiveness.

Last year the House granted the Government $22.6 billion in borrowing authority. The Government had problems in western Canada, and the Finance Committee has heard about the problems in connection with the collection of taxes from the major oil companies. The tax collection from the major oil companies was down $1.5 billion. Also there were problems in the west with respect to the prices of grain, and the fact that the PGRT was completely abolished, but still continued with the obligations in connection with PIP grants. In spite of all that, the deficit rose, and for this year's operations $24 billion has to be borrowed.

In addition to that, in order to stabilize the currency, it was decided to put some money into reserves. One of the problems Canada has had for some considerable period of time is that the former Government ran down the foreign exchange reserves. This Government could run them down, I suppose, but not by much. It was decided that the reserves should be built up. This year the Government doubled our foreign exchange reserves and built them up to over $6 billion.

The $3.6 billion of borrowing authority required in this Bill for this year alone is to make up for the shortfall, and to make it possible for the reserves to be replenished. Replenishing the reserves is not increasing the debt of the country, because it is more money on one side of the balance sheet and more debt on the other side, but there is an asset to cover the liability.

If there are no reserves, there must be a line of credit with an American bank. For a long period of time Canada had lines of credit with American banks. That was the idea of the former Minister of Finance, the Hon. Marc Lalonde. He went to the American bankers and gave them a quarter of a per centage point for a line of credit. If there was trouble with currency, we whipped down south and borrowed money. That line of credit cost money.

Taiwan has $40 billion in reserves, and Germany has $55 billion in reserves. Canada managed to put $6 billion into reserves. That is not enough. We should have a stronger currency position. Our currency is traded world-wide. The other day our committee was in New York talking to the international bankers. The bankers in New York said that we in Canada should not sell ourselves short. They said that our currency was the fourth most traded in the world after the U.S. dollar, the British pound, and the German mark. It was not the French franc or the lira or the yen, but the Canadian dollar. It is important that the Canadian dollar be strong, that the Canadian dollar be preserved or protected. It is also important that we have those reserves. That is one of the reasons for the borrowing authority Bill.

• (1640)

I have not heard anyone on the other side talk that way. They are just yammering and stonewalling a Bill because they do not really understand it. It is an obligation on the part of their finance critics to understand it, not just talk about matters of no importance.

I should like to turn to the other portion of the Bill. The financial requirements this year, according to the Budget, are $21.3 billion. They are down from last year. For the year just ending, the financial requirements were $24 billion. Next year they will be $21.3 billion. This is a substantial reduction in financial requirements. We have asked for that $21.3 billion in Part II of the Bill, plus an additional $3 billion as non-lapsing borrowing authority. They sit back and ask why we want this non-lapsing borrowing authority. It is simply because we must ensure that our financial affairs are strong and that when needed we can step into the market-place to borrow money to stabilize our currency and keep our reserves in line, that is, to do those things which a Government that understands its obligations to its people must do. We need that non-lapsing borrowing authority.

In the course of this year in managing matters we have used up the non-lapsing borrowing authority. We had $2 billion available. It has been used up. It cannot be reinvigorated. The $2.6 billion in the Bill to help the situation lapses at the end of this year, so the only non-lapsing borrowing authority we will have will be the $3 billion in Part II of the Bill. It is necessary to have it.

Do we hear opposition spokesmen—the Liberal finance critic, the NDP finance critic, and the Ministry of State for Finance critic of the Liberal Party—say anything about the Bill or talk about the Bill? No, they ask why we cannot spend more. How are we to spend more and not borrow more? They say that we cannot borrow, so go out and print it. They say that we cannot tax any more. What are we supposed to do—not spend it or print it, or plant a tree and pick the fruit?

They complained when we cut the money to the CBC. They said that it was terrible. When we cut back on transfers to the provinces, they said that that was terrible. When we cut back some indexation in the Income Tax Act, they said that that was terrible. When they knew that we were spending nearly $12 billion on unemployment insurance and that we were not getting value for it, what did they say? When we established the Forget Commission to do something about it and to make some suggestions, they said that under no circumstances should we follow its recommendations because we might wind up getting value for the money spent on unemployment insurance in terms of training people, putting people back to work, and making the country more prosperous. They said: "Don't do that". When we increased taxes on gasoline, they said that we should not do that. How are we supposed not to have borrowing authority?

I would have thought that the Opposition would have taken a leaf out of some of the statements made by the Progressive Conservative Party when it was in opposition on these kinds of Bills. We pointed out to the Government of the day that there was waste and inefficiency in the unemployment scheme. We pointed out to the Government of the day that there were problems which might be cut back in terms of money to the CBC. We said that certain efficiencies could be had in transportation. We said that there were certain efficiencies which could be had in disposing of Crown corporations, that the Government did not have to pour out more and more money for those corporations to stay alive. We pointed out that there might be some productivity and growth in employment if they were sold off.

They do not make those suggestions. They do not give us a concrete method by which we can come to grips with the financial problems of the country. They just say: "No, don't spend here", "no, don't tax there", and "no, give me more". More, more and more is not effective opposition. Those Parties could not govern the country. They are not prepared to come to grips with the problems of the country or to look at our true fiscal imbalance.

Even this year, having increased taxes as we have, and having decreased expenses as we have, we will be short in terms of the money requirement to carry the country next year by $21.6 billion. In other words, we will not take in enough to cover our expenses. We have a real problem. We would expect suggestions from the Opposition on how to solve the problem, but we have not had a suggestion.

How are we doing? If we look at the budget problems since we took over, as the Minister mentioned, we were borrowing 28.8 per cent or 5 per cent less than we had been borrowing. The fact is that our deficit as a per centage of Gross National Product is down by 39 per cent, and our borrowing requirements as a per centage of Gross National Product are down by 42 per cent. It is a pretty simple situation. It is like that of a home owner earning $50,000 per year and having a $50,000 mortgage. In that event one has real problems. However, if perchance one's salary goes up and one has a gross family income of $75,000, it is substantially easier to carry that $50,000 mortgage.

Because of good management of the country and the fact that we have been able to have growth in the country which is higher than in any other OECD country, we have been able to come to grips with the debt problem. That debt problem, while enormous and totally wrong in itself, and while we should not be borrowing money we cannot pay with current taxes coming in, is less of a problem today than it was last year or the year before. We are getting our hands and arms around it, and I think the Minister of Finance (Mr. Wilson) and the President of the Treasury Board (Mr. de Cotret) ought to be congratulated.

Mr. Manly: Madam Speaker, I have just one brief question for the Hon. Member. He indicated that he did not think there was a very effective Opposition. I have looked at where the Conservative Party is in the polls. Where does he think his Party would be in the polls if there were in his mind a truly effective Opposition? Would it be down at 18 per cent, 15 per cent, or 12 per cent? How effective does he want the Opposition to be?

• (1650)

Mr. Blenkarn: Madam Speaker, I am glad the member has raised the issue. One of the major problems we face is that over many, many years a great number of Canadians became used to the free lunch. They are encouraged in that expectation of a free lunch by the New Democratic Party and by the Liberal Party which promise all things to all people because all you have to do is have the Government get it for you. As we cut back on the free lunch, we get a number of people upset with us. We are prepared to take that penalty, but I do not think the Opposition is. It is about time the Opposition started being responsible. After all, if the New Democratic Party is so high in the polls, perhaps it can show Canadians where it is going to get the money for all the free lunch items which it keeps on demanding, crying for and mewing about in this House.

[*Translation*]

Mr. Barry Turner (Ottawa—Carleton): Mr. Speaker, I have a question for my colleague from Mississauga South (Mr. Blenkarn).

[*English*]

He referred to the Hon. Leader of the Official Opposition (Mr. Turner) when he was Minister of Finance in 1975-76, the year he left office. In that year the Auditor General, Mr. MacDonnell said:

> I am deeply concerned that Parliament—and indeed the Government—has lost, or is close to losing, effective control of the public purse—

As you know, Madam Speaker, the current Auditor General, Mr. Ken Dye, in his report to the House of Commons for the last fiscal year made a comment under a very interesting headline entitled "Spending Public Money Wisely" which reads:

—if a deliberate effort were made to establish an environment that encourages managers to achieve satisfactory results at reasonable cost, significant improvements could be made in achieving value for money. I am therefore very pleased to see policy in line with that view of things.

Does my colleague feel that this very positive endorsement by the federal financial watchdog, the Auditor General, is a good endorsement of the Government's fiscal management?

Mr. Blenkarn: Madam Speaker, I think we have made some real progress in managing more carefully the public purse. We have a long way to go yet. I run into, as I am sure my colleague does, all sorts of instances where I think we might have done something more reasonably, perhaps at less cost. Perhaps there are things we are doing now that we might not need to do at one point. But I am really pleased, as I mentioned in my remarks, about the system whereby we are motivating our senior people in the Public Service to watch very closely how they spend money. We are now rewarding them on the basis of their competence of staying within the budget lines. I think members ought to be pleased. In times past we used to see Supplementary Estimates (A), (B), (C) and (D) and I remember a Supplementary Estimates (E). But last year we only got to Supplementary Estimates (B), and last year they stayed pretty close to the requirements. Let me say to Members of this House that the management of money has been far more effective than ever before.

Mr. de Jong: Madam Speaker, I have a question for the Hon. Member for Mississauga South (Mr. Blenkarn), a member that we in the Finance Committee hold in high esteem. Very often more wisdom comes forth from him in the Finance Committee than when he gives speeches in the House. We understand that when he gives speeches in the House he is on television and has to do his political posturing. If citizens would care to wade through the reports of the Finance Committee, they would find some worthwhile suggestions from the member on how we can cut some tax loopholes that corporations and the well-to-do, particularly, enjoy which would help reduce the deficit.

It is unfortunate in the member's remarks today that he did not go on at some length about some of the areas that should be cut off. One major reason that the Minister of Finance (Mr. Wilson) was unable to fulfil his deficit predictions was that his estimates of corporate taxes were down by some $2 billion last year. The Chairman of the Standing Committee on Finance and Economic Affairs also knows that there is well over $30 billion in unused business credits, losses, deductions still out there in the books. Some estimates go as high as $35 billion to $38 billion in business exemptions that still have not been used. This is a major concern to all of us. I am certain it is a concern to the Hon. Member, as it surely must be a concern to the Minister of Finance himself.

What suggestion does my colleague feel the Government should take to make certain that those profitable corporations pay their fair share and help carry the burden of reducing the deficit?

Mr. Blenkarn: Madam Speaker, I want to thank my colleague for his question. The finance committee, of which he is a part, has been involved in the question of tax reform and has heard witnesses on tax reform matters since before Christmas. We are bit by bit going after various industry groups that are paying little tax, if any at all. We have come up with a number of suggestions that we have given to the Department that I suspect will form part of the tax reform package. Having said that, I do not think that the tax reform package will really solve our deficit problem directly in raising new revenue to pay it down. It will not. But it will make it possible for us to reduce tax rates to the point where our businesses will be more competitive with those in the rest of the world and where it will be possible for individual tax rates for individual Canadians to be less than they are, as promised by the Minister of Finance.

I think in the long run, of course, that tax reform is essential to the growth of the country because it will enable the tax wedge to be more evenly dispersed in a fashion that will encourage rather than discourage economic activity, and the new economic activity that tax reform will bring hopefully will improve the fiscal imbalance about which I spoke earlier.

Mr. de Jong: Madam Speaker, is it possible to start my remarks now on the debate?

The Acting Speaker (Mrs. Champagne): There is only one minute left before five o'clock. If the Hon. Member for Regina East (Mr. de Jong) wants to be recognized, I can do so at this point for some 30 seconds. He does know, I am sure, that he would lose his right to speak should he not be in the House when we resume debate.

It being 5 p.m., the House will now proceed to the consideration of Private Members' Business as listed on today's Order Paper.

• (1700)

PRIVATE MEMBERS' BUSINESS--PUBLIC BILLS

[*English*]

PUBLIC EMPLOYEES POLITICAL RIGHTS ACT

MEASURE TO ENACT

Mr. Mike Cassidy (Ottawa Centre) moved that Bill C-231, an Act to provide for the political rights of public employees, be read the second time and referred to a legislative committee.

He said: Madam Speaker, this is the third time we have had an opportunity to discuss a resolution or, in this case, a Bill with respect to the issue of political rights which I have had the honour of introducing into the House. I have brought the matter before the House repeatedly because I do believe that all political Parties have a responsibility to carry through on

the promises made by all three Parties at the time of the 1984 election campaign. That promise was to change the federal law to remove restrictions to political activity by rank and file public employees working for the Government of Canada and to do so before the next federal election. In fact, I think that action should be taken in time, for example, for people in Ontario who work for the Government of Canada to be able to participate in a reasonable way in the forthcoming Ontario election.

What is different about this debate is that Bill C-231, which we are debating at second reading stage, is the first comprehensive Bill on political rights which proposes what could be put in place of the restrictions that now prevail in Section 32 of the Public Service Employment Act. It seeks to address this problem upon which all three Parties have made promises and to ensure that the freedoms in the Canadian Charter of Rights and Freedoms would apply to federal public employees. Thus the intention of Bill C-231 is to repeal Section 32 of the Public Service Employment Act and replace it with legislation to give the fullest possible protection of the Charter freedoms of expression, of association and of assembly to public employees consistent with the principles of a non-partisan Public Service based on merit.

I have talked about the issue of political rights for a long time, dating back to my service in the Ontario Legislature. For the last couple of years, I have talked with public employees, with people in government and with public-sector unions about what fair and balanced political rights legislation should contain. Bill C-231 represents what I believe is an appropriate balance and is a Bill upon which legislation can be based. There may be a need or desire to deal with some considerations the Government may have in mind in the legislative committee, but I believe this debate has gone far enough and the Government should express its support for the principle of the Bill in the House today. I would ask all Hon. Members to agree to allow this matter to go to the legislative committee and not to talk it out until six o'clock tonight.

I think my Bill respects the rights of public employees as citizens living in a democracy while recognizing the need for restrictions on those employees who offer public policy advice to the Crown or who occupy sensitive positions. The mechanics of the Bill are very simple. Political rights are restricted to a small group at the top of the Public Service, namely, deputy heads and people in confidential or managerial positions as defined by regulation. Those regulations would in fact have to be reviewed by Parliament before they could come into force, but that would mean that 92 per cent to 95 per cent of the people working for the Government of Canada and a similar proportion of those working for Crown corporations and Crown agencies would have the political rights that are spelled out in this Bill.

The Bill essentially embodies the recommendations made in the D'Avignon report of a few years ago, which also called effectively for a two-tier approach with restrictions on people providing policy advice or managing the over-all Public Service while the people who hold nursing jobs, drive trucks, work at word processors, do statistical analyses and do a vast range of other jobs for the Government of Canada would in fact have their political rights restored and would be able to act like anyone else with a private sector job.

The rights that would be granted are the following: the right to support a Party or candidate actively including being involved in a political campaign; the right to make financial contributions to a Party or candidate or to collect funds on their behalf, the right to be actively involved in a Party and to hold office in a Party without getting a warning note if one tries to attend a convention or hold office in a local riding association; and the right to express views and to participate in the democratic process.

The Bill also outlines a new procedure for public employees to become candidates themselves. Under this procedure, they would inform the Public Service Commission and unless they were in a restricted category would become entitled to leave of absence in order to stand as candidates. Also, a person who became an elected Member would have the right to return to the Public Service after being defeated or leaving politics after a certain period of time.

This Bill, I believe, embodies the freedoms in the Charter of Rights and Freedoms. This is essentially the series of rights put forward by other proposals such as the D'Avignon report, and is very similar to provisions on political rights that prevail in a number of provincial jurisdictions particularly in western Canada and in a number of western countries which are like our jurisdiction, such as Great Britain and Australia. It is also very similar to the recent proposals put forward in the report on political activity and public comment and disclosure by Crown employees which was recently produced by the Ontario Law Reform Commission.

I would like to recall to all Hon. Members the promises made by all three political Parties, but in particular the promise made by the Progressive Conservative Party at the time of the last election. I am anxious to help the Government, and I do mean that seriously. Let me step back for a moment. I am anxious to see that the promises all of us made last time are kept. I hesitated a moment ago because I do not think this issue should be treated as a partisan one but as one on which all Parties can join constructively together. The Conservative promise, and it is similar to one we made, is the following:

> The PC Party believes that the present restrictions on political activity are unnecessary and likely not justifiable under the terms of the Canadian Charter of Rights and Freedoms. While the rights of some senior public servants must be restricted in order to prevent conflict of interest, we feel that this issue could be addressed without disenfranchising over 200,000 public servants in the process.
>
> We believe that this matter should be addressed by an all-party Parliamentary Committee in consultation with public service organizations, and we believe the situation can be quickly resolved. Much of the work, after all, has already been done as part of the D'Avignon Report, but the current government has not demonstrated the political will necessary to implement the long-overdue changes.

You will have noticed, Madam Speaker, that the proposals I have outlined in Bill C-231 are certainly in principle very

similar to the proposals enunciated by the Progressive Conservative Party in its response to questions from the Public Service Alliance and to the promises it made at the time of the last election.

Last week when I thought my Bill was coming up, I spoke to the President of the Treasury Board (Mr. de Cotret) who is responsible for this particular area and I asked him what would happen, because he has made substantial progress on a number of other issues in what is called the six-pack of outstanding issues dealing with relationships with public-sector unions. Unfortunately, we have not seen that progress in this area. The Minister said, and I give him credit for it, that the Government will act on this particular issue. He said: "I would like to ask you to trust me and I believe that what we come forward with will be something that you will feel quite positive about. You may not agree with every last clause, I accept that, but the general thrust is something that I believe you can accept". The Minister said that to me, and I would hope that a spokesperson for the Government would reiterate in public that pledge.

My problem is that the Public Service unions have heard next to nothing about this issue from the President of the Treasury Board since the matter was briefly broached with him about a year and a half ago. Other issues have been resolved or are being resolved, but this issue has not been touched. That I regret because I think the time for action is now and in fact has passed. I would remind Hon. Members opposite that there are elections taking place and people are being deprived of their rights right now.

I deplore the way in which both the Public Service Commission and a number of senior bureaucrats and former bureaucrats have entered into this particular debate by arguing for no change when there is, I believe, a mandate for change, which did not just occur in my constituency of Ottawa Centre but occurred because all three Parties promised to act. In conjunction with a number of public servants, I have taken this matter to court and I intend to continue with the case which is now before the Federal Court of Appeal with the support of the Public Service Alliance which is financing the legal action. However, I believe that the appropriate place for this matter to be resolved is in Parliament, and that is why I believe that with all-Party support, we could send this matter to the legislative committee today and we could take action to bring rights to Public Service employees who are now deprived of them because of archaic legislation which can, must and should be changed.

[*Translation*]

Mr. Barry Turner (Ottawa—Carleton): Thank you, Madam Speaker. I would like to make a few comments on Bill C-231.

We are called today to examine an issue which is not new by any means but which deserves a special attention. As a matter of fact, the issue of partisanship and political activities of federal civil servants is one that the Government has been thinking about for a fair period of time.

At the turn of the century, a certain number of laws were passed in order to guarantee a neutral and impartial federal civil service. Thus, our civil service has gained an excellent reputation and respect because it was able to strike a proper balance between the rights of the individual civil servant and those of Canadian citizens who are entitled to a competent and impartial public administration.

At the present time, civil servants are not allowed to take an active part in certain aspects of our political process. As an example, they cannot publicly endorse any candidate. However, they can be candidates themselves with the authorization of the Public Service Comission. The PSC can refuse this authorization pursuant to section 32 of the Public Service Employment Act if it is of the opinion that his usefulness in his position would be impaired.

Public servants can also participate indirectly in the federal, provincial, or municipal process through contributions to political parties and their voting right.

• (1710)

[*English*]

The principle of non-active participation by public servants has been challenged in recent years, as you know. More so since special interest groups are demanding specific individual rights. During the 1984 federal election campaign this was made an issue by the Hon. Member for Ottawa Centre (Mr. Cassidy). The issue was brought before the Federal Court seeking an injunction and to declare Section 32 of the Public Service Employment Act unconstitutional. The injunction was denied. Together with a number of public servants the Hon. Member lodged a complaint before the trial division of the Federal Court of Canada. The case was heard in Ottawa in April of 1986, and in August of that year Mr. Justice Walsh delivered a 48-page decision. He clarified what public servants were allowed to do and what they were prohibited from doing within the scope of Section 32 of the Act. The Hon. Member was not happy with the decision, and this Bill comes as no surprise to any Member of the House, as he said a few minutes ago.

Through this Bill the Hon. Member proposes to lift the restrictions and grant some public servants the total freedom of political partisanship. However, it also imposes tougher restrictions on a number of other public servants. Clause 4, subclause 2, specifies the exception:

> A person employed in a managerial or confidential capacity as defined by the regulation or a deputy head may exercise the right set out in Clause 4, subclause 1(a), and Clause 4, subclause 1(c).

Those two subclauses deal with the right to vote and the right to make financial or other contributions to a political Party. Considering that the regulation mentioned in Clause 4 is not determined, let us suppose that the criteria for determining managerial or confidential exclusions are the same as those in the Public Service Staff Relations Act. Under that Act, approximately 7.5 per cent of all public servants are excluded for managerial or confidential reasons. If we take that figure

and add to it those public servants such as senior executives and managers, personnel administrators, and others employed in non-represented groups, we come up with a figure of approximately 10.5 per cent of the total Public Service for which the Treasury Board is the employer and who would not benefit from this Act. That means that one out of 10, or approximately 20,000 public servants, would be subjected to more restrictive legislation than we have now. Would we be able to claim this Bill would provide public servants with the fullest protection of freedom of expression as guaranteed by the Charter of Rights and Freedoms? I do not believe so.

The Bill also provides for disciplinary action. It gives the Public Service Commission the authority to make necessary regulations setting out disciplinary procedures. Until now disciplinary action has been dealt with as part of the normal disciplinary procedure. Under the present rules, disciplinary action is taken under the provisions of the Public Service terms and conditions of employment regulations made pursuant to Section 7 of the Financial Administration Act. Incidentally, these procedures provide management with the appropriate flexibility in disciplinary action to weigh both the offence and the measure proposed. Furthermore, the procedures encompass redress procedures which have passed the test of time.

In his decision following the complaint by the Hon. Member or Ottawa Centre, Mr. Justice Walsh stated: "Since it is not seriously disputed that some limit must be placed on political activities of civil servants to maintain public confidence in their perceived impartiality in carrying out government policies, it would appear that this is a sufficiently important objective to justify the statute imposing some such limit, even if of necessity this would override to some extent some rights and freedoms protected by the Charter".

In an article in *The Ottawa Citizen* dated March 6, 1987, there was reference to the fact that the Ontario Divisional Court dealt with this very question of public servants entering politics. The judges agreed that the provision they were dealing with did infringe on rights guaranteed by the Charter. However, they said that the restrictions do not breach the Charter because they are reasonable limits imposed in a free and democratic society. The court's decision of last August referred to other questions.

The Hon. Member referred to the D'Avignon report. That report referred to the British system. It suggested it would serve as a good example for the Public Service of Canada. My friend, the Hon. Member for Ottawa Centre, made specific reference to that. I suspect he will do so again today. The system is based on a categorization of positions according to the nature of the responsibilities and the degree of implication of the incumbents in the political process and their role as advisers to the Government. Those who occupy positions not described as sensitive are given full freedom of political action, while those in positions of a sensitive nature are forbidden to participate actively in any political pursuits. This solution seems at first glance to be attractive, but it may not be the appropriate solution for the Canadian environment. However, we believe it is possible to strike a happy balance between the basic rights of Canadian citizens and the principle of neutrality and impartiality in the Public Service of Canada. We recognize that there are risks associated with increasing the political rights of public servants, but we are not opposed to reviewing the current restrictions with a view to ensuring that there are no more than is necessary to ensure the maintenance of an impartial Public Service. However, we do not believe the legislation proposed by the Hon. Member will serve the best interests of the Government, public servants or the public. Rather, we believe a better long-term solution will be found and we are firmly committed to addressing this important issue.

I agree that public servants want a freer rein in their political efforts. However, from what I have heard from those assembled here in the nation's capital, it does not seem to be a burning issue. Certainly in my riding there are many, many thousands of public servants, but I have had little or no representations on this. I have had a few from the odd personal constituent, but what they are more concerned about is job security, promotions, fair competitions, secure pensions, dental plans and many more other pressing issues. I should add that, in spite of the rules, many of them do work actively in campaigns. The President of the Treasury Board (Mr. de Cotret) is negotiating, as the Member said. There have been discussions with the unions to reach an honest solution to this problem. I am convinced, Madam Speaker, that the Conservative Government will reach that solution fairly and soon.

[*Translation*]

Mrs. Claudy Mailly (Parliamentary Secretary to Minister of Communications): Madam Speaker, I am pleased to speak to this Bill. I should like to commend my colleague from Ottawa Centre (Mr. Cassidy) for being very consistent in the presentation of this issue. I had the pleasure of taking the floor when he introduced it the first time, and again at another stage of that reading. I have not changed my mind with respect to certain problems I have concerning the way some of the provisions of his Bill are drafted. As a matter of fact, this is why I had prepared a legislative measure on the same topic of political rights, but I was advised to withdraw it when I was appointed Parliamentary Secretary last fall.

I have it here and I would like to explain why I have problems with the Bill of the Hon. Member for Ottawa Centre, although I must admit I am very glad to see he does not resort to a partisan approach on this issue of political rights, as he often did on other matters. Then it becomes quite difficult for us Government Members to help him because we often deal with issues which are of interest to all Members of the national capital region and we would like to work closely together to improve the lot of those of our constituents who are public employees.

In my own Bill, for instance, I mentioned not only— I had the same approach to the effect that our public employees, who are Canadian citizens, must have the same rights as those of other citizens. After all, Madam Speaker, we have reached

the point where prison inmates have the right to vote in an election. So why should a public employee lose his political rights? Except that I had given a more specific definition of categories of people who should enjoy full rights when it comes to running in municipal, provincial or federal elections, including men and women who, in my opinion, would not be able to run or actively support a Party without causing prejudice to the service they give taxpayers, or even to the work which Parliament and the Government must do.

For instance, I specifically mentioned all deputy heads, which the Hon. Member for Ottawa Centre has also done. I do not see how a deputy head could be a candidate and continue to carry out his duties after or during an electoral campaign while publicly supporting the political views of a given party.

I also said that the immediate assistant of the deputy head, that is either the Assistant Deputy Minister or the Associate Deputy Minister, was in the same position of having access to privileged information and of being able to influence Government policies and the administration of his Department. I therefore cannot see how such a person could be given these rights. However, if we exclude the deputy head and his immediate subordinate, there are a great number of public servants who, in my opinion, should have all the rights including that of being a candidate in provincial or municipal elections without having to ask for leave to do so, except if they occupy positions where they are dealing with Government policies, for instance as program or planning director. I believe that my colleague for Ottawa Centre speaks in this regard of confidential positions, and I have some difficulty with that as I do not understand exactly what he means. I know that he says that there will be regulations to define such positions, but in my own bill, I specified that this applied to policy development and planning, as I could not see how such rights could be granted to employees with such responsibilities.

But in the case of all other positions, whether secretarial, maintenance, or whatever, which have nothing to do with Government policies, I do not see why an employee would not have every right to become a candidate, to campaign or to support a party as long as he does not do so during working hours. I also added, Madam Speaker, that employees should have the right to refuse to work for a given party, as some of my constituents have told me that they were faced with the obligation of supporting actively or indirectly one party or another because they were public servants. I therefore believe that the rights of public servants should include the right to refuse to support a party and to campaign indirectly or directly for such a party.

Mr. Cassidy: This is covered by Clause 8.

Mrs. Mailly: The difference is in the way that this is defined, Madam Speaker. The Hon. Member says that this is covered by Clause 8 of his Bill. Let us go there immediately:

—no employer shall refuse to continue to employ an employee or otherwise discriminate against an employee in regard to employment or any term or condition of employment on the ground that the employee refuses to engage in partisan work—

The Hon. Member is right, but I achieved the same thing differently when defining this right. It was a different approach.

All this goes to say, Madam Speaker, that we generally agree on this issue, but have a different approach. This is why I find it difficult to support this Bill.

There is also another aspect. The Hon. Member said earlier that we are getting near the time for provincial elections. For my part, I believe that there should be an exception. I was saying to myself, yes, a public servant should be able to seek election on the provincial level, but I cannot admit that he could campaign for and support a provincial party with as much freedom as he would do on the federal level. I have a problem there, because I will realize he is a federal servant. We should therefore draw a line in his political commitment to another level of Government. This is an idea that I have, a suggestion I am making—we should look at that aspect.

This is why, Madam Speaker, I cannot support the legislation as it now stands, but I agree with my colleague for Ottawa Centre that it is about time the issue were seriously discussed by a committee of the House. Now, we cannot refer the Bill to a legislative committee and have the same kind of discussion as if it were referred to a standing committee of the House that could look into all aspects of the matter. This means that all Members who are interested in political rights could express their views and then we would have a legislation that should be introduced, rather than going for the Bill put forward by the Hon. Member for Ottawa Centre, referring it to a legislative committee where we would be restricted by—

In conclusion, Madam Speaker, I have come to a point where I believe the matter of political rights should be referred to a standing committee of the House. I suppose this should be the Committee on government affairs, or something like that, so that we may really look directly into that. I know the President of the Treasury Board has discussed the matter with the unions during the negotiations. The ground is well prepared. But I believe we should stop referring to bills all the time and that kind of thing, we should really be looking at the matter seriously in order to bring forth a legislation that will please everybody, that will preserve and indeed allow for the full use of the political rights of our public servants as Canadian citizens.

• (1720)

[*English*]

Ms. Lynn McDonald (Broadview—Greenwood): Madam Speaker, I am very pleased to rise today and support my colleague, the Hon. Member for Ottawa Centre (Mr. Cassidy), on Bill C-231. This is an extremely important measure which would give political rights to federal public servants. One would hope that similar legislation would be adopted in all parts of Canada at the provincial level. It is certainly very much needed.

We accept the principle that all Canadians have political rights. We have a Charter of Rights entrenching these rights to political participation, yet we have the anomaly that more than 200,000 public servants at the federal level alone are deprived of certain of their rights. They have the right to vote, of course, but they do not have full rights to political participation. There are no good reasons for this.

In the past, when there were measures to prevent the participation of public servants, when the civil service did not have the merit principle, that did not stop corrupt practices. These are completely different measures. We need good, clear conflict of interest guidelines, not only for public servants but for politicians. That is certainly a different matter. We do not want to deprive public servants or any other Canadian of their right to participate fully in Canadian society.

I am sorry that the Conservative Party spokespersons are backing away this afternoon from a principle upon which they agreed in the last federal election. It is quite clear that this matter became an issue in the last election, not only in ridings containing many public servants, but throughout the country. All three Parties said they were in favour of removing the restrictions which are currently legislated.

A representative of the New Democratic Party is introducing a Private Member's Bill to do precisely that, yet the Conservatives are nitpicking about particulars. The member who just spoke stated that the whole subject matter should be vaguely studied by a parliamentary committee, as though no one had given any previous thought to this subject. This is a second reading debate in which the principles of the Bill are debated. It is possible to make amendments at the committee stage and I urge members opposite to let the Bill go to committee where they can introduce amendments for those areas in which they feel there should be additional restrictions. Restrictions on the activities of public servants are reasonable.

The Charter of Rights does not mean that every right is absolute. In fact, a clause in the Charter states that there can be restrictions where they can be justified in a free and democratic society. Restrictions on senior public servants with respect to policy areas would be reasonable. There are more than 200,000 federal public servants. Many of them have jobs in which there would be no reason for them not to fully participate politically.

• (1730)

Indeed, certain forms of political activity are presently allowed, such as making contributions to a political Party. Therefore, public servants are not completely removed from political activity, but there are these anomalies in which they can do one thing but not another.

This Bill would make it possible for members of the federal Public Service, except for carefully defined exceptions to vote; to support actively support a political Party or a candidate; to make financial or other contributions to a political Party; to solicit or collect funds; to be a member of a political Party, to hold office in such a Party; to express views or engage in activities in relation to matters that form part of the platform of a political Party. In other words, they can take part in political debate. That is normal and healthy in a democratic society.

The Bill states that an employee who is elected to office at the federal, provincial or territorial level shall resign from the position that he or she held prior to taking the oath of office. If the employee referred to is subsequently defeated or not re-elected, that person would have the right to resume the position. I believe that should be supported so that we may encourage more people to run for political office.

Finally, the Bill states with respect to discrimination that:

> The Commission, in prescribing or applying selection standards under subsection (1), shall not discriminate against any person by reason of race, national or ethnic origin, colour, religion, age, sex, marital status, disability, conviction for an offence for which a pardon has been granted or political belief or affiliation.

The key point is the addition of "political belief or affiliation".

Other jurisdictions have added this phrase without any ill effect. I can cite the experience in the Province of Saskatchewan when the CCF Government took over in the 1940s under Premier Tommy Douglas. It improved the function of the civil service and introduced the merit principle. It began a system of fair tendering for contracts and allowed political rights for civil servants. While political rights were not legislated for the Province of Saskatchewan, many people exercised those rights without that protection. Certainly they were not free to exercise those rights on behalf of the Party not in power before the CCF was elected. The combination of the best of both worlds was to allow political activity as well as change the system to make it one that is responsible, fair and operating in accordance with the best principles by which Canadians want government to run. I believe Canadians want to see such a goal achieved.

I want to refer to remarks made by Professor Reg Whitaker in an analysis of the effects of creating the possibility of political activity for public servants. He notes that jurisdictions that have taken such action have not had to retract these rights once they have been given. They have found that public servants have acted responsibly and the public has continued to have confidence in the Public Service.

Professor Whitaker also notes that prior to 1918 when there were not these political rights, there was rampant patronage. Preventing public servants from taking part in legal political activities did not stop them from other political activity.

He notes that financial donations are allowed about which the public has not shown any concern. It has not been an issue because people have not seen it as a cause of problems. Why should the ability to make a financial donation be accepted, yet the ability to work in a local riding association and go door-to-door to talk politics be forbidden? Professor Whitaker does not see that restrictions on those kinds of activities make any sense.

There have been no consequences to workplace harmony which can be shown to have flowed from the abolition of controls on public servants' free time electoral participation. There is evidence from where this has been tried that it has been quite acceptable.

The section that forbids this kind of political activity interferes with the fundamental freedoms of public servants far more than is necessary to ensure the impartiality of the Public Service and the public perception of impartiality. It cannot be justifiable to restrict the fundamental freedoms of persons whose freedoms need not be restricted. The Government has not shown that these freedoms need to be restricted.

If the Government wishes to introduce very careful restrictions, it can do so.

Let me quote further from Professor Whitaker. He states:

> Democracy must mean more than the simple right to vote, or it has little substantive meaning. Democracy includes the right to participation by all citizens in the democratic process, and full debate on the issues. In a representative democracy, this means that citizenship includes, as an essential attribute the right to participate in "partisan" political activities, namely the election of candidates for office and the right to attempt to influence the electoral choices of fellow citizens through electoral activity.

I regret that Conservative Members are unwilling to support this measure. Let me remind them of the following promise made by the Conservative Party in the last election campaign about political rights for public servants:

> The Progressive Conservative Party believes that the present restrictions on political activity are unnecessary and likely not justifiable under the terms of the Canadian Charter of Rights and Freedoms. While the rights of some senior public servants must be restricted in order to prevent conflict of interest, we feel that this issue could be addressed without disenfranchising over 200,000 public servants in the process.
>
> We believe that this matter should be addressed by an all-Party Parliamentary Committee—

Of course, one will be formed if the House lets this Bill go to committee:

> —in consultation with public service organizations, and we believe the situation can be quickly resolved.

We do not need a longer study. This question has been at issue for many years. We know what the answers are. It is a question of perhaps making some very minor amendments. But we would like to see the House proceed to getting this Bill discussed in committee so that we can have measures with respect to which all Canadians can be proud which allow full political participation for the great mass of our public servants.

• (1740)

Mr. David Daubney (Ottawa West): Madam Speaker, I am rising once again to speak on an issue which certainly deserves debate—more than debate, it deserves action.

When I first spoke on this issue two years ago I had reason to hope that the Treasury Board would be taking swift action to define and expand the political rights of over 230,000 adult Canadians who have until now been prevented, often by bureaucratic decree, from the expression of political views which other Canadians take for granted. These are Canada's public servants, people who are prevented from speaking on political issues, people who are forbidden to answer telephones or deliver handbills for candidates in provincial or federal elections, people who are told, sometimes not by Parliament, the guardian of our democracy, but by an unelected regulatory agency that they must not join their fellow citizens in raising their voices on issues which may be of profound importance to them.

What I am saying now is not new. I have spoken in the House on several occasions outlining in detail the arguments in favour of extension of political rights to public servants, and outlining and attempting to refute the arguments of those who would deprive public servants in Canada of those rights. I have written on this subject in the journal *Policy Options*, published by the Institute for Research on Public Policy in Canada, in *The Ottawa Citizen* and *Le Droit*. Several of my colleagues in the House on this side of the aisle and on the opposition benches have also spoken at length on this subject.

Is it any wonder that this debate here in this Chamber today raises a lingering whisper of debates gone by, a depressing sense of *déja vu*? I have refrained, myself, from introducing legislation on this subject because I believed what the Treasury Board said when it told us that the Government would introduce legislation.

My Party made a clear commitment during the election campaign to introduce legislation which would define the political rights of public servants and which would extend to most public servants the rights other Canadians take for granted. I do not take this commitment lightly. Initial delays introducing legislation were justified on the basis of the need to investigate the inter-action between extension of these rights and other activities of public servants.

But the debate on the subject has already been very detailed. In my view there can be no justification for refusal to honour the commitment my Party made during the last election campaign. Yet, there is a genuine risk that resolution of this issue will be postponed again, and yet again that legislation will not be brought forward by the President of the Treasury Board (Mr. de Cotret) before the next election. There is a very real chance that we will have no legislation at all, that the commitment we made during the last election will not be honoured. Indeed, we had an open admission just about two weeks ago from a spokesperson for the Board that despite the years of debate legislation probably will not be introduced, and certainly not be effective, before the next election.

What does this mean for public servants? It means that, once again, hundreds—perhaps thousands—of public servants across Canada who have participated liberally—if I may use such a pejorative term—in the election campaigns of all three political Parties will be looking over their shoulders worrying that Big Brother, working out of the Public Service Commission office, will nail them for stuffing envelopes or painting lawn signs. It means that drivers, clerks or technical staff whose work may never touch on policy will remember that they cannot join their neighbours in the simplest of election

tasks without risk to their jobs. It means that, once again, all of the political Parties in the House will be deprived of the services of talented, intelligent people who may be prevented by the Public Service Commission from taking a leave of absence and running for office.

I was myself a public servant. I received permission to take a leave of absence prior to the last election, and for five months I lived without income to run for our Party in the last election. But other individuals, talented, articulate and competent, who could have served our political Parties, this House of Commons and our country were denied the right even to seek the nomination of a political Party in the past. This basic right was denied not by Parliament, carefully considering the implications for our system of Government, but by unelected officials who determine who shall be entitled to political expression, and who shall not.

I would like to be clear about this. I am not happy with the way existing legislation has been interpreted by the Public Service Commission, interpreted in such a way as to regulate and limit severely the political rights of public servants. But, having said that, I believe that the basic responsibility for this problem lies with Parliament, with this House of Commons, which in the past delegated to these unelected officials the powers which they now wield.

The statement by the Treasury Board spokesperson to which I referred that legislation will probably not be forthcoming in time to be effective before the next election is just not good enough. The Progressive Conservative commitment remains. It cannot be hidden in a cloud of obfuscation or buried beneath yet another litany of excuses. Political responsibility, and our honour as people who are prepared to live up to our commitments, demand that this issue be faced now—not avoided for another two years.

Mr. Cassidy: There is a member who stands up for his principles.

Mr. Daubney: If the Government will not face this issue, then the House must turn to the vehicle of Private Members' Bills to get action.

The Hon. Member for Ottawa Centre (Mr. Cassidy) has been active, and I am pleased that he is now active in the House and not just in the courts of Canada, as I have been active in seeking the extension of political rights to public servants. This Bill, if it were to come to a vote, would go a long way toward resolving the problem. Unlike another Bill on this issue on the *Order Paper and Notices* put forward by one of the Hon. Member's colleagues, the Bill we are debating today does not provide for blanket extension of all political rights without exception to all public servants. It recognizes that some limitations must be placed on the expression of political views by public servants holding sensitive policy development or managerial positions. Such limitations are, indeed, appropriate where it can be demonstrated that work is of such a sensitive nature that open political affiliation would jeopardize the public servant's ability to deliver services to the public, or advice to a Minister.

Any Bill which seeks to extend political rights must, as this Bill does, accept the reality that some limitations are necessary and appropriate. However, I believe that this Bill, as much an improvement as it is over the *status quo*, still leaves too much discretionary authority to the Public Service Commission, particularly when it comes to the determination of which public servants should be entitled to rights and which should not. I believe that Parliament itself must specify which categories, which position classifications, are entitled to political rights without review by unelected officials, which categories function in an area of policy development and managerial sensitivity important enough to limit their rights, and which categories must be defined by review of individual job descriptions by the Public Service Commission.

We have a model for such specification in the report of the D'Avignon Commission which reported almost eight years ago on this subject. The object of such specification is to remove from the Public Service Commission the right to determine, for 70 per cent or more of the public servants, who should enjoy the rights of political expression, and who should be deprived of them. We must limit the power of this unelected body to intervene in the exercise of democratic rights. This House itself must take the responsibility for extending or withholding political rights to specific categories of public servants. Some people whose work is not obviously sensitive or, conversely, whose jobs are not clearly outside the realm of policy development, would still need to have their political participation determined by the Commission. But the arbitrary exercise of power by the Public Service Commission would be substantially reduced, and all public servants would know where they stood.

In summary, we need legislation which implements the recommendations of the D'Avignon Commission. In the absence of such legislation from the Government I intend to introduce a Bill in the near future which would make these changes. In the meantime, I commend the Hon. Member for Ottawa Centre for the Bill he has introduced and which we are debating today. I would prefer to be voting on this issue and not simply debating it yet again, but I say to the Hon. Member and to all of Canada's public servants that that day will surely come.

• (1750)

The Acting Speaker (Mrs. Champagne): Is the House ready for the question? On debate, the Hon. Member for Ottawa—Vanier (Mr. Gauthier).

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Madam Speaker, I welcome this opportunity to address once again a subject in which I am keenly interested, namely, a Bill that would provide public employees with the right to full participation in political life.

Indeed I want to congratulate the author of this Bill, the Hon. Member for Ottawa Centre (Mr. Cassidy). The purpose of Bill C-231, like many similar Bills, is to provide public employees, and I am reading the explanatory notes: "with the fullest possible protection of the freedoms of expression, of peaceful assembly and of association guaranteed by the *Canadian Charter of Rights and Freedoms* and consistent with the principles of a non-partisan and merit-based public service.

The political rights recognized in this Bill would be granted to all full and part-time employees except those appointed by Order-in-Council and those in confidential and managerial positions as defined by regulation. Before coming into force, these regulations would be subject to the approval of the House of Commons.

Madam Speaker, if we look at the Index to the Debates of the House of Commons, I think there has not been one session since I first came to the House, since 1972, when this proposal was not raised, namely to extend to federal public servants the right to participate actively in political life.

I am of course one of those who has always supported the argument that this right—and it is a basic right in a democratic society like ours—is based on the concept of freedom of speech for all public servants. However, I have always qualified my support with the restriction that public servants in a position to advise the Government on policy are excluded. It seems to me it would not make sense for a senior official, a senior executive like an assistant deputy minister, to be in a position to advise the Government on policy and at the same time go into politics and criticize that Government.

Having said that, I recognize the contribution made by the Hon. Member for Ottawa West (Mr. Daubney) with his recommendation, having supported as did many of his colleagues in this House the D'Avignon report which, Hon. Members will remember, had been sponsored by the Liberal Government of the time as one of two initiatives for the purpose of possibly amending and updating the Public Service Employment Act and the Public Service Staff Relations Act. As far as the Public Service Employment Act is concerned, Section 32 dealing with political activity has always been strictly interpreted by the Commission. Come election time, the Public Service Commission has always placed civil servants in a somewhat delicate position reminding them, through memos that they were not to participate in any way in the political process.

God knows, Madam Speaker, that in my riding as well as in many others, civil servants do participate in it in many ways, from newsletter preparation to telephone roll calls.

I feel therefore it is somewhat hypocritical, if I may use that term, to forbid people to do something while allowing it at election time. And the only time a civil servant may be called upon to answer for his action is when another candidate during an election will complain to the Public Service Commission. As long as his grievance has not been recorded, a grievance which would trigger an investigation from the Commission, nothing happens.

On the basis of my own experience and according to Canadian history a grievance has never been filed with the Public Service Commission to the effect that this or that person had worked for or against a candidate.

Once again it is a legislation which is not universally applied but which is nevertheless sometimes strictly interpreted by the Commission.

Hon. Members will remember that the D'Avignon Report did not deal extensively with political activity. In fact, hardly four or five pages—four pages in fact—deal with participation in political activity. I remember quite well that when the report was made public, I had personally moved a motion, which comes up quite often for discussion in this House and the arguments put forward are based on a system which exist already in England. The idea was to divide the Public Service in three parts or groups. Part I would include all occupational groups in which the duties of all positions are sufficiently sensitive in nature to require the denial of the right to participate actively in the political process to all incumbents, namely all senior executives and all senior managers.

Part II would include the occupational groups in which the duties of the positions vary, so that neither a blanket denial nor complete political freedom can be supported.

I suggest that as a physician, a chiropractor or even as an engineer employed the Public Service, Madam Speaker, I cannot see what impact I could possibly have on the Government's policy in the areas of foreign affairs, defence or general politics.

I feel therefore that professionals involved in a specific activity would not embarrass a Government by taking part in the political process.

And the third group would include the occupational groups in which the duties of all positions are such that incumbents could be permitted full political freedom. I think that there are some 80,000 civil servants—that is quite a number—who could easily be free to fully exercise their right to political activity.

This is a brief summary of the report tabled by the Special Committee on the Review of Personal Management and the Merit Principle. There is a matter of serious concern to my constituents and with which I should like to deal during my remaining few minutes, namely the independence of civil servants while carrying out their duties. For instance, they say that if a public servant is employed in a sensitive position at Customs or Unemployment Insurance where he or she or she has to judge the relevance of arguments brought forward by an individual, I am told that if that person were perceived as having a bias in favour of or against the Government, the decision he or she would make would not be judged to be, how should I say, magnanimous or independent.

That being said, Madam Speaker, I think this could be regulated by committee. Activity could be restricted. I think it is pretty clear that it would be in the interests of the public servants themselves to appear before the committee after second reading to explain how they would discipline themselves and how they intend to convince the general public that they would still be objective in the performance of their duties. I don't think we should be too concerned about the caveat I made, namely that in some cases, public servants might show political bias in the performance of their duties. As far as I am concerned, objectivity and the merit principle will prevail.

Mr. Cassidy: On a point of order, Madam Speaker. I would point out that the speech of the Hon. Member will eliminate any possibility for the House to refer this matter to a legislative committee. Indeed I would urge the Hon. Member to refrain from speaking at all.

The Acting Speaker (Mrs. Champagne): You know very well that this is not a point of order. The Hon. Member rose on debate and I gave him the floor. The Hon. Member for Gaspé (Mr. Marin).

Mr. Marin: Madam Speaker, there is hardly any need to remind the House of Commons that Parliament, the Government now in office and the Public Service whose responsibility is to serve the Government do not exist for themselves. They serve the people of Canada.

No matter what measure they are debating in the House, parliamentarians can be sure they will not go astray if they are guided by the following criterion, to wit: Does the measure serve the interests of the Canadian people, yes or no?

The Acting Speaker (Mrs. Champagne): I regret to interrupt the Hon. Member, but the hour provided for consideration of Private Members' Business has now expired. Pursuant to Standing Order 42(1), this item will be dropped from the Order Paper.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY, S. O. 82—ARM CONTROL—CRUISE MISSILE TESTING

The House resumed from Friday, March 6, consideration of the motion of Ms. Jewett:

That this House, alarmed by the role of air-launched Cruise Missile deployment in violation of SALT limits and alarmed by threats to the integrity of the Anti-Ballistic Missile Treaty, aware also of the possibility of a negotiated elimination of all medium-range nuclear missiles in Europe, calls for strong initiatives by the government to strengthen arms controle and disarmament measures including the termination of Cruise Missile testing in Canada,

And the amendment of Mr. Turner (Vancouver Quadra):

That the motion be amendment by deleting the period at the end thereof and adding the following words:

"in a manner consistent with Canada's NATO and bilateral obligation."

The Acting Speaker (Mrs. Champagne): Pursuant to Standing Order 13(5), the House will now proceed with the deferred recorded divisions on the amendment and the main motion concerning the business of supply.

Call in the Members.

The House divided on the amendment of Mr. Turner (Vancouver Quadra), which was negatived on the following division:

(*Division No. 68*)

YEAS

Members

Axworthy
Baker
Boudria
Copps
de Corneille
Finestone
Foster
Frith
Garneau
Gauthier
Gray
(Windsor West)
Grondin
Guilbault
(Saint-Jacques)
Henderson
Hopkins
Isabelle
Johnston
(Saint-Henri—
Westmount)
Lapierre
MacLellan
Marchi
Nicholson
(Trinity)
Nunziata
Ouellet
Penner
Pépin
Prud'homme
Robichaud
Tardif
(Richmond—Wolfe)
Tobin—29

NAYS

Members

Althouse
Andre
Belsher
Benjamin
Bernier
Blackburn
(Brant)
Blackburn
(Jonquière)
Blaikie
Blais
Blenkarn
Bouchard
Bourgault
Bradley
Brightwell
Brisco
Broadbent
Caldwell
Carney
Cassidy
Chartrand
Clark
(Yellowhead)
Clark
(Brandon—Souris)
Coates
Cooper
Corbett
Côté
(Lac-Saint-Jean)
Crosbie
(St. John's West)
Dantzer
Darling
Daubney
de Cotret
de Jong
Desjardins
Dick
Domm
Dorin
Edwards
Ellis
Epp
(Thunder Bay—
Nipigon)
Epp
(Provencher)
Fennell
Ferland
Fraleigh
Fretz
Fulton
Gass
Gérin
Gottselig
Graham
Grisé
Gustafson
Halliday
Hamelin
Hardey
Hawkes
Heap
Hees
Hnatyshyn
Holtmann
Hovdebo
Howie
Hudon
Jewett
Johnson
(Bonavista—Trinity—
Conception)
Jourdenais
Keeper
Ladouceur
Lanthier
Lewis
MacDonald
(Kingston and
the Islands)
MacDougall
(Timiskaming)
MacKay
Mailly
Malone
Manly
Mantha
Martin
Mazankowski
McCain
McCrossan
McDonald
(Broadview—
Greenwood)
McKenzie
McKinnon
Minaker
Mitchell
Mulroney
Murphy
Nickerson
Nowlan
O'Neil
Oostrom
Orlikow
Parry

Pietz
Price
Redway
Reid
Reimer
Ricard
Riis
Rodriguez
St. Germain
Scott
(Hamilton—Wentworth)
Scowen
Siddon
Skelly
Stewart
Taylor
Thacker
Towers
Tremblay
(Lotbinière)
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Wise
Young —118

● (1820)

[*English*]

The Acting Speaker (Mrs. Champagne): I declare the motion negatived. The next question is on the main motion. Is it the pleasure of the House to adopt the motion?

Some Hon. Members: Agreed.

Some Hon. Members: No.

The Acting Speaker (Mrs. Champagne): All those in favour please say yea.

Some Hon. Members: Yea.

The Acting Speaker (Mrs. Champagne): All those opposed please say nay.

Some Hon. Members: Nay.

The Acting Speaker (Mrs. Champagne): In my opinion the nays have it.

And more than five Members having risen:

The Acting Speaker (Mrs. Champagne): Shall I dispense with the ringing of the bells?

Some Hon. Members: Agreed.

The House divided on the motion (Ms. Jewett) which was negatived on the following division:

(*Division No. 69*)

YEAS

Members

Allmand
Althouse
Axworthy
Benjamin
Blackburn
(Brant)
Blaikie
Broadbent
Caccia
Cassidy
de Jong
Epp
(Thunder Bay—
Nipigon)
Fulton
Heap
Hovdebo
Jewett
Keeper
Manly
McDonald
(Broadview—
Greenwood)
Mitchell
Murphy
Nunziata
Orlikow
Parry
Riis
Rodriguez
Skelly
Young —27

NAYS

Members

Andre
Baker
Belsher
Bernier
Blackburn
(Jonquière)
Blais
Blenkarn
Bouchard
Boudria
Bourgault
Bradley
Brightwell
Brisco
Caldwell
Carney
Chartrand
Clark
(Yellowhead)
Clark
(Brandon—Souris)
Coates
Cooper
Copps
Corbett
Côté
(Lac-Saint-Jean)
Crosbie
(St. John's West)
Dantzer
Darling
Daubney
de Corneille
de Cotret
Desjardins
Dick
Domm
Dorin
Edwards
Ellis
Epp
(Provencher)
Fennell
Ferland
Finestone
Foster
Fraleigh
Fretz
Frith
Garneau
Gass
Gauthier
Gérin
Gottselig
Graham
Gray
(Windsor West)
Grisé
Grondin
Guilbault
(Saint-Jacques)
Gustafson
Halliday
Hamelin
Hardey
Hawkes
Hees
Henderson
Hnatyshyn
Holtmann
Hopkins
Howie
Hudon
Isabelle
Johnson
(Bonavista—Trinity—
Conception)
Johnston
(Saint-Henri—
Westmount)
Jourdenais
Ladouceur
Lanthier
Lapierre
Lewis
MacDonald
(Kingston and
the Islands)
MacDougall
(Timiskaming)
MacKay
MacLellan
Mailly
Malone
Mantha
Marchi
Martin
Mazankowski
McCain
McCrossan
McKenzie
McKinnon
Minaker
Mulroney
Nicholson
(Trinity)
Nickerson
Nowlan
O'Neil
Oostrom
Ouellet
Penner
Pépin
Pietz
Price
Prud'homme
Redway
Reid
Reimer
Ricard
Robichaud
St. Germain
Scott
(Hamilton—Wentworth)
Scowen
Siddon
Stewart
Tardif
(Richmond—Wolfe)
Taylor
Thacker
Tobin
Towers
Tremblay
(Lotbinière)
Turner
(Ottawa—Carleton)
Van De Walle
Vankoughnet
Wilson
(Swift Current—
Maple Creek)
Wilson
(Etobicoke Centre)
Wise—122

[*Translation*]

The Acting Speaker (Mrs. Champagne): I declare the motion defeated.

It being 6.33 p.m., this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 3(1).

The House adjourned at 6.33 p.m.

HOUSE OF COMMONS

Tuesday, March 10, 1987

The House met at 11 a.m.

Prayers

ROUTINE PROCEEDINGS

[*English*]

PETITIONS

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, under the provisions of Standing Order 106, I have the honour to present two petitions. One petition is signed by a number of fishermen who point out to Parliament that in July, 1985, there were 1,093 fishermen collecting unemployment insurance, and by February, 1986, there were 29,847 fishermen collecting unemployment insurance. Obviously, this indicates the need for fishermen to receive unemployment insurance. Therefore, the petitioners are asking Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) reject any recommendation that would deprive fishermen of their right to collect unemployment insurance, and asking the Government of Canada to enter into consultations with all representatives of fishermen in Canada to ensure that improvements are made to the program that is offered to fishermen.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, it is my privilege to present a petition on behalf of a number of western Canadians who are concerned about the Government's proposal to change the Patent Act relating to prescription drugs. They believe that these changes will severely increase drug prices for Canadian consumers, and restrict the ability of average Canadians to buy the necessary prescription drugs. The petitioners are asking Parliament to reject proposals which will increase these drug prices for Canadians.

OPPOSITION TO ESTABLISHMENT OF MILITARY BASE

Mr. Gordon Taylor (Bow River): Mr. Speaker, I have great pleasure in presenting a petition on behalf of 130 Canadians who are mostly from the Province of Alberta. The undersigned petitioners humbly pray and call upon Parliament to restrict the Department of National Defence from using, utilizing, purchasing, leasing, or in any way establishing a military base on the eastern slopes of the Rocky Mountains of Alberta, particularly in the Highwood River Valley area abutting the Kananaskis Provincial Park. As in duty bound your petitioners humbly pray.

OPPOSITION TO PROPOSED CHANGES TO PATENT ACT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have the honour to present three petitions from residents of Winnipeg, and towns in Manitoba such as Starbuck, Sanford, and Oakville. The petitioners state that the federal Government proposal to change the Patent Act relating to prescription drugs will increase drug prices for Canadian consumers, and will severely restrict the ability of average Canadians to buy necessary prescription drugs. Therefore, the petitioners humbly pray and call upon Parliament to reject these proposals which will increase prescription drug prices for Canadians.

OPPOSITION TO PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE BENEFITS

Mr. Jim Manly (Cowichan—Malahat—The Islands): Mr. Speaker, I have the honour to present a duly certified petition from a number of Canadians who are concerned about unemployment insurance for fishermen. They point out the great dependence of fishermen on unemployment insurance. The petitioners fear that the Government is contemplating removing the right to collect unemployment insurance. The petitioners wish to see the unemployment insurance program for fishermen improved. The petitioners call upon Parliament to ensure that the Minister of Employment and Immigration (Mr. Bouchard) rejects any recommendation that will deprive them of their right to collect unemployment insurance, and further to enter into consultations with representatives of fishermen to improve the unemployment insurance program for fishermen.

* * *

QUESTIONS ON THE ORDER PAPER

Mr. Doug Lewis (Parliamentary Secretary to Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I ask that all questions be allowed to stand.

Mr. Speaker: Is it agreed?

Some Hon. Members: Agreed.

• (1110)

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1986-87 (NO. 2)

MEASURE TO ENACT

The House resumed from Monday, March 9, consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-40, an Act to provide borrowing authority, be read the second time and referred to a legislative committee.

Mr. Simon de Jong (Regina East): Mr. Speaker, I wish to start off debate today on Bill C-40 which requests greater borrowing authority. We have heard much in the House from both members of the Conservative Party and of the Liberal Party about the deficit. When we start discussing borrowing authorities, it generally boils down to a debate concerning the deficit. Historically opposition Parties criticize the Government for not managing its affairs better and thus producing the type of deficit we have today. Then of course the Government justifies it by claiming that it was the previous administration which caused inefficiencies in government, and that it is doing everything possible to alleviate the deficit. Thus we end up involved in this type of discussion on the deficit.

It surprises me when I hear spokespeople from the Liberal Party during this type of debate. It was not too long ago when they formed the Government and laid the groundwork for the type of deficit we are facing today. It is also surprising when one hears the comments of Conservative government Members. Their justifications in this debate were quite different than when they were in Opposition. In fact, a sort of flip-flop occurred.

The Conservatives today are taking the same line which the Liberals took just a few years ago, and the Liberals are taking the line which the Conservatives took just a few years ago. In essence, nothing has changed.

It is true that the policies of the former Liberal Government are a great part of the reason for the deficit today, but not necessarily the type of spending which that former Liberal Government undertook. When the Conservatives were in Opposition—and they still believe it as the Government—they claimed that the reason for the deficit was Governments had been living beyond their means, and Governments had spent too much on human and social programs.

However, let us look at the figures in industrialized nations or in OECD countries of the world. We begin to realize that what we as a country spend as part of our Gross Domestic Product on social programs is below that of almost all other industrialized countries. We spend less on old age pensions, education, family allowances, and social programs such as unemployment insurance and housing than do Holland, Germany, England, Italy, Sweden, and Denmark. What we as a country spend on social programs is less than what almost all other industrialized countries spend on social programs. Compared with other industrialized countries, Canada is not spending more on social programs. In fact, as a country we spend less. In part that is understandable.

Given the resources of the country and given the relatively young age of our population, there should be no reason that we in Canada should not have full employment and more opportunities for Canadians to find meaningful work with an adequate income to supply the basic necessities and needs.

When I hear Conservative Members telling us and the Canadian public that the reason for the high deficit is that we have lived beyond our means and our social programs have been too rich, I say balderdash. The facts do not support that contention.

Let us take a close look at the cause of the deficit. The real reason for it is that Liberal Governments and Conservative Governments have not been collecting the taxes they should have collected, mainly from the corporate sector. If there is a free lunch in Canada today it is one enjoyed by corporations. When we look at the statistics we begin to realize that the total number of profitable corporations which paid no taxes in 1983 was 79,196. Almost 80,000 profitable corporations did not pay a cent of tax. Their profits were roughly $13.3 billion. In other words, $13.3 billion in profits were not taxed at all. Those corporations did not contribute a cent to the operations of the country. That is a free ride and a free lunch.

If we break down that figure, we begin to realize that the number of profitable financial corporations which paid no taxes in 1983 totalled some 28,000. Their profits were $7.2 billion. Not a cent of tax was collected from the 28,000 financial institutions which had profits of over $7 billion. The number of corporations with profits of over $25 million which paid no taxes in 1983 was 64. In other words, 64 companies with profits of over $25 million did not pay a cent of tax. That is another free lunch, and the figures continue.

When we talk about the deficit and the reason for it, let us not be fooled by propaganda which claims that our old age pensioners are on a free ride, that we pay too much to mothers and fathers to raise their children, that our unemployment insurance system is too rich, that our welfare system is too rich, or that we spend too much on education, hospitals, and other health services. No, that is not the reason for the deficit. The reason for the deficit is the free ride enjoyed by large corporations.

I think the Minister of Finance (Mr. Wilson) finally recognizes the problem facing Canadians. In the last month we heard statements from him suggesting that corporations have been on a free ride a little too long. He is now beginning to say that they should be paying their fair share. It has taken some time for a Minister of Finance to awaken to what is happening, and well he should.

When we look at the Minister's statements during his budget presentation and at the documents which he tabled at the time, we begin to realize why his deficit projection from the previous year was out by several billion dollars. The

Minister rose and said that the reason for it was the $1 billion contributed to agriculture, most of which is going to western agriculture. That is a red herring. It is not $1 billion out of last year's finances, it is only $300 million, and $700 million will be coming out of the 1987-88 year.

We begin to realize why the projections of the Minister of Finance for deficit reduction were off when we look at the *Budget Papers* and see that the projections for corporate income tax for the 1986-87 year were off by some $2,260 million. In other words, we find that some $2.260 billion in tax dollars the Minister expected to raise from corporations were not raised. His projections for 1987-88 are off by some $2.325 billion. Again, the revenues the Government was expecting to raise from corporations will be down by over $2 billion in this financial year. That is why the deficit projections were off and why we have the type of deficit we have today. It is not because average Canadians are on a free ride with Government largess, it is because the corporate sector has not been paying its fair share.

• (1120)

We see the same story told again through other tables presented in the *Budget Papers*. The Minister of Finance expects that corporate profits will increase over 20 per cent this year while revenues from the corporate income tax will only increase some 3.9 per cent. Profits will go up by over 20 per cent but public revenues from corporations will only go up 3.9 per cent. That is why we have the problem with the deficit, Mr. Speaker. There are folks out there who have been earning a lot of money who have not been paying their fair share.

Who are the people who have been taxed? When you look at the statistics, you begin to realize that it is the middle and the lower-income Canadians who have been carrying the burden of deficit reduction. An average two income family with two children whose income was $15,000 will have its tax increased over 90 per cent. These people are living well below the poverty line, Mr. Speaker, yet that family's income tax has increased over 90 per cent.

It is not just higher income tax that families are paying, they are also paying more in sales taxes. The Government has dramatically increased the amount of taxes Canadians are paying through sales taxes. Not only is the Government now taxing manufactured goods, it is taxing granola bars, frozen yogurt, pop, vitamins, other pharmaceuticals and a whole host of items that were never taxed before. The major burden of that tax falls on lower income Canadians because a higher percentage of their income must go to the basic necessities of life.

Since this Government came into power, people earning $15,000 a year are now paying 90 per cent more in taxes. People living at the poverty level earning $20,812 a year have seen their taxes increased by 35 per cent. The middle-income person with an average income of $42,000 a year has seen his income tax increased by 32 per cent. However, the individual earning over $100,000 a year has been helped by the Government. It has offered the individual earning over $100,000 a year all sorts of new tax loopholes. These individuals will only see their income tax increased by 2 per cent. Here we have a person living well below the poverty line, a two-income family with two children, earning $15,000 a year whose income tax has increased by 90 per cent while another family earning $100,000 a year has seen its income tax increased by 2 per cent. Is this fair, Mr. Speaker? That is the major question we have to ask today.

Take the case of a single pensioner in Vancouver with an income of $9,312, that is the old age security and the maximum CPP. After deduction—his or her taxable income is $2,521 and the tax payable is $273 federal tax and $4 in individual surtax, This single pensioner is trying to eke out a meagre existence on $9,000 a year, which is well under $1,000 a month on which this individual tries to exist paying tax. But, what else is there?

We find that TransCanada PipeLine in 1980 on $102.5 million in profits and in 1981 on $154 million in profits did not pay one cent of tax. In other words, $256 million in profits from TransCanada PipeLine did not yield one cent of tax. With a tax rate of just 25 per cent, we would have been able to reduce our deficit by $64 million, had TransCanada PipeLine been paying 25 per cent tax on the millions of dollars it has earned. But no, the TransCanada PipeLines of this world can go through life and not pay any tax. Meanwhile, the single pensioner in Vancouver on a meagre existence of $9,000 a year ends up paying tax. Is it fair, Mr. Speaker? We in the New Democratic Party say it is not fair and it is about time that this unfairness was corrected.

Let us look at a family of four with one earner, one dependant spouse and two children, with an income of $22,500—on the poverty line. This family lives in Toronto. That earner will pay $2,329 in federal tax and $35 in individual surtax. This family does not earn very much, well below $2,000 a month, and is trying to raise two children in Toronto with high housing costs and is expected to pay and contribute over $2,000 to reduce our deficit.

Let us take a look at trust companies. The Guaranty Trust Company of Canada paid no current taxes in 1978, 1979, 1980 and 1983 and a current tax rate of only 1 per cent in 1984 on profits totalling $32 million. With a tax rate of 25 per cent, the Guaranty Trust Company would have paid $8 million in taxes. One could go on with a list of trust companies that did not pay one cent of tax. Yet somehow the Government considers it fair that that family who is living on the poverty line in the City of Toronto trying to raise two kids is expected to pay over $2,000 in taxes while trust companies do not pay one cent.

The Liberals and Conservatives justify these tax breaks because they claim investment is the engine of growth. Give the corporations a tax break and their profits will create jobs. With an unemployment rate that continues, and with the hundreds of billions of dollars in lost revenues from corporations because of tax breaks, surely that theory has proven to be

non-workable. We in the New Democratic Party believe that the real engine of growth is people. If people have enough money to spend on the basic necessities of life, on a roof over their heads, some food on the table and clothes on their backs, that will create jobs, Mr. Speaker. The dollars they spend will create the domestic demand that will surely allow Canadians to work.

• (1130)

We in the New Democratic Party will be opposed to this Bill because we do not believe that the strategy of deficit reduction followed by this Government and the previous Liberal Government has worked. In fact, it has only supplied a free lunch and a free ride to the wealthy of Canada.

Mr. Manly: Mr. Speaker, I would like to commend my colleague for what I think was an excellent presentation of some of the basic economic and moral problems this country faces today. Someone earning over $100,000 a year will be facing a tax increase of approximately 2 per cent a year while someone living on the poverty line earning around $15,000 a year will be facing tax increases of 90 per cent. This indicates very clearly that there is a direct line between the wealth of the rich and the poverty of the poor and that direct line is the tax system. It is an unjust tax system and even the Government has finally recognized that.

The Government has promised tax reform and has talked about it for a number of years. We expected it would be here with the present Budget, but of course it has now been postponed. We do not know exactly what will be in the tax reform, but I would like to ask my colleague if he could indicate to the House what hopes he has for the proposed tax reform the Minister of Finance (Mr. Wilson) will bring in.

Mr. de Jong: Mr. Speaker, we all wait with bated breath the Minister of Finance's tax reform proposals. I believe it is important to the Government from a political point of view to bring in tax reform. The American tax reform proposal has seen top individual tax rates being reduced to some 28 per cent. I believe that around $130 billion of extra revenue will be taken out of the corporate sector in the United States just by plugging up loopholes. Many individuals will benefit from that. Whether this Government will do the same, I am not certain. We will have to wait and see.

Politically, it would seem that this Government could very well use tax reform as a method of attempting to get itself re-elected in the next election. That is why I personally believe the Government keeps postponing tax reform. It is something it should have given indications of in 1984, and certainly tax reform or at least steps in that direction should have been included in the 1985 Budget. The Government has kept postponing it and postponing it. I suspect we will see tax reform around the time the next election will be called as a political ploy.

I also suspect that through the tax reform package, personal income tax will drop, and will perhaps drop substantially. However, I am afraid that the Government will take back the extra tax savings of Canadians through a new type of business transfer tax or a tax on consumption. The Government will put dollars into our front pockets but will take them back out of our back pockets. The Government will take the dollars back through a value added or business transfer tax which is a hidden tax, a sales tax, a tax Canadians will not see and will not be aware of when they pay it. In essence, tax reform could very well be a shell game; now you see the pea, now you don't, now you see your tax dollar, now you don't.

It is unfortunate, but I do not believe that the Government is philosophically committed to the notion that it is people, the meeting of human needs, that should be the engine of growth in Canada. I believe the Government, like the Liberal Party, is committed to the notion that if the guys at the top do well, eventually those benefits will trickle down and at some stage there will be more employment. It is called the trickle-down theory. In essence, it means that if we feed the horse a lot of oats, eventually the sparrow will get some. The oats will pass through the horse and the sparrow will be able to get the horse's droppings. This trickle-down theory has not worked.

I would also like to point out to my colleague and to the House that a cruel joke has been played on the poor of Canada. The poor are the victims, the casualties of the fight against inflation. The House will recall that in the mid-70s when inflation was raging at 12 per cent and up, there was a national and, in fact, an international resolve to wrestle inflation to the ground. The causes of inflation were many but essentially it was human greed, the greed of the oil industry, the greed of OPEC and the greed of primary producers. Those in the market-place who had the strength got on the bandwagon and there was this inflationary effect. Governments decided to wrestle inflation to the ground through a restrictive monetary policy. This meant that a great many people lost their jobs, including industrial workers, white-collar workers, lawyers and accountants. These people are still without jobs and they are the ones who have been been taxed by the Government ever since it has come into power.

Mr. Ravis: Mr. Speaker, I was beginning to think that the Hon. Member's entire presentation was about the trickle-down effect and droppings. I would like to follow up on the question put by my colleague, the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly), about waiting for tax reform with bated breath.

I can assure you, Mr. Speaker, that I too am waiting for tax reform with bated breath, but I am waiting for it with a positive attitude about what will come from the Minister of Finance (Mr. Wilson) who, in 1984, brought forward a very realistic economic agenda. Now that we are two and a half years into our mandate, there are some very impressive performance indicators showing that we are on the right track.

Having been here for two and a half years, I am convinced that if one holds something up to a member of the NDP, even if it is the best piece of legislation in the world, he or she will

show us how it can be ripped apart. Members of the NDP feel that there must be something wrong with it, that there must be a negative side to it. They wonder how it could possibly be good. I would ask the Hon. Member for Regina East (Mr. de Jong) if members of the NDP will take that attitude when the tax reform package comes down. Will they say that there must be something wrong with it and that there is nothing good about it? I think people across Canada, and I have been speaking to many of my constituents in Saskatoon and other parts of Canada, are getting very tired of the negative aspect of the House of Commons which does not appear to be working in the best interests of Canadians.

The Acting Speaker (Mr. Paproski): There is another Hon. Member who has a question so I would hope that the Hon. Member for Regina East (Mr. de Jong) would make his answer very succinct.

Mr. de Jong: Right, Mr. Speaker. First, this Party has been talking about tax reform and the unfairness of our tax system for decades.

Mr. Ravis: And we're doing something about it.

Mr. de Jong: I would claim that if it were not for the New Democratic Party and the fact that we have made this an issue, the fact that we have done research and the fact that we have risen in the House to point out the corporations that have not been paying their fair share, it would not have been an issue today. As a Party we are committed, and that became one of our priorities after the 1984 election, to focusing public attention on this issue and to making it a public issue for public debate. We have done that and we hope the results will be positive. When the Minister of Finance (Mr. Wilson) announced that he was going to introduce tax reform my Leader and other members of the Party, including myself, were hopeful and optimistic. We welcomed that announcement. I hope that after the recommendations for tax reform have been worked through the Finance Committee in a non-partisan way we will produce a fair tax system we can all be proud of and for which we can all take credit.

• (1140)

Mr. White: Mr. Speaker, I listened with interest to the Member's comments. He spoke about Liberals and PCs justifying the tax breaks and the hundreds of millions of dollars of lost revenues. He mentioned many times that members of the NDP do not think that is fair. In fact, he used the words "cruel joke" on one occasion.

The Government of Manitoba spoke in similar terms about the Scientific Research Tax Credit. At one point the Minister of Finance there called it "legalized theft". It was discovered later that there were two Manitoba cabinet Ministers who had invested and made money in that program. Therefore, the cruel joke is the NDP's assertion that it has the market cornered on social conscience. Does the member understand the concept that you can have no social justice without economic stability?

Mr. de Jong: Mr. Speaker, of course you need economic stability in order to have progress and social justice. That is why the New Democratic Party talks about economic planning and having an economic strategy.

The Hon. Member made a point about individual members in the Manitoba cabinet. What individuals do and what the Party policy is are two different things. Second, if the law of the land allows certain things, can we blame individuals for taking advantage of it? They were only taking advantage of the law which was put in place. The Scientific Research Tax Credit was an open invitation for a raid of the Treasury. It was introduced by the Liberals and continued by the Conservatives until it became so outrageous that they finally had to shut the whole show down.

The Acting Speaker (Mr. Paproski): I regret that the period for questions and comments is now terminated.

Mr. John Reimer (Kitchener): Mr. Speaker, I am pleased to add a few comments to the debate on Bill C-40, an Act to provide borrowing authority for the Government. Simply put, this Bill would provide the Government with the authority to borrow an additional $3 billion for the 1986-87 fiscal year and $21.3 billion for the 1987-88 fiscal year.

There can be no doubt that the timing of the Bill before us is appropriate. The Government is following the pattern for an improved budgetary process which was set out in a paper tabled by the Minister of Finance (Mr. Wilson) in May of 1985. The same pattern was followed with the last borrowing authority Bill. One of the suggestions presented in that paper, which the Government has been actively pursuing, was that parliamentary approval for borrowing authority for each upcoming fiscal year should be sought at the same time as the Budget is presented.

The logic behind this proposal was that the budget presentation in February would set out the financial information for the new fiscal year for parliamentary study. This course of action has now been followed for two consecutive years. Therefore, this debate on borrowing authority has a complete picture provided by the Budget and the spending Estimates as we consider this request for borrowing authority.

The $24.4 billion total figure mentioned in this Bill is comprised of the projected financial requirements of $21.3 billion, as I indicated, plus a $3 billion reserve to provide flexibility to meet contingencies such as fluctuations in the level of Canada's international reserves. This is very prudent in light of recent exchange market developments. For example, in the months of January alone about $2.5 billion in borrowing authority was used as a result of exchange market operations. The proposed $3 billion reserve will provide the Government with the on-going flexibility which is needed to rebuild its cash balances. While the $21.3 billion for the fiscal year 1987-88 is

an enormous amount of money, it compares favourably with the necessary amounts borrowed since we have taken office.

The fact that these figures are trending downward reflects the very welcome fact that over the past three years the Government will have reduced financial requirements by 28.5 per cent, from $29.8 billion in the year in which we took office to $21.3 billion in 1987-88. This is the lowest level in six years. Relative to the size of the economy, financial requirements have fallen from 6.7 per cent of the gross domestic product to a projected 3.9 per cent. This steady reduction in the demands made by the Government on the nation's savings is one of the most important factors underlying our steady economic growth and advance.

Yesterday I listened to the debate of the Hon. Member for Trinity (Miss Nicholson) as she put forward some of her Party's opinions on this borrowing authority Bill. Since she is a member of the Standing Committee on Finance and Economic Affairs, I decided to listen carefully to what she had to say. She said that we must spend more, tax less, and reduce the deficit, all at the same time. She castigated the Government for its various spending cuts. She then zeroed in on the incentive bonus which was provided for senior civil servants if they effectively ran their departments and controlled spending within those departments. I cannot understand why someone would criticize another for doing a good job. The only thing which is appropriate when you do a good job is incentive to do a better job next time. Does that mean that Liberals want to reward incompetence? That is what it sounds like. I am glad I am on the side of the House which rewards efficiency and discipline in the controlling of government spending.

The Member's answer with regard to what we should be doing was to increase training, increase spending, and increase transfer payments while at the same time reducing the deficit. I must ask what fairyland school of economics that Hon. Member attended. I saw in her biography that she attended the London School of Economics. We all know that it has a leftist bent, but I am sure that they did not teach the fairyland, hypocritical type of economics which we were hearing yesterday.

At the end of the Hon. Member's comments she had the audacity to say that we should let actions speak rather than words. Well, let us do that. Let us look at the actions of her Government and her Leader, when he was the Minister of Finance, and compare those with the actions of the present Government. Let us allow the actions to speak rather than the words.

From 1972 to 1975 the Right Hon. Leader of the Opposition (Mr. Turner) was the Finance Minister. Let us examine a few indicators of what took place during those years. When the Right Hon. Leader of the Opposition became the Finance Minister he had a $481 million annual surplus rather than a deficit. In three years he turned that $481 million surplus into a $4 billion deficit. Under his leadership spending rose by an average of 23 per cent a year. The gross national debt grew by 50 per cent and deficit costs grew by 85 per cent. The inflation rate doubled from 5.1 per cent to 10.6 per cent. That is not surprising. When someone says that we must spend more, tax less, and yet somehow reduce the deficit, the only option left is to print money, and that is exactly what that Minister of Finance did. It is not surprising that inflation went up.

During his tenure as Minister of Finance the Bank of Canada rate rose by 4.25 percentage points. Under his leadership unemployment rose by 1 per cent and the youth unemployment rate rose by 2.5 per cent. From 1980 to 1984, when the Hon. Member for Trinity was on the Government side and was obviously voting for these kind of measures, interest rates went as high as 23 per cent. The unemployment rate reached almost 13 per cent. Inflation rose about 12 per cent. Many small businesses went bankrupt. Some families lost their homes because due to high interest rates, they were unable to meet mortgage payments. The deficit rose from $13.3 billion to $38.3 billion, almost tripling in size during those four and a half years.

• (1150)

Let us now look at what has taken place since September, 1984, to the present. Since September of 1984 interest rates have fallen by 4.8 per cent. On a five-year, $50,000 mortgage that means a saving of $132 a month or $1,584 per year for the home owner. Unemployment has fallen from 11.7 per cent to 9.7 per cent today. Youth unemployment has fallen from 18.3 per cent to 14.4 per cent. Inflation has remained in the 4 per cent range for two and a half years. That is the most stable price environment we have enjoyed since 1971. On a seasonally adjusted basis housing starts are up 67 per cent since September of 1984. In my riding some construction companies are having difficulty finding workers because the demand for new houses is so great. When we took office the deficit was running at $38.3 billion. That is now down to a projected $29.3 billion for the fiscal year 1987-88. We have had a decline in the deficit for three years in a row for the first time in 30 years. That is a very significant achievement given the size of the deficit when we took office. We also have to remember that interest has to be paid on the deficit. When you cut the deficit from $32 billion to $29.3 billion you are also cutting the amount of interest you have to pay. Looking at the amount of interest we have saved also indicates the tremendous progress we have made. We still have a long way to go, but at least we have made an excellent start.

During the 1980-84 Liberal Government, spending grew by an average of 15.1 per cent. Even before the recession Liberal Government spending rose, in 1980-81, by 14 per cent. The Liberals cannot use the excuse of an increase in spending because of the recession. They were already doing it before the recession started. From September, 1984, to the present this Government has cut the spending increase to an average of 3.9 per cent or just under the inflation level. Therefore, for the first time in 14 years, public debt charges are growing more slowly than the economy.

In summary, I believe the Main Estimates tabled on March 2 represent a further significant contribution to the Government's record of expenditure management. This is the third consecutive year that the growth rate in the Main Estimates has declined. This year's increase is the lowest in a quarter of a century. In 1987-88 the size of the Public Service will be at its lowest level since 1980-81. This track record clearly reflects this Government's strong commitment to sound management and to the operation of an efficient and effective Public Service while maintaining and even expanding some programs which serve the real needs of Canadians.

I say we should look at the facts and look at the record. Rather than listening to an NDP spokesman, a Liberal spokesman or even myself, let us look at what the Auditor General has said about the control of spending throughout these years. For the period 1972 until 1975, the Auditor General commented on the last year that the Right Hon. Leader of the Opposition was Minister of Finance. He was deeply concerned that Parliament and, indeed, the Government had lost or was close to losing effective control of the public purse. Financial management and control in the Government of Canada was grossly inadequate. That was the record established by the Right Hon. Leader of the Opposition and the Liberals, and that is the kind of financial situation they want to bring back should they become the Government.

Now let us look at what the Auditor General said this past October. In tabling his report he said that his sense was that there is an interest in better accountability and better management. He went on to say that he believed Members of Parliament and the taxpayers of Canada should be heartened by the genuine improvements. That is our record. We have seen the Liberal record and now we have seen our record over the last three years. I would put our record on the line any time. It speaks for itself and the comments of the Auditor General then and now support that record 100 per cent.

I have to say to the Hon. Member for Trinity, or any opposition Members, but particularly those in the Liberal Party, that I challenge them to tell it like it is. Let us hear all of the facts, not just the things they want to talk about. Let them not speak out of all sides of their mouths at the same time. They cannot do it. How can they say spend less, yet add to existing programs, increase training and transfer payments, and at the same time reduce the deficit? That cannot be done. I ask Hon. Members in the Liberal Party to start telling it like it is, given these facts. If they want to be critical, let us have some constructive criticism. Let them tell us what they would do if they were in our position today. I think they would find our approach is working extremely well.

Look at the economic indicators, the spending controls put in place by this Government, and the deficit reduction. Look at what is happening in the economy. Look at what outsiders are saying about Canada. The Japanese sent a study group here in 1976 and they were very disheartened. They could not recommend investment in Canada. However, last November they were here again and they said things have changed. This Government has brought spending under control. It now makes sense to invest in Canada. Therefore it is not just government spokesmen saying that. The Auditor General said it, the facts say it, and outsiders are saying it.

I ask members of the Opposition to get their act together and give us some constructive criticism in harmony with the facts. They will find that what we are trying to do goes in the right direction. Sure, we might cut less in one area and more in another. I am willing to look at that and debate it. However, we can start being honest about the facts. Let us stop playing politics with the Canadian taxpayer and the Canadian economy and start telling it like it is.

Therefore I commend this Bill for speedy passage.

The Acting Speaker (Mr. Paproski): Questions or comments.

Mr. Hopkins: Mr. Speaker, after that tirade one wonders whether one should even question the self-righteous in this House. Canadians are not totally convinced that this Government is all perfection, as the Hon. Member says. I do not think they will turn those thoughts around very quickly. Can the Hon. Member explain why the Minister of Finance (Mr. Wilson), in August of 1984, in Toronto, went on the record saying that a Conservative Government would reduce the deficit by cutting government expenditures and not by increasing taxes. Canadians know that individual taxes have gone up 53 per cent since the Government took office. Everyone knows that the cuts in spending have taken place in important organizations and government institutions in Canada. The Government is even putting the long-term energy future of this country at stake. There have been drastic cuts in the field of science and technology. However, during the 1984 election campaign the Minister of Finance said his Party would not increase taxes to pay the deficit, but would cut government expenditures in order to reduce the deficit.

• (1200)

The Hon. Member concluded his remarks with great oratorical rhetoric. I want to tell him that the rhetoric he used at the end of his speech is the rhetoric Canadians are becoming used to from the Government. I will let the Hon. Member respond to that important question. I will ask him a second question if I have the opportunity.

Mr. Reimer: Mr. Speaker, there are two or three elements to the Hon. Member's question. The first concerns the reduction of the deficit without taxation and the second deals with some of the cuts. I noticed the Hon. Member watching me toward the end of my remarks when I said that we can debate whether cuts in one area are more or less appropriate than cuts in another area. I agree that it is fine to debate the appropriateness of specific cuts in certain areas. However, at the same time it must be agreed that we should make progress in reducing the deficit. I assume that is what the Hon. Member meant and, therefore, was following my suggestion to

be constructive in looking at some of these issues and where cuts are made.

Let us consider the question of deficit reduction. The Minister of Finance said in his Budget Speech, as reported at page 3575 of *Hansard*:

> When we took office, government spending on all programs was growing by almost 14 per cent a year—

An average of 15.1 per cent from 1980 to 1984. He went to say:

> Since then, program spending has grown on average by only 2.8 per cent a year, well below the rate of inflation. Spending on government programs is being reduced in real terms and relative to the economy. About 63 per cent of the decline in the deficit relative to the size of the economy will have been achieved by reductions in spending.

The fact that 63 per cent of the reduction in the deficit is through cuts in spending shows the way in which we are attempting to reduce the deficit. Through that method we have achieved 63 per cent of the reduction in the deficit to date.

Mr. Manly: Mr. Speaker, the Hon. Member boasted that the Government's policy has been able to reduce the unemployment rate some 2 per cent. The Hon. Member obviously comes from southern Ontario. What advice would he give, not only to me and opposition Members for our constituents in British Columbia, but to his Conservative colleagues from British Columbia where the unemployment rate in January this year was 15 per cent? What advice would he give his Conservative colleagues from Newfoundland when the Forget Commission report said that if the people of Newfoundland had the same participation in the labour rate as they do in Ontario there would be 38 per cent unemployment in Newfoundland? What advice would he give his Tory colleagues in seven provinces across Canada where the unemployment rate today is higher than it was at the height of the recession in 1981-82? What advice would he give his colleagues from other parts of Canada when they realize that of the 137,000 jobs that were created between January, 1986 and January, 1987, all but 5,000 of them were in Ontario? Surely the Hon. Member must realize that the growing disparity among regions should receive government attention in its budgetary process and that the borrowing authority should be directed toward more job-creation and eliminating this growing disparity amongst regions? Will he address that question?

Mr. Reimer: Mr. Speaker, there is no question that the benefits from the figures I have been using are being enjoyed more in southern Ontario than anywhere else in Canada. However, that does not make the figures inaccurate.

Mr. Manly: It makes them irrelevant.

Mr. Reimer: It does not make them irrelevant either. They simply point out the situation on a national basis. There is no question that there are regions in Canada in great difficulty. The Minister of Regional Industrial Expansion (Mr. Côté) and the Government are dealing with that through measures such as those to assist people in the steel industry in Cape Breton. We are working on this serious problem, but that does not make any of the figures I have used invalid.

I welcome the Hon. Member's comments because it appears he is beginning to support our trade talks with the United States. British Columbians tell me that it is essential to have this trading agreement with the United States so that rather than trade wars and countervailing duties there is a system whereby we can secure and enhance our present trade. I welcome the Member onboard in supporting these trade talks with the United States so that all regions can begin to enjoy the benefits that southern Ontario is enjoying today.

Mr. Ravis: Mr. Speaker, I want to compliment my colleague because I believe the figures he has cited accurately represent the story as it is. The most frequent message I heard prior to the 1984 election was to come to Ottawa to deal with the horrendous spending and borrowing and bring about some semblance of economic recovery in this country. I heard that message many times and I am surprised that Liberal Members are not prepared to recognize that the situation is beginning to improve.

I say to the Hon. Member for Cowichan—Malahat—The Islands (Mr. Manly) that it is disappointing in some parts of the country, but surely he must recognize that a much stronger southern Ontario today is helping all Canadians by sharing the costs.

How do the constituents of my colleague, the Hon. Member for Kitchener (Mr. Reimer), view what is happening today? For instance, there have been some increases in taxes. An economist from the University of Saskatchewan told me that he would like governments to begin asking people to pay the increase in taxes today rather than in the future, and pay for a deficit in the same year. How do people from Kitchener feel about sharing the burden of turning the economy of the country around? The Government must shoulder some of the load, but surely taxpayers must shoulder some of the load as well.

Mr. Reimer: Mr. Speaker, I have constituents in different situations who give different responses. Some constituents are encouraged by our attack on the deficit. Other constituents are pleased with our control on spending in general terms. We have attempted to implement these measures by cutting government spending on some programs. We have improved other programs to make them more specific, such as job-training through the Canadian Jobs Strategy. Some of my constituents are praising the success of some aspects of those changes.

However, we must also be honest. I indicated that 63 per cent of the reduction in the deficit has been achieved by controlled spending. That means that 37 per cent has been achieved by increased taxes. No one wants to increase taxes. There were increased taxes in the last Budget. None of us want that either. I think the Minister of Finance at least chose the few areas which are probably the least destructive of all increases in taxes in general. So I commend the Minister of

Finance for that. I do not like having to pay one cent a litre more for gasoline. I am sure no one does. However, we have to raise taxes to meet the debt problem and we have to continue to do so, controlling Government spending at the same time. We have to continue to work in that direction.

• (1210)

Another very important part of the Budget of the Minister of Finance was the promises made with respect to tax reform which will begin to meet the problems our people at the lower and middle end of the wage scale are facing. Much of the debt load over the past 15 or 20 years has been through the personal income tax route, therefore Canadians are heartened by that promise. I am sure we are all looking forward in anticipation for the results of that initiative.

Mr. Johnston: Mr. Speaker, could the Hon. Member for Kitchener (Mr. Reimer) comment on the change the Minister of Finance (Mr. Wilson) is proposing in terms of payroll remissions? As you know, Mr. Speaker, he is recommending that employers basically remit twice a month instead of once a month. The purpose of this seems to be to move $1.2 billion from 1988-89 back to 1987-88, which has the effect of reducing, at least superficially, the deficit to $29.3 billion in 1987-88. Would the Hon. Member tell us whether he approves of that kind of creative bookkeeping in order to reduce the deficit, of which his constituents, he tells us, are very much in favour? Does he not think this places an undue burden on small and medium sized businesses, which is really not warranted, simply to get the deficit down artificially in this fashion?

Mr. Reimer: Mr. Speaker, in the short time I have to respond let me say that I was talking to an accountant in Kitchener and I asked what that would do. His comment was that, yes, it would create some hardship for some but he did not think it would in all cases. It would depend on how they were looking after this need in the first place. I can acknowledge that if small business has to send this money in that much more quickly, all of their procedures will then have to be changed so that this can be done. They must do it. They have no choice. So, yes, I can acknowledge some hardship. However, this accountant, and I have only talked to one, at least gave me the impression that it was possible. They could do this, although it would create a little extra burden on them.

Again, it is the same theme we have been exercising throughout. That is, that all sectors of the economy must assist in bringing this huge deficit under control. We must show progress each year to reduce the deficit. Therefore, I would say to the Hon. Member that, yes, every new way to collect tax has some imposition upon people, as does this measure, but we must continue to work at it because of the huge debt left to us by the Party of the Hon. Member.

Mr. Deputy Speaker: We will have one more question or comment from the Hon. Member for Winnipeg North (Mr. Orlikow) and then we will resume debate.

Mr. Orlikow: Mr. Speaker, I have a question directed to the Hon. Member. The Government is so determined to reduce the deficit, as the Hon. Member has said, that as part of its program to do so it has cut the transfer funding to the provinces. It has changed the formula for EPF payments so that the payments to the provinces to help pay for the costs of health care and post-secondary education will not be increased as they would have been under the old formula. The Government has also cut the equalization grants. The results have been, and I will just mention the Conservative provinces, that the Province of Saskatchewan announced a few days ago that it would have a deficit of $1.2 billion and would have to lay off 2,000 public servants. Alberta has a deficit of over $1 billion. British Columbia announced yesterday a huge deficit. The Atlantic Provinces, which have always had deficits, have even greater deficits now. Therefore, I ask the Hon. Member if that is what the Government meant when it talked about reducing the deficit? It is a bookkeeping thing. It is transferring the deficit from the federal Government to the provinces, and particularly to the have-not provinces which have the least ability to meet the costs of the basic needs of their people.

Mr. Reimer: Mr. Speaker, the reduction in the transfer payments is a reduction in the increase of the transfer payments. It is not that they are reduced, in that sense. It is the increase which is reduced. Let us be sure we are saying the same things.

The Hon. Member mentioned the deficits of the Provinces of Saskatchewan and Alberta as two examples. I would say that is not due to the lower increase in the transfer payments. That is due to the problems with low grain prices and in the energy sector. It has very little to do with the reduction in the increase in transfer payments. I would suggest to the Hon. Member that he look at what is really causing the difficulties and not bring up something which is not contributing to those provinces' deficits in any significant way.

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, I just want to say that the Hon. Member for Kitchener (Mr. Reimer) did admit in his remarks that the Minister of Finance (Mr. Wilson) was wrong to have made those commitments in August of 1984 when he must have known full well that he could not carry them out. I hate to put him in the position of having to apologize for that incident, but it is true that the Minister of Finance—

Mr. Reimer: Mr. Speaker, I rise on a point of order. The hon. gentleman in the beginning of his remarks said that the Minister of Finance was wrong and I admitted it. I did not say that. I think the Hon. Member is going to have to change his choice of words. Perhaps he will want to express that in another way.

Mr. Deputy Speaker: I think that is a matter of debate. The Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins) has the floor.

Mr. Hopkins: Yes, it is a matter of debate, Mr. Speaker. As the Hon. Member should understand, debate goes both ways across this Chamber. The Hon. Member certainly admitted that taxes had to be increased, and that is exactly what I said. The Minister of Finance stated in Toronto that he would not increase taxes in order to pay for the deficit, and the Hon. Member for Kitchener has just admitted in this House that the Government had to increase the taxes in order to do that very thing.

But are they doing it, Mr. Speaker? Again, we hear a lot of rhetoric about the great accomplishments with respect to the deficit, which seems to be continually on the minds of the Government backbenchers. The Minister said he was not going to increase taxes. He should apologize to every Canadian today because individual taxes have increased by 52 per cent to 53 per cent. Taxes on high income earners are on the decline at a time when they are on the increase for lower and middle-income earners. The Government now has the nerve to talk about tax reform. It is building an unfair system first and will then tear it down a bit the year before the election and say, "What great people we are". That is the farce going on in this country today in the field of finance.

I do not want to see Hon. Members on the Government side, or those who have borrowed seats on this side, tell us they plan to be here after the next election in their usual places. Because if they do, they should not go on at great length promising all these things. Goodness knows, we had enough promises during the last election campaign which have never been met. The Government promised 6 per cent real increase in defence spending. If inflation goes beyond the 4 per cent limit, the Government is going to have a minus factor in the real growth of the defence budget. Yet it thinks that it is the great prince on a white horse, the great friend of the defence community of this country. The fact is that the Government has misled that community, and it has not kept its commitments. It has not even kept the 3 per cent commitment with the NATO Alliance. The Government says it will increase the budget, and at the same time this year there may well be a minus growth in that defence budget.

• (1220)

I wish to comment on the suggestion that there is tremendous growth in employment. My goodness, when listening to the speeches from the Government side, one would not think there was no problem in the country. Maybe the Members do not go home and visit their constituents enough. This morning I checked with employment offices in eastern Ontario, and I know what the figures are there. When people talk about growth of employment in Ontario as compared to the rest of Canada, let us get down to the particulars of that statement. Ontario's growth in employment does not relate to the growth of employment in northern or eastern Ontario because the growth is not in those regions. What is being talked about is the golden horseshoe of the Province of Ontario, and I wish to make that straight. There was a job increase of 127,000 in Ontario in 1986. In the country as a whole there was a 115,000 job increase. The Government brags about that. If there were 127,000 jobs created in Ontario, and 115,000 in the country as a whole, that must mean that in 1986 there was a net loss of 12,000 jobs in the rest of the country.

When we talk about the regions let us include northern Ontario and eastern Ontario with the other regions of the country where those job losses took place.

The Minister of Finance comes from Toronto, and he can stand and brag about the golden horseshoe, without mentioning it, of course, and say what tremendous growth has taken place there. He may well be right. But let us not forget that when Bill Davis and Leslie M. Frost, and the other great Tory Premiers led the Province of Ontario, they used to take all the credit for the growth of employment in the Province of Ontario. I guess it is only fair then that in the good Tory tradition of Tory Premiers of the past a Liberal Premier can step out front and say that it is because of his Government in the Province of Ontario that all the jobs have been created, it is certainly not because of the manner in which the Government in Ottawa is operating.

It has been mentioned in the House today that the deficit the federal Government is trying to cope with has been passed on to others. That is quite true. That is another item that unfortunately the Member for Kitchener forgot to mention. There have been added expenses passed on to the provinces because of the actions of the Government. That is not paying off the debt. That is passing the buck. Some of the provinces are not in a position to pay. If the provinces are not in a position to pay, then the people in those regions of Canada receive less services than those who live in the wealthier parts of the country. That is not in keeping with the 1940 Rowell-Sirois Report, which was a very good in-depth document that went into the financing at the federal-provincial levels.

The equalization programs have been attacked in order to help the Government reduce the deficit. We have to ask whose deficit is it at the provincial level? Is it the federal deficit that is being passed on to the provincial deficit? What about the municipalities of the country? What about the taxpayers at the municipal level? The whole thing seeps down to the municipal taxpayers.

I wish to comment on some of the other famous cuts that we have been hearing about. In science and technology there have been severe cuts in the National Research Council. On many occasions in the House I have raised the matter of the Algonquin Radio Observatory, one of the greatest telescopes in the world. It will soon be closed down, supposedly to save $1.1 million in the Budget. But did the Government save this money? How many millions went into the famous prison in the riding of the Prime Minister (Mr. Mulroney)? The great institution that is the Algonquin Radio Observatory telescope would be able to continue operating for a further 30 years on the money that was wasted on the prison in the Prime Minister's riding. The Government then brags about all it is doing for science and technology in Canada. If that is not the reverse gear of science and technology, Canadians are wondering what is.

When the Minister of State for Science and Technology (Mr. Oberle) was asked about this in the House he said that he would appoint a task force to look into the matter, and have it bring back a report, particularly since the cuts that had been made troubled a number of people because they may have interfered with the health of basic research in the country. The Minister appointed the task force, and after the task force reported back to the House, we found that the Government had hogtied the task force on the National Research Council cuts, and that the task force was to report only on the health aspects of the cuts at NRC. The task force could not talk about it in wide terms. Indeed, that is said in the report. On page 2 of the report the task force stated:

> You first asked us to consider whether or not the decisions made by the National Research Council and recommended to the Government in our opinion endangered either the health or the safety of the Canadian public.
>
> It is our view—

They then state their decision. On page 8 the task force states the following:

> We have not attempted to interfere with with actual management decisions made. This would be inappropriate in our view.

Well, that is what all the questions were about, the actual cuts in science and technology.

The task force further stated:

> —we have not been asked to comment on the broader governmental policy decisions which resulted in these reductions and we consider that such comment would be equally inappropriate.

In other words, the task force was not asked to do it, therefore, it cannot be put in the report. After the report came out with those narrow guidelines to go on, the task force practically gave the Minister a clean bill of health on his decisions. As a matter of fact, the task force was not asked to do the specific things that we wanted to see it do when we questioned the Minister in the House. The science community is rightly angry because it has not had its day in court on this decision. Members who represent many high-tech and science-oriented installations in this country are perturbed.

• (1230)

It was sloughed off to a minor scale task force which did not meet the crunch of the bad decisions of the Government respecting science and technology and the future of the country. It was no wonder that the press indicated that the Minister of State for Science and Technology was dead wrong to claim that his task force report on the National Research Council vindicated the cabinet ordered budget cuts at the NRC. The article went on to indicate that it did no such thing, that the task force passed over the most important issues raised by the Government's assault on the NRC and that the narrowness of the group's mandate was the excuse cited by the three-member board. They admit that the Government did not allow them to go into the issues raised on the floor of the House of Commons, because it knew very well what would be the answers.

I should like to refer to a large telescope in Algonquin Park which weighs over 900 tonnes. It was programmed to be upgraded and polished, to become one of the three most famous installations of its kind in the world. As a result of a combined project by France and Germany, there is one in Spain, and there is a second one on a mountain in Japan. The Government, which pretends to be interested in science and technology and space, killed the very project in Canada that gave the most information about space itself. Not only did it give Canadians information on space, but people from many countries came here to conduct experiments and use it. In fact, Americans came up here because it was a better facility than those available in the United States. It is the old adage—if something is working well, kill it. That is what is happening with the Government.

Let me refer to what this means to Canada. It is the loss of the largest fully steerable telescope for astronomy in North America. Its value in terms of scientific research in Canada, in North America, and in Europe is incalculable.

Let us take the Post Office, for example—

Mr. Bradley: Please.

Mr. Hopkins: I hear a Tory Member saying "please". Is it any wonder? It does not matter what answer government Members give on the question of post office closures in rural Canada. The fact of life is that no one out there is listening to them because no one believes them any more. They talk about small community Canada, and the Minister says that any changes will only result through "natural opportunities". Is that not a wonderful term? The natural opportunities include things such as resignation. I am sure the resignation of an individual does not have much to do with whether or not there is a need for a postal service in a community. Also they include retirement. What relationship is there between someone's retirement and the need for postal service in a community? Also there is the promotion of a postmaster. Will everyone feel so glorious about the promotion of the local postmaster that they will say, "Now that he has been promoted, we do not need any postal service in this community"? Also there is the loss of the post office site. If the post office closes up or if it is sold, what does a real estate sale in a community have to do with the requirements for local postal service? That is the kind of logic which has caused trouble for the Government.

The Conservative Government says that rural post office closures and other changes in rural mail service will be concentrated in communities where these natural opportunities happen. We in the Liberal Party feel that postal service belongs to communities and that retirements or the sale of buildings have nothing to do with the continuing postal service needs of people.

It has been said that the national deficit should not be attacked on the basis of income tax alone, and that is quite

true. However, why does the Minister of Finance condone the raising of taxes, particularly for low and middle income people? The Budget does nothing for agriculture. It does nothing for forestry. In fact, we have seen cuts in the forestry sector, in the compiling of statistics about forestry resources in various provinces. We have also seen a 15 per cent tax applied to softwood lumber on this side of the border. This is why Canadians are convinced that the Government is not strong enough to handle the foreign and trade relations of Canada, which will become a greater problem in years ahead.

We have had the announcement of an ice-breaker three times. One of these days they will get around to getting it on stream.

Mr. Ravis: Thick ice.

Mr. Hopkins: Indeed it is thick ice. I think it is also a lot of red tape and a pretty thick layer of politics. It will be rather interesting to see what comes out of it.

However, the slick Budget of the Minister of Finance is simply a reflection of the policies of the Government and of its attitude to difficult national and regional problems. For all the great speeches we have heard about the reduction of the national deficit, here we are in the middle of a debate about the Government wanting to borrow $28 billion. We have seen all the government cuts and tax increases. We have also heard the statement of the Minister of Finance that reductions in the national deficit would take place by cutting government expenditures, not by raising taxes.

I will rest my case there, because it could not be more clear.

Mr. Ravis: Mr. Speaker, I listened to the Hon. Member for Renfrew—Nipissing—Pembroke (Mr. Hopkins). I returned to the House this week with a different attitude about the Chamber, mainly because I had spoken with many people who are feeling very frustrated about what goes on in the House. I listened to the Hon. Member for Kitchener (Mr. Reimer) who laid out in a non-partisan way, as I said earlier, some of the facts about where the country is at today. The Hon. Member for Renfrew—Nipissing—Pembroke talked about why we are debating today the borrowing of $28 billion. Surely to goodness the man must start being honest with himself and with the rest of his colleagues. Why don't we forget for the moment that we are Liberals and Conservatives and look at this issue in terms of what the circumstances are in Canada today. I hate to bring these things into the Chamber, but the Member quoted from an article. We can all do that, we can all zero in on little items and make the Government look bad or make the Opposition look bad. I want to quote Geoffrey Simpson of *The Globe and Mail*. He wrote about "limits to spending" as follows:

> The Liberals, they are wont to forget, sent Canada on a spending spree which, coupled with the decline in the government's revenue base, brought on an enormous deficit confronting the new Government.

• (1240)

You do not have to be a journalist or an economist to figure that out. Those are the facts. How can the Hon. Member for Renfrew—Nipissing—Pembroke challenge the Government and say it is raising taxes and it is not dealing with the situation as it should be? I cannot figure out what else one can possibly do. No matter how much we cut we will still be facing a very difficult situation in years to come. Cutting Government spending and raising taxes will still not solve the problem. I would like the Member to be honest and just tell us what the Liberals are doing to face up to this issue. They got us into this mess in the first place.

Mr. Hopkins: Mr. Speaker, the Hon. Member said, "I want the Member to be honest". I want to tell him that I am honest with my colleagues in this House and I do not think he is in a very good position to stand up in this House and insinuate that another Member is dishonest.

Mr. Ravis: I did not say that.

Mr. Hopkins: He brought that factor in twice. We are facing a great self-righteous attitude. Do you recall what the Hon. Member said, Mr. Speaker? He said that it is time for us to forget about being Liberals and Conservatives. Yet the Hon. Member for Kitchener carried on a tirade against the Hon. Member for Trinity (Miss Nicholson). Asking his question, the Hon. Member for Saskatoon East (Mr. Ravis) carried on a tirade against the Liberal Government. You do not ask someone to be mutually neutral and then lambaste them. It does not bother me because I have heard this great philosophy for a number of years and I know from whence it comes.

Mr. Bradley: The Liberal Party.

Mr. Hopkins: The Hon. Member must remember my point that the present Minister of Finance stood before the people of Canada in 1984 and made promises that the Government cannot keep today.

Mr. Bradley: Not true.

Mr. Hopkins: I will give the Tories the credit that they were smart enough to know better, Mr. Speaker. The Tories made that commitment but they are not carrying it out. They talk about annual deficits as though they are total debts. They talk about interest rates. The national debt today has increased by leaps and bounds in the last three years that the Government has been in power. The amount that has increased is certainly not just interest.

Mr. Bradley: It has not increased by leaps and bounds.

Mr. Hopkins: The Hon. Member shouts. If he wants to stand on his feet he will have his chance to say a few words. The Hon. Member better realize that the day is coming when the Government will have to answer to all Canadians for Government assets, Crown-owned assets, which it is selling off

in order to pay the deficit. The Government is still not able to cope, not even with the Minister of Finance'e statement.

Mr. Bradley: Because you left it too long.

Mr. Hopkins: The Government is still increasing taxes by 52 per cent for the average Canadian.

Mr. Ravis: Who got us in this mess?

Mr. Hopkins: The Hon. Member is self-righteous again. If you are in a mess, the Government is continuing the mess because it is continuing to increase the debt year after year.

Mr. Bradley: Not true.

Mr. Hopkins: Do not start the nonsense that you are pure over there. Canadians do not believe that.

Mr. Ravis: We are not pure.

Mr. Hopkins: The Tories are grappling with something they say they are succeeding at, but they are not succeeding at it. They might as well admit it. The only alternative is to say, "We are going to increase taxes by 52 per cent to 53 per cent for the average individual, and we are going to lower taxes for the wealthy people and lower taxes for large business corporations. Then we will give you tax reform just before the election".

The debt has been added to in the years since the Government has been in power as a result of mismanagement. It has been selling off assets owned by Canadians. The Tories say that the Government is making great strides. Let us be honest about this and say that the present Government is adding to the debt by leaps and bounds and it is not all interest. Do not try to tell us that.

[*Translation*]

Mr. Hudon: Mr. Speaker, I am not likely to forget there are Liberals and Conservatives here in the House, considering what we have just heard. We have been hearing the most incredible nonsense. First of all, the Hon. Member opposite doesn't know what he is talking about. When he says we are going to reduce the deficit by $28 million, I think this should be $21.3, and we are talking about billions, and we are talking about $7 billion which will go directly to servicing the national debt.

Mr. Speaker, perhaps my colleague would tell us what party let Canadians dream about a telescope for so long, since he mentioned the telescope a while ago. I think we should not forget which political party skewed reality for Canadians by giving them the illusion that all our society needed was Canada Works projects. People would work 26 weeks and draw unemployment insurance for 52 weeks. Which political Party set up Petro-Canada? Which Party introduced the National Energy Program? Which Party brought up the subject of sports lotteries? Remember all that? Sport Select and the whole bit? Which Party established FIRA? Which Party gave us the F-18? Which Party increased the tax on gas by four times what we had asked for in the Budget brought down by the Conservative Government that was in power for eight months? Which Party put a ceiling on indexation of Old Age Pensions at the beginning of the eighties? Which Party let interest rates rise to 20 per cent?

I think it takes unconscionable nerve to tell the House we are increasing the deficit. Under the Liberals, Mr. Speaker, and I think they were in power in 1967-68, the operating deficit was $712 million, and by 1984, it had grown to $38.3 billion. Today, Mr. Speaker, the deficit is $29 billion. We brought the deficit below $30 billion. You can hardly expect Canadians to believe they got a raw deal in September 1984 and that we increased the deficit.

I just wanted to say that under the Liberals, between 1967 and 1984, public spending as accounted for in the various Budgets increased not by 100 per cent, not by 200 per cent but by 862 per cent, Mr. Speaker. The Hon. Member just said we increased the deficit, a deficit that is now below $30 billion. Under the Liberals, in 1984, the last year they were in power, it was $38.3 billion. I fail to see his point.

• (1250)

[*English*]

Mr. Hopkins: Mr. Speaker, I have certainly got them going on this one. It is quite obvious that Members opposite are very anxious to placate themselves and to try to tell the public what a tremendous job they are doing. The Hon. Member says the Government has reduced the deficit by $30 billion. The Hon. Member for Kitchener just finished saying that the deficit for 1987-88 alone would be $29.3 billion. That is being added to the national deficit.

Mr. Bradley: The national debt.

Mr. Hopkins: Sure, the national debt. How can one member rise to say it is being reduced by $30 billion and another member rise to say it is going up by only $29.3 billion? They do not really agree among themselves over there.

Mr. Hudon: Speak about the telescope, it's better.

Mr. Hopkins: The Hon. Member mentioned the telescope which is world famous and serves not only our own nation but many others. It has put us in the forefront of technology. The Hon. Member asked what Government created that. That was originally started on a smaller scale by the Diefenbaker Government, and the large telescope was built by a Liberal Government. There was a great plea a while ago for total unity between Liberals and Conservatives. I must say that Mr. Diefenbaker, whom I knew very well and with whom I got along very well, was the one who started it but, like always, anything Tories start the Liberals have to finish. We operate the large telescope for $1.1 million annually. At the same time, we did not turn around and waste $40 million somewhere else on a prison in our Prime Minister's riding as the Government of the Member. I just got finished saying that if the Government really wanted to save money it could have run that great telescope for 30 years with what the Prime Minister wasted in one fell swoop.

Mr. Deputy Speaker: It is unfortunate that we cannot continue the question and comment period. I know the Hon. Member for Kitchener (Mr. Reimer) would like to ask a question. However, we must resume debate with the Hon. Member for Winnipeg North (Mr. Orlikow).

Mr. David Orlikow (Winnipeg North): Mr. Speaker, during the election campaign, the Prime Minister (Mr. Mulroney), who was then Leader of the Opposition, said that the real, major issue, in fact the only issue in the election campaign, the issue on which the public should judge the political Parties, was jobs, jobs, jobs. Despite the promises of the Prime Minister, and despite the claims that his Government has created hundreds of thousands of jobs, the fact is that there are still a million and a quarter Canadians unemployed. The fact is that in the *Budget Papers* which accompanied the Budget presented by the Minister of Finance (Mr. Wilson) some weeks ago, it is predicted that unemployment for the next few years will continue at the unacceptably high rate of 9 per cent.

What has happened? Instead of concentrating on the Prime Minister's election promise of jobs, jobs, jobs, the Government has concentrated on its determination to reduce the deficit which it claims has had such a disastrous effect on Canada. Along with the deficit, the Government has talked about the tax changes it will bring in, tax changes which will give us a simpler and fairer tax system.

Let us look at the record of the Government. The Government has now presented three Budgets and a financial statement. We have seen that deficit reduction has been its real priority for three years running. Tax reform to this Government is something for the future, something which we may get, and even that I doubt. I doubt that tax reform will give us a fair tax system under which those who can afford to pay and should pay will pay their fair share, instead of having poor and middle-income people who have for so many years over-paid continue to pay the unfairly high share of taxes they have paid.

There have now been three Budgets and a financial statement which have had the effect of increasing taxes for ordinary Canadians. Every Budget brought forward by the Minister of Finance increased income tax rates, sales taxes and excise taxes and imposed a host of fees and charges for services provided by the federal Government to meet the needs of the Canadian people. We have estimated that the increases brought in by the Government in the last three years will cost the average Canadian family $1,350 this year. Not only have costs to the ordinary Canadian risen, virtually all social programs, including one to which the Government said it was firmly committed, child care, have either been cut back or put on hold.

The Government has ignored the very real momentum which has built up in the feeling of need for a major reform of the tax system. The Prime Minister realized that the feeling for that was made clear in the debate which took place between the Leaders before the election. At that time, the Prime Minister promised a minimum tax so that no Canadian with an income which should be taxed would not be taxed. Many Canadians with high incomes had been able to avoid paying any income tax at all for years. That promise has been largely ignored until now.

The Government has shifted a considerable amount of the federal Government's debt onto the provinces because of continued reductions in federal expenditures. It has changed the formula for transferring funds under the Established Programs Financing through which the federal Government pays its share of the cost of post-secondary education and health care. The Government has also cut back on equalization grants and various forms of regional development spending. As a result, we have seen a sharp increase in the deficits of most of the have-not provinces. The Province of Saskatchewan announced a few days ago that it would have a deficit this year of $1.2 billion and that it would cut services and lay off 2,000 employees. Alberta has a huge deficit and the Province of British Columbia has a deficit of over $1 billion. The Atlantic provinces, which are so dependent on the federal Government for financial aid and which are among the most have-not provinces in Canada, have seen their deficits skyrocket again. That is one of the most unfair methods used by the federal Government to reduce the deficit which it says is so detrimental to the country. May I call it one o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being 1 p.m., I do now leave the chair until 2 p.m. this day.

At 1 p.m. the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

STATEMENTS PURSUANT TO S. O. 21

[*Translation*]

CANADIAN SPACE AGENCY

DEFINITION OF ROLE

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, the Conservative Government reduces the National Research Council budget by tens of millions of dollars because, first, it wants to invest $824 million in Canada's space program and create a Canadian space agency.

Second, it privatizes Teleglobe Canada, the only Canadian international satellite communications company.

Third, the Tory Government negotiates with Lavalin and Bell Canada to transfer to the private sector the mapping and remote sensing services of the Department of Energy, Mines and Resources, a deal allegedly worth $55 million.

Given the fact that the $824 million earmarked for the space program include $247 million for remote sensing and $207

million for telecommunications, and that the Government has privatized the federal services responsible for such activities, we must conclude that the Canadian space agency will be nothing more than a purveyor of contracts to the private sector because the federal services which might handle them will no longer exist.

* * *

[*English*]

TRADE

IMPOSITION OF TARIFF ON CORN IMPORTS FROM UNITED STATES

Mr. Elliott Hardey (Kent): Mr. Speaker, the Canadian Import Tribunal made its final assessment last Friday and upheld the countervailing duty applied by the Government of Canada to imports of grain corn from the U.S. The final figure is $1.21 Canadian or U.S. 84.9 cents. Corn producers in Ontario who initiated the action are pleased even though it does not bring them totally out of the doldrums of poor market conditions.

What is important, however, is that Canada has proven that it is deficiency and subsidy programs which have devastated the farmers of Canada. We have made a stand against the injurious effects of the U.S. Farm Bill and this stand has been noted around the globe. Moreover, it is important that Canadian corn growers get more out of the market-place and less from government assistance in order to protect our stabilization programs.

The world must soon accept the futility of subsidy wars. Perhaps this action by Canada will help drive that point home. The Ontario Corn Producers Association should be congratulated for its effort.

* * *

REFUGEES

VICTOR REGALADO—SCHEDULED REOPENING OF IMMIGRATION INQUIRY

Mr. Dan Heap (Spadina): Mr. Speaker, I call on the Government to give Victor Regalado a fair hearing. In 1982, Mr. Regalado, a Salvadoran journalist, sought refugee status in Canada and was found by the Minister of Employment and Immigration to be a *bona fide* refugee. However, he was detained and ordered deported because the Minister of Justice and the Minister of Employment and Immigration signed a security certificate against him. His deportation was stayed because Canada would neither send him back to El Salvador nor back to the U.S. which, as the then Minister of Employment and Immigration said, has a policy of not accepting refugees from that country and of sending them back. Now the present Government, following its new policy of deporting some Salvadoran refugee claimants, has scheduled a reopening of Regalado's immigration inquiry for next Monday for the purpose of deporting him. To send Regalado back to likely imprisonment, torture or death, on the basis of an unknown accusation against him which he has never been allowed to defend himself against, would be a horrible crime. I call on the Government to cancel Monday's inquiry and find a more humane and just solution.

* * *

REVENUE CANADA

SUSPENSION OF AUDIT OF FARMERS' INCOME

Mr. Lee Clark (Brandon—Souris): Mr. Speaker, as someone who has been expressing concern about Revenue Canada's investment tax credit to the Minister for well over a year, I was pleased to hear him announce last week that he had ordered a pause in that audit until he could explore the problem more fully. I also applaud the Minister for his willingness some three weeks ago to meet at very short notice on this same issue with both representatives of Keystone Agricultural Producers and some of us who represent Manitoba constituencies.

Having said that, I now urge the Minister to inform his officials that they must devise an audit which distinguishes between those few farmers who may have deliberately set out to abuse the investment tax credit, and the vast majority of farmers who have simply filed a tax return according to the instructions in the Farm Tax Guide. Unless Revenue Canada officials can make that distinction, many Canadian farmers who have no idea of what wrong they have allegedly committed will be unfairly caught in a web which appears to have been woven retroactively.

* * *

[*Translation*]

SPORTS

CONGRATULATIONS EXTENDED TO PIERRE HARVEY

Hon. Donald J. Johnston (Saint-Henri—Westmount): Last Saturday, Mr. Speaker, Pierre Harvey, an outstanding athlete from Saint-Lambert-de-Lévis, became the first Canadian ever to win the world's cross-country ski cup. At the end of this race of only 30 kilometres he crossed the finish line more than a minute ahead of his closest competitor, a practically unbelievable margin of victory.

[*English*]

He described his victory as the greatest day in his skiing career. It was also a great day in Canadian skiing history. Harvey is a modest person and appears to shun publicity. However, all Canadians should be aware of this spectacular

achievement and proud of this superb athlete and fine representative of Canada.

[*Translation*]

Congratulations, Pierre Harvey, and good luck!

* * *

[*English*]

INDIAN AFFAIRS

VISIT BY SOUTH AFRICAN AMBASSADOR TO PEGUIS RESERVE

Mr. Felix Holtmann (Selkirk—Interlake): Mr. Speaker, today within my constituency of Selkirk—Interlake, South African Ambassador Mr. Glenn Babb will visit the Peguis Indian Reserve to view living conditions there. Canada is a free country and the Chief of the Peguis Reserve has every right to invite Mr. Babb to visit, without a special card.

Canada does not pretend to have dealt adequately with Indian, Inuit, and Métis people. We have held a series of constitutional conferences with native leaders and we will be back at the conference table at the end of this month. Blacks in South Africa have not seen such commitment.

It is to be hoped that the Chief of Peguis will tell Mr. Babb that Indians on reserves are protected by the same fundamental constitutional rights as are all people in Canada, that native people receive free health services, education, housing, and unemployment insurance, have freedom of assembly and mobility, have freedom to work and access to a free press, are exempt from paying income taxes and federal sales tax, and have the right to vote. Why, native people can even take elected representatives to court. Mr. Speaker, Canada does not have any lessons to be learned from the Government of South Africa about the treatment of aboriginal people.

* * *

ROAD SAFETY

USE OF REAR SEAT SHOULDER BELTS IN CARS

Mrs. Thérèse Killens (Saint-Michel—Ahuntsic): Mr. Speaker, my intervention is with regard to the need for Governments to make rear seat shoulder belts mandatory in all cars manufactured in Canada. I have a letter signed by Dr. Blair of the Children's Hospital in Vancouver. It is addressed to the President of GM Canada, the President of Chrysler, the President of American Motors, and the President of Ford Canada. It says:

> The CBC, on their program *The Fifth Estate*, recently aired a piece on the horrendous injuries that can occur with lapbelt-only rear seat automobile restraint.
>
> Any of us who have dealt with automobile accident victims can—speak—of the "lap-belt syndrome"—spinal injury, internal abdominal injuries—
>
> I think it is our responsibility, as doctors concerned about preventive medicine, to speak out in favour of mandatory rear seat shoulder restraints in all newly manufactured automobiles.
>
> It behooves us to encourage our government to make rear seat shoulder restraints mandatory on Canadian built cars . . . . Most importantly, we must encourage our patients to "buckle up" themselves and their family.

* * *

[*Translation*]

THE MEDIA

INTERPRETATION OF FACTS

Mr. Gabriel Fontaine (Lévis): Mr. Speaker, every day our society receives an ever growing mass of information. Media professionals have a significant and increasing influence on the way citizens think.

One of these days, Mr. Speaker, perhaps we will experience the following hypothetical situation:

The official in charge of communications at the office of the Prime Minister (Mr. Mulroney) advises the media that a unique and extraordinary event will take place in a few days: the Prime Minister of Canada will walk across the water of the Rideau Canal.

On the appointed day the Prime Minister arrives near the canal and, closely watched by cameras, newsmen and hordes of curious people, he crosses the Rideau Canal by simply walking on the water.

A unique event in 2,000 years! Just read the media headlines: "Brian Mulroney can't swim!"

* * *

[*English*]

VIA RAIL

STANDARD OF SERVICE ON WINDSOR-TORONTO ROUTE

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, Windsorites have more in common with the west than prairie grass, and much more in common with the Atlantic provinces than a gregarious people, that being the unceasing insensitivity and often incompetence of the foci of decision-making in central Canada. Let us consider VIA Rail. VIA Rail, on the route from Windsor to Toronto, has been a study of inconvenience and a source of unremitting complaints almost since its inception.

Along the busiest rail thoroughfare in the country, with a market of thousands of potentially Toronto-bound passengers cultivated by promotion and in love with Canada, no malevolent design could have contrived to discourage travel by VIA Rail as has the management of this corporation. Ride on a GO Train, a train with no heat in winter and no air-conditioning in the summer; buy a ticket and find no room on the train; get on

the train and wait two to four hours to leave, and then perhaps complete the trip by bus; stay hungry but healthy by avoiding the food. Then hear the answer to your complaints by the enlightened management of VIA Rail—cut costs by eliminating trains which are, after all, now "only lightly used".

* * *

POLITICAL PARTIES

POSITION OF LIBERAL PARTY ON CRUISE MISSILE TESTS

Mr. John A. MacDougall (Timiskaming): Mr. Speaker, what a sorry state the Liberal Party finds itself in with no clear policy stance on anything and no direction from its Leader. At no time has this been more evident than yesterday when this House voted on a matter of international importance, an issue which required a clear Canadian statement, and the Liberals were unable to present the public with a policy. They were even unable to agree within their own Party.

• (1410)

In the vote yesterday, four Liberal Members opposed the so-called official Party stance. But the House and Canadians know that there are others within their ranks who are at odds with their party policy.

With all this confusion the Liberals have begun to resemble a horse with two heads, tearing at its middle in an attempt to run off in every direction.

To top it all off, for a decision as significant to the nation as was made here yesterday, the Leader of the Opposition (Mr. Turner) was not even present to stand in his own line of fire.

* * *

SUPPLY AND SERVICES

AWARDING OF CONTRACTS—PRE-NOTIFICATION OF MINISTER'S OFFICE

Mr. Len Hopkins (Renfrew—Nipissing—Pembroke): Mr. Speaker, the Minister of Supply and Services (Mrs. Vezina) has an internal document in her Department that requires all federal contracts over $25,000 in six eastern Quebec ridings to be reported to her office for announcing purposes. One of these ridings is her own and one is that of the Prime Minister (Mr. Mulroney). But the document also asks for all information at least 48 hours in advance.

It goes on to say: "If no response is heard from the Corporate Relations Board", which is her officials, "—award can proceed in the normal fashion". This smacks of political interference. It goes on to say: "If there are inquiries and a request is made to delay the award, the responsible procurement officer shall inform management immediately of the situation". We know that the Prime Minister wants to make many announcements these days, but the truth of the matter is that this political meddling system that has been set up by the Minister of Supply and Services has nothing to do with regional economic disparity but a lot to do with the regional political disparity of the Government.

* * *

ENVIRONMENTAL AFFAIRS

ACID RAIN—SIGNING OF ABATEMENT AGREEMENT BY GOVERNMENT AND PROVINCE OF ONTARIO

Mr. Alan Redway (York East): Mr. Speaker, the signing of an abatement agreement this morning between the Canadian Government and the Province of Ontario is more solid progress in the fight against acid rain.

In 1984, when our Government took office, the Prime Minister (Mr. Mulroney) made the clean-up of the environment and acid rain in particular a top priority. For the first time ever, the problem was discussed face to face by a Canadian Prime Minister and the President of the United States. Essential to our getting the U.S. to take action was the need to get our own house in order by reducing our own acid rain emissions.

In 1985 the seven provinces east of Saskatchewan agreed orally to cut acid rain emissions in half by 1994. Today and yesterday, formal agreements to that effect were signed with Ontario, Newfoundland, and Prince Edward Island. Hopefully all seven provinces will sign before the April meeting between the Prime Minister and President Reagan so that we can show that Canada is united in the battle to eliminate the environmental scourge of acid rain.

* * *

ABORIGINAL RIGHTS

THE CONSTITUTION—ALLEGED POSITION OF ONTARIO GOVERNMENT

Mr. John Parry (Kenora—Rainy River): Mr. Speaker, I have with me a policy memo of the Department of Intergovernmental Affairs in Ontario which I feel all aboriginal people in Canada would be interested in. The briefing paper states that Ontario's position in the upcoming First Ministers' Conference should: "—oppose any suggestion that Indian treaties are nation-to-nation agreements or that aboriginal peoples retain any element of sovereignty or inherent rights implicit in the treaty approach".

The Leader of the federal Liberal Party (Mr. Turner) should refute that position and state publicly that the Liberal Party does recognize that Indian treaties provide inherent rights.

The Liberal Premier of Ontario will hold a unique veto power at the First Ministers' Conference, and the aboriginal people of Canada expect Ontario to take a lead in these talks, as indeed the province has in the past.

The Premier of Ontario was well advised to fulfil the provisions of the NDP-Liberal Accord in that province. He is now showing Canadians that, when left to itself, his Government back-peddles. Yesterday it was revealed that 84 per cent of Canadians support the right to aboriginal self-government. I say to Mr. Peterson: "Wake up", and I say to the Leader of the Opposition: "Speak up". Prove to Canadians that you can have a united position on aboriginal rights.

* * *

PENITENTIARIES

ILLITERACY AMONG INMATES—INTRODUCTION OF NEW EDUCATIONAL PROGRAM

Mr. Ross Belsher (Fraser Valley East): Mr. Speaker, many of the inmates in Canadian prisons today cannot read or write. They are functionally illiterate. In the past this has meant that they were unable to read, write, and do arithmetic above a grade 5 level. This has now been raised to a grade 8 level, which is more realistic in today's computer age.

The Solicitor General (Mr. Kelleher) recently announced the establishment of a new adult basic education program to increase the functional literacy of federal penitentiary inmates. In my riding of Fraser Valley East, Fraser Valley College has just been granted an extension from Correctional Services to increase the services that it now provides to over 100 inmates in seven federal institutions through its literacy and life skills programs.

This is an important move taken by a Government that recognizes a silent problem and works to solve it. Colleges such as Fraser Valley are committed to helping Canadians achieve a strong sense of self-worth and to make them more productive members of society. I know that the teachers and staff of the Fraser Valley College welcome the stand taken by the Solicitor General in making literacy a number one priority for inmates. I for one cannot imagine a life without books. Can you, Mr. Speaker?

* * *

[*Translation*]

IMMIGRATION

MINISTER'S ATTITUDE

Mr. David Berger (Laurier): Mr. Speaker, when the Minister of Employment and Immigration (Mr. Bouchard) got back from Florida, he said that he failed to understand how refugees who had spent only three or four days in a country could protest against the laws of that country. He was referring to the Chileans who are on a hunger strike in Montreal. I would like to inform the Minister that these refugees are not protesting against the law. The law has not changed. They are protesting against the repressive measures taken by the Minister on February 20 that closed this country's doors. I can also inform the Minister that these persons are not alone. While he was in Florida, people started to react.

Last Tuesday night in Montreal, 400 people met to protest the action taken by the Minister of Employment and Immigration. There were representatives from various churches, including the archdiocese of Montreal and the Anglican, United, Mennonite and Presbyterian Churches. There was a rabbi and the President of the Canadian Jewish Congress. There were union representatives. The Minister has seen only the beginning of a vast protest movement that will not cease until these repressive measures have been repealed.

• (1415)

ORAL QUESTION PERIOD

[*English*]

PETRO-CANADA

FUTURE OF CORPORATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, in the absence of the Prime Minister my question is directed to the Deputy Prime Minister. I say to him that I disagree with the views of senior Ministers of his Government about Petro-Canada. I believe firmly that Petro-Canada has a policy role to play in this country and that Canada should never again be held hostage by OPEC. Does the Deputy Prime Minister not believe that Petro-Canada has a vital and crucial role to play in the exploration and development of oil and gas, particularly on the frontier? And does he not believe that that is important and vital to the self-sufficiency of this country in the future?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, I think the Prime Minister dealt with that question quite completely yesterday. He clearly pointed out the fact that Petro-Canada was a candidate which was being examined. I am interested in the comments of the Hon. Leader of the Opposition because we are not really sure what his position is in terms of the rest of his Party. His colleague, in his book *Up the Hill*, complained very bitterly about the fact that Canadians invested billions of dollars in this particular institution and that there were strong suggestions it should be divested.

Some Hon. Members: Oh, oh!

[*Translation*]

GOVERNMENT POLICY

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, my question is again directed to the Deputy Prime Minister, since he and his colleagues have the responsibility for this Government.

Is the Prime Minister or is the Deputy Prime Minister depending on the foreign multinationals to guarantee Canada's oil self-sufficiency? Is he depending on the multinationals to do the necessary exploration to develop our resources on the frontier? Does he not he understand that Petro-Canada should be used also to compete with the multinationals? Is this not part of the present Government's policy?

[*English*]

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, in the view of this Government it is not necessarily public ownership which determines the viability of the frontier of this land. Petro-Canada made an announcement about which we were very pleased regarding frontier exploration and it was a decision taken by the company on a straight commercial basis because the company, privately or publicly owned, has faith in the future of Canada and in the energy industry.

POSSIBLE SALE OF CORPORATION

Right Hon. John N. Turner (Leader of the Opposition): Mr. Speaker, I want to ask the Deputy Prime Minister why it is that his Government wants to sell Petro-Canada to Canadians. We own it already, don't we?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, my colleague, the Minister of Energy, Mines and Resources, said this morning that he owns our share of Petro-Canada and that if Canadians own this directly they will still have a stake in the future of the energy sector, even more so than they do if it is owned by the Government. We do not think, as the Hon. Member appears to do, that government ownership solves every problem.

• (1420)

CORPORATION'S ROLE IN EXPLORING FOR OIL

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, my question is directed to the Deputy Prime Minister. The Government seems to want to destroy Petro-Canada for no apparent reason. Does the Deputy Prime Minister agree with the comments made by the Minister of Energy, Mines and Resources this morning on *Canada AM* that Petro-Canada has completed its vital job of exploring for oil in Canada?

Hon. Barbara McDougall (Minister of State (Privatization)): Petro-Canada will not stop exploring for oil should it go into the private sector. The Hon. Member is suggesting that it will lie down and die. It will not. Our view of privatization is that we intend to strengthen Canadian companies through the privatization process, and give Canadians a direct stake in it.

FUNDING OF EXPLORATION

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, subsequently in that same interview this morning on *Canada AM*, the Minister of Energy, Mines and Resources said that the reason the Government wanted to sell Petro-Canada was to raise more funds to be able to continue with exploration. Now, which is it? If the Government will receive the funds for the sale of Petro-Canada, who will do the exploration? The CBC, or Fitness and Amateur Sport? Who?

Hon. Barbara McDougall (Minister of State (Privatization)): This morning my colleague said that Petro-Canada will need to raise money from some source in order to further its exploration. The Government can control Canadian corporations in four ways: it can tax, it can spend, it can regulate, or it can own. Ownership is not the final answer to whether exploration is done in this country.

GOVERNMENT PLANS

Mr. Ian Waddell (Vancouver—Kingsway): Mr. Speaker, my question is directed to the same Minister. I am from British Columbia, and I am tempted to send my BCRIC shares to the Minister. She can paper her cottage with them, and see how much they are worth.

I wish to ask the Minister a question with respect to the Government's privatization plans. Will the Minister confirm that plans are under way to privatize Petro-Canada by selling 20 per cent of the company for approximately $700 million? If the Minister cannot confirm those figures, will she at least confirm that the plans are to make Petro-Canada part private and part public?

Hon. Barbara McDougall (Minister of State (Privatization)): No, Mr. Speaker, I cannot confirm that. The company is under review at the moment, and no decisions have been taken on whether or not Petro-Canada will be privatized and, if so, how it will be privatized. We are examining the possibility very seriously. I have said that before, my colleague the Minister of Finance has said it, and the Prime Minister has said it. It was a campaign commitment that we would look at Petro-Canada. That is exactly what we are doing.

Mr. Waddell: All of this was supposed to happen in the Government's second term. Given what the Government has done, maybe it will not have a second term, so it is doing it now.

Some Hon. Members: Oh, oh!

Mr. Speaker: I know that the Hon. Member wants a second term.

Mr. Waddell: I will try not to fly by the seat of my pants, Mr. Speaker.

Oral Questions

GOVERNMENT POLICY

Mr. Ian Waddell (Vancouver—Kingsway): My supplementary question to the Minister is this. Given that the Government has been sabotaging Petro-Canada for the last two years by cutting high-risk expenditures, by cutting research and development, by hosing consumers at the pump, by taking dividends out of the company and not putting any equity back in, is it any wonder then that there is no public policy set by the Government for Petro-Canada right now?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, the Government has said all along that it would examine the need for any public policy. My hon. colleague, the Minister of Energy, Mines and Resources, has already answered this question. The issue is under serious review. When the people of Canada elected us, they knew that we were interested in privatizing companies that we thought had no public policy purpose. The reason that it does not have a public policy purpose is that there are other ways in which we can encourage exploration and development, and we have done that.

ENERGY CRISIS CONTINGENCY PLANS

Mr. Ian Waddell (Vancouver—Kingsway): Is the Government aware that in 1973 during the first energy crisis the British Government told British Petroleum, of which it owned a 50 per cent share, that it had to meet British energy needs first before other energy customers, and that British Petroleum refused?

• (1425)

Given that there would be minority shareholders who, under our law would have an interest, how does the Government propose to direct that kind of privatized Petro-Canada to ensure energy security, exploration, and development to meet the energy crisis of the 1990s?

Hon. Barbara McDougall (Minister of State (Privatization)): Mr. Speaker, the Hon. Member keeps asking the same question in different ways. I have already pointed out that there are other ways to encourage exploration and development and Canadian self-sufficiency. The Government has other powers besides the power of ownership. A privatized company in the hands of Canadians could help to fill the interest of Canadians in self-sufficiency and in Canadianization.

DEVELOPMENT OF TERRA NOVA OILFIELD

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, my question is for the Deputy Prime Minister. Yesterday the Minister of Transport and the Minister of Energy, Mines and Resources announced in St. John's, Newfoundland, Petro-Canada's decision to drill two new wells at the Terra Nova oilfield. Also the Ministers in question announced the mode of production to be employed if Terra Nova is to be brought into commercial production. Both the decision to drill two new wells and the decision on the mode of production were taken without the advice or the consent of the Government of Newfoundland. Why did the Government of Canada break its legal commitments to the Province of Newfoundland under the terms of the Atlantic Accord passed in the House only a few weeks ago? In describing the agreement, the Prime Minister said that it was an accord which makes the Province of Newfoundland a full and equal partner in its own offshore development.

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the decision made by Petro-Canada was a business decision, and the announcement was made in an entirely appropriate manner. If and when a development plan is submitted, depending on the results of geological testing, it will be submitted as agreed to the Canada-Newfoundland Offshore Petroleum Board.

[*English*]

TERMS OF ATLANTIC ACCORD

Mr. Brian Tobin (Humber—Port au Port—St. Barbe): Mr. Speaker, the terms of the Atlantic Accord make explicitly clear the equal role of the Government of Newfoundland in the development of the Newfoundland offshore. Yesterday, the Minister who just spoke and his colleague from Newfoundland, in a fit of pique in the middle of a cat fight with the Premier of Newfoundland, made unilateral announcements without respecting the terms of the agreements contained in the Atlantic Accord. Will the Deputy Prime Minister stand on his feet and apologize to the people of Newfoundland for that unilateral action which made a mockery of the Prime Minister's commitment to the people of Newfoundland and of the Atlantic Accord? When the Prime Minister announced the Atlantic Accord, he said: "We have believed firmly in the principle of equality—equality in terms of joint management—". Where is the equality today?

[*Translation*]

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, first of all, we certainly have no apologies to make for the decision by Petro-Canada. In fact, we are delighted. Second, the process that led to the decisions and the announcement made by Petro-Canada were quite normal and appropriate.

LAY-OFFS IN MONTREAL EAST—GOVERNMENT POSITION

Mr. Robert Toupin (Terrebonne): My question is directed to the Minister of Energy, Mines and Resources. Last week I stated that the Conservative Government was gradually setting the stage for the privatization of Petro-Canada—apparently this has since been confirmed—a move which would lead to the closure of the Montreal East Petro-Canada refinery. There are regular lay-offs: 21 workers lost their jobs and none was offered alternative employment. I asked the question lask week but did not get an answer. What does the Minister intend to do

to save these 21 jobs in Montreal East and do justice to these former employees?

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, Petro-Canada management make their decisions on a commercial basis in what they believe to be the interests of society and all Canadians.

GOVERNMENT'S INTENDED MEASURES TO SAVE JOBS IN MONTREAL

Mr. Robert Toupin (Terrebonne): Mr. Speaker, Petro-Canada answers to the Conservative Government. Is the Minister of Energy, Mines and Resources a Minister without resources, without energy so it would seem? Can the Minister give a specific answer to the question and tell us what he intends to do to save these jobs in Montreal East?

Hon. Marcel Masse (Minister of Energy, Mines and Resources): Mr. Speaker, the Hon. Member will have to learn that the best way the Minister of Energy, Mines and Resources can serve the House is to read the Petro-Canada Act first. The Hon. Member ought to do the same thing, for he would realize that under the provisions of the Petro-Canada legislation the Minister of Energy, Mines and Resources is expressly forbidden to intervene in the day-to-day trade activities of the corporation. The House so decided and that is the way the legislation reads.

* * *

• (1430)

[*English*]

DEPARTMENT OF ENERGY, MINES AND RESOURCES

FUTURE OF BRANCHES—DISCUSSIONS WITH LAVALIN CORPORATION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, my question is for the Deputy Prime Minister. On Friday the Minister of State for Forestry and Mines told me:

> We have never at any time discussed the privatization of a department or function of the Government to this date.

I repeat: "We have never discussed the privatization . . . " We know that Lavalin met with Treasury Board three times at Treasury Board's request. We know they discussed the privatization of certain departments working in the field of cartography. Will the Government come clean and tell us what it intends to do with these essential services? Will the Government tell us the truth and tell us what is going to happen to the 1,300 employees who are involved in this very essential service?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I will try to answer, once again, the same question from my hon. colleague. It was very clear in my answers yesterday, I believe yesterday, that there were exploratory discussions on a make or buy policy, which is not privatization. Those discussions were preliminary in nature. They had to deal with a number of corporations to follow up on a recommendation by the Task Force on Program Review, a task force that was composed of public sector, private sector, and labour representatives. And in order to give up a thorough follow-up to those recommendations, we did discuss the potential for a make or buy policy. Obviously this topic was raised. These were exploratory in nature. There were no negotiations, no offers sought, no offers made, and no bids received.

[*Translation*]

GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, in that case, I contend that the Minister of State for Forestry and Mines misled the House. On Friday he said, and I quote:

> We have never at any time discussed the privatization of a Department or function of the Government to this date.

We are talking about three of the Government's essential services, and the Minister just admitted that he started talks with Lavalin and Bell about privatizing these services.

Would someone please tell us who in this Government is telling the truth?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, we are not talking about privatization. We are talking about a make or buy policy.

Mr. Speaker, speaking of getting our act together, I wish the Hon. Member for Ottawa—Vanier would consult with his colleague from Shefford, who said on CHLT in Sherbrooke last Saturday, if I am not mistaken—

An Hon. Member: Last Friday.

Mr. de Cotret: Excuse me, last Friday. He said: "Frankly, I have no problem at all with the concept of privatization." Actually, that is not the right word. "I have no problem at all with the concept of privatizing Government services. I know that in a similar case, this was done for the provincial institute of cartography. It did not create any problems, so far as I know, although we would have to look at all the details and conditions. In any case, the concept is certainly not one that I would reject out of hand."

So, I wish the Opposition would get its act together.

[*English*]

FUTURE OF EMPLOYEES

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, you may agree with me that the Liberals are confused about privatization but so is the Government on what it wants to do.

Some Hon. Members: Oh, oh!

Mr. Cassidy: My question is for the President of the Treasury Board and deals with the same issue. I would like the

President of the Treasury Board to explain to me what will the 1,300 employees of the surveys and mapping and the other two branches concerned do? What services will they provide and on what basis, if any, will they gain their income if the Government decides it is going to buy the mapping services from the joint company run by Bell and Lavalin? If this service is contracted out, is the Government not talking about privatization by pink slips as far as the employees of the Government of Canada are concerned?

Mr. Blackburn (Brant): They are blue slips.

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, if I am not mistaken, there are three ifs in the Hon. Member's question. If this, if that, and if the other thing. All I can say, once again, is that there were general discussions, very initial discussions on the over-all question of a make or buy policy for the Government of Canada following the Task Force on Program Review. No negotiations were ever entered into, no bids were sought, no offers were received, and no decision on the issue has been made. How can I answer a hypothetical question of that nature?

[*Translation*]

GOVERNMENT'S CONTRACTING-OUT POLICY—IMPACT ON PUBLIC SERVANTS' JOBS

Mr. Mike Cassidy (Ottawa Centre): Mr. Speaker, I would like to put a supplementary to the President of the Treasury Board. How many more public servants will be affected by the Government's determination to start discussions with the private sector, to transfer services that are now provided by employees of the Public Service of the Government of Canada? Is that what the President of the Treasury Board meant in his statement, that there would be discussions with a number of companies in the private sector to arrange for transfers of jobs in a way similar to what would happen by privatizing the mapping division?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, the Hon. Member for Ottawa Centre is implying that the Government should never have discussions with the private sector to try and identify the best way to spend taxpayers' money. We are trying to improve efficiency and productivity in the public sector. To do so, we are having discussions with the private sector. I think that is only normal. We are also having discussions with the labour unions. We are continuing these discussions in order to give Canadian taxpayers across this country the assurance that the money they put into the federal Treasury is spent with their best interests in mind.

[*English*]

HEALTH

AIDS DISEASE—CONTENT OF ADVERTISEMENTS

Ms. Sheila Copps (Hamilton East): Mr. Speaker, my question is for the Minister of National Health and Welfare. We now know that the Canadian Telecasters Committee has hypocritically rejected three of the four ads designed to fight AIDS in this country, the three ads that happen to use the word condom. Now that these ads have been rejected, can the Minister tell us what specific strategy his Department has in place to get out the message to every Canadian household about this killer disease?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, in response to the Member's question, I believe, and I think most objective people who have seen the ads feel that the ads conveyed the situation. I believe it was a balanced message. I fully appreciate that in the area of sexuality there will be different points of view.

I would hope in connection with the ads which the Canadian Public Health Association developed, and which the Department of Health and Welfare through taxpayers' money bought, that the telecasters would reconsider the position they took. The CPHA had a press conference at approximately one o'clock this afternoon in which that same message was put forward. I would hope that the telecasters upon second thought would look at those ads. I do think that they reflect not only a general approach, which I think is fair to the attack on AIDS, but also which is in keeping with what I think is proper and decent.

REQUEST FOR DOOR-TO-DOOR MAIL CAMPAIGN

Ms. Sheila Copps (Hamilton East): Mr. Speaker, the Minister will know that his Department is not going to spend a single penny to get this message out over the airwaves, door-to-door, or in any other fashion. Given that the Minister's colleague from St. John's West can find the money to distribute brochures to every household in Newfoundland about a fishing agreement, does he not think that at the very least his Department should be considering a door-to-door brochure on the issue of AIDS across Canada?

Mr. Crosbie: Do you want me to send condoms with them as well?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, the point which the Member puts forward as the basis for her question is not accurate. We have put forward money, public money, for brochures. We have brochures in doctors' offices, universities, and colleges where Canadians can pick up those ads. We have put forward money to various groups which have support groups for AIDS patients. I have said, as the campaign is launched, that if more is needed we will have a look. In a very difficult situation in which we must bring forward the best and most accurate information, I do not

think we serve anyone by putting forth either sensational points of view or views that are simply not accurate.

* * *

• (1440)

AGRICULTURE

WASHING OF VEHICLES LEAVING NEWFOUNDLAND IN ORDER TO COMBAT POTATO DISEASE

Mr. Mel Gass (Malpeque): Mr. Speaker, my question is directed to the Minister of Agriculture. At this time the Department of Agriculture is washing every vehicle that leaves Newfoundland in order to stop the spread of potato warts and golden nematodes to the mainland. These diseases could wipe out the potato industry in P.E.I. and the rest of Canada as well. In order to save money the Department is thinking about the option of discontinuing the washing of vehicles leaving Newfoundland. Will the Minister advise the House and the Canadian potato industry what is being done to ensure the continuance of this very essential program?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate the Hon. Member's interest in the subject and I appreciate the Hon. Member and his colleagues from P.E.I. and Newfoundland bringing this matter to my attention. I would like to allay their fears by indicating that indeed, as far as the Department is concerned, no final decision has been taken but I have instructed the Department to put a full and complete hold on that operation. Indeed, it should continue to function in the future as it has in the past. I will also be holding a meeting either Thursday or Friday morning with my colleagues from those two provinces. We will sit down together to map out, in co-operation and in concert, a future course of action on that problem.

* * *

AGRICULTURE

ASSISTANCE FOR GRAIN FARMERS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, my question is also directed to the Minister of Agriculture. For some time now and particularly in the last couple of weeks, the Government has clearly indicated that special assistance will be provided to grain farmers in the 1987-88 crop year. Taking the Government at its word, can the Minister confirm that he will not be announcing any details whatsoever about the 1987-88 special assistance program before spring planting, and possibly not even before harvest?

Hon. John Wise (Minister of Agriculture): Mr. Speaker, I appreciate that question as well. Indeed, the Hon. Member, the House and the industry will, I am sure, take some satisfaction in the fact that my colleague, the Minister in charge of the Canadian Wheat Board, and I met some 55 farm leaders last Thursday. They joined with us in a joint press release which sent a very sensible signal to the industry that indeed Canadian grain and oil-seeds farmers should not plan their 1987 cropping pattern based on the formula of distribution of the Special Canadian Grains Program, nor should they base their 1987 cropping pattern on the expectation of continuing government assistance.

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CANADIAN WHEAT BOARD

ANNOUNCEMENT OF INITIAL PAYMENTS

Mr. Stan J. Hovdebo (Prince Albert): Mr. Speaker, as the Minister has just indicated, he is aware of the great difficulty farmers are having in deciding what to plant in the spring. Since the Minister will not confirm a special assistance program, can he tell us if he will be announcing the 1987-88 initial payment details this month or will he simply be announcing the initial payment level for the top grades? Will he be announcing any details at all about initial payments?

Hon. Charles Mayer (Minister of State (Canadian Wheat Board)): Mr. Speaker, after much discussion and consultation with farmers and farm groups, it is the opinion of the Government that we should go ahead and announce initial payments at the normal time which traditionally has been in the middle of April.

The Hon. Member will also know, being a farmer, that initial payment announcements are not necessarily accompanied by the spreads. They are announced at some time later. I think last year the spreads were not announced until some time toward the beginning of June. We will probably be looking at announcing the spreads at a later date than we have in the past, but we intend to announce initial payments at the normal time which would be some time in the middle of April.

* * *

FINANCE

COLLECTION OF GASOLINE TAXES

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, in the absence of the Minister of Finance I will direct my question to the Minister of State for Finance. In the February Budget, the Government, by changing the method of collecting gasoline taxes, effectively increased the operating costs of independent service stations. This has had the effect of reducing competition in the market-place. I met with members of the association involved and they asked me to ask the Minister the following question. Why has the Government decided to hit small Canadian-owned independent gasoline marketers while at the same time helping large multinational

oil companies which have, in the final analysis, increased the price of their product at the pump for all Canadians?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the question of retail prices of oil and gas is one that goes beyond the premise of that question. I cannot agree with the premise of the question. In fact, the market is shaped by a host of different factors and not just the ones pointed to by the Hon. Member.

[*Translation*]

IMPACT OF PAYMENT OF GASOLINE TAX BY INDEPENDENT DISTRIBUTORS

Mr. Raymond Garneau (Laval-des-Rapides): Mr. Speaker, it is widely acknowledged that independent distributors do stir up market competition to a certain extent, and the fact that they can no longer collect the tax and are forced to pay it themselves even before selling a drop of gasoline creates a cash flow problem for them. This is why again I am asking the Minister why the Government has decided to end the tax collection arrangement and why, even before making a sale, independent distributors have to pay the gasoline tax which has just been increased by the Government? This cuts down their opportunities to be more competitive. Why did the Government do that?

[*English*]

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, the Hon. Member knows why the Government made that change. It was to ensure that we did not have any more problems with the collection of revenues when there was a clear leakage in revenue collections. It had nothing to do with the premise he is alleging.

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DEPARTMENT OF ENERGY, MINES AND RESOURCES

PERFORMANCE OF SERVICES FOR PUBLIC

Mr. David Daubney (Ottawa West): Mr. Speaker, I have a question supplementary to those asked earlier this afternoon of the President of the Treasury Board. Does the Minister not recognize that there are certain services in any self-respecting sovereign and developed nation that are properly performed by the Public Service and not by the private sector, including those three branches under discussion in this case?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, once again I only have to respond—

Mr. Gauthier: Tory split. Get your act together, guys.

Mr. Allmand: I thought they were all united over there.

Mr. Speaker: Order.

Some Hon. Members: Oh, oh!

Mr. de Cotret: Mr. Speaker, following extensive studies of the Task Force on Program Review, we are trying to pursue all the avenues suggested to see if there are efficient and productive ways to spend taxpayers' money better. That is what we did in this case. There have been discussions in a number of instances with private enterprise. That is the sum total of what we are doing. We are trying to spend taxpayers' money better than the previous Government did for over 20 years.

* * *

[*Translation*]

PENSIONS

REIMBURSEMENT OF CERTAIN RETIRED PEOPLE— GOVERNMENT POSITION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Minister of Employment and Immigration and has to do with Government action with respect to the inclusion of pensions as earned income.

Last December 5 the Minister said that changes would be made to the regulations concerning retirees. Mr. Speaker, three months have slipped by and those people still do not know where they stand. How much longer will these retirees have to wait before the Minister clears up this confusion and introduces legislation to reimburse them?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Indeed, Mr. Speaker, in December I announced two specific measures, including one concerning beneficiaries retiring after 1986. We said at the time that we would take requalification into account. As to others who retired before 1986 we set up guidelines for employment centres but we had to reconsider them because they were extremely complicated and difficult to apply. We are now reviewing these guidelines and a Bill will be introduced at the earliest opportunity.

• (1450)

[*English*]

REQUEST FOR RETURN TO PREVIOUS SITUATION

Mr. John R. Rodriguez (Nickel Belt): Mr. Speaker, confusion reigns supreme at local unemployment insurance offices where thousands of early retirees have gone to collect what was rightfully theirs. The Minister has created more confusion with his announcement. Will the Minister cut out all the flimflammery and jiggery-pokery, stand up in this House, and clear up the confusion right now? Why does he not simply say we are going to go back to the situation as it was before January 5, 1986?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, if the Hon. Member expects me to say that we will go back to the pre-1986 situation, it is quite out of the question. I have been very clear about that. People

who retired after 1986 must requalify before we consider them to be eligible for unemployment insurance.

Now then, with respect to those who retired before 1986, I said and I repeat to my colleague that we are now reviewing the policy and the moment we are ready to unveil it, Mr. Speaker, we will do so. There is no flip flop.

* * *

[*English*]

UNEMPLOYMENT INSURANCE

FORGET COMMISSION RECOMMENDATION CONCERNING EARLY RETIREES

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, my question is directed to the same Minister. On December 5, he rejected one of the few Forget recommendations which were any good, which was to cancel the cut in unemployment insurance for early retirement pensioners. At the same time he promised to reimburse some of those claimants. At first he prepared a questionnaire to assist the process, and then cancelled it. When will he stop the procrastination, this stop and go administration, and remedy this cruel and unjust policy?

[*Translation*]

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, I just answered the Hon. Member's colleague on the other side. In fact, I could give him more or less the same answer, although the Hon. Member for Nickel Belt at least did not have the impudence to refer to the Forget Report. Are you for or against the Forget Report? You will have to make up your mind some day. Instead of evading the issue, why not get to the point and say whether you are for or against the Report?

[*English*]

Mr. Allmand: Mr. Speaker, that is one of the most ridiculous statements I have ever heard. The Minister has already rejected one of the Forget recommendations. Does that mean he is going to reject all of the Forget recommendations? Otherwise why delay his statement to May 15? There was never any question of rejecting or accepting all the recommendations.

[*Translation*]

REQUEST THAT MINISTER LISTEN EVEN MORE TO PUBLIC

Hon. Warren Allmand (Notre-Dame-de-Grâce—Lachine East): Mr. Speaker, more than 50,000 Canadians were treated unfairly as a result of these cuts.

When will the Minister decide to listen to the many groups and individuals protesting against this policy, including his advisory council, the Forget Commission and even members of his own caucus, and cancel these cutbacks immediately?

Hon. Benoît Bouchard (Minister of Employment and Immigration): Mr. Speaker, yesterday we saw that even people in the Hon. Member's Party do not always vote the same way, which did not keep them from sitting in the House today.

What I want to say to the Hon. Member is simply that on January 5, we made commitments with respect to people who retired before 1986. We are going to introduce a Bill, but only when the Government is ready to do so.

* * *

[*English*]

PUBLIC SERVICE

REPORTED PURCHASE OF BRASS TOMBSTONE FOR FELINE'S FUNERARY RITES

Mr. Jim Fulton (Skeena): Mr. Speaker, my question is directed to the President of the Treasury Board. Earlier in Question Period he was crowing about better spending of taxpayers' money. If the Government learned that an official in one of its Departments purchased a 15-pound brass tombstone for the burial of his wife's cat using public funds from his Department, would the Government request that person's resignation?

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, I was not aware of it. If the Hon. Member would like to give me the facts I will be happy to give him an answer at a later date.

Mr. Fulton: I am sure that if Erik Nielsen were sitting there I know the answer he would give. The cat's name was Boobnik.

PROPRIETY OF EXPENDITURE

Mr. Jim Fulton (Skeena): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister. Does he believe that public funds should be used to buy tombstones for cats? Or should those who do this kind of thing be better employed in the private sector?

Hon. Don Mazankowski (Deputy Prime Minister and President of the Privy Council): Mr. Speaker—

Mr. Speaker: Order. I am sure the Hon. Member has an important matter to raise but I have to advise the Chamber that the Minister is really not in a position where he must reply to that question. The question is probably out of order. If the Minister wants to try to shed some light on this mystery he can do it.

DISARMAMENT

VISIT OF SOVIET AMBASSADOR TO OTTAWA

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, the Secretary of State for External Affairs advised us during his comments on Friday that Paul Nitze, the senior adviser on arms control to the President of the United States, was here and met with the Prime Minister, the Minister of National Defence, and the Secretary of State for External Affairs. At the same time Ambassador Karpov, the most senior Soviet official involved in arms control issues, was in Ottawa but did not meet with any government Ministers. I ask the Deputy Prime Minister why the Government did not seize this historic opportunity to meet with Mr. Karpov to discuss the forthcoming arms negotiations at Geneva.

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, the Secretary of State for External Affairs is in Washington today meeting with Mr. Shultz at their quarterly summit. I do not know what his schedule was for Friday so I will have to take the question as notice and get back to the Hon. Member.

GOVERNMENT'S POSITION

Hon. Donald J. Johnston (Saint-Henri—Westmount): Mr. Speaker, I cannot believe that the Ministry was not aware of the presence in Ottawa of Ambassador Karpov. I hope the Minister will take steps to correct this situation, whether it is in the Minister's office or at the Department of External Affairs. The Government has missed a major opportunity to get a briefing from the senior Soviet arms negotiator. Does she agree, and will she do that?

Hon. Pat Carney (Minister for International Trade): Mr. Speaker, of course I will do that. I do not think it is necessary to assume that no one in the Department of External Affairs met with the Ambassador or was briefed. I am simply saying I am not aware of the schedule of the Minister on Friday. I will look into it and get back to him.

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SOCIAL SECURITY

GUARANTEED INCOME SUPPLEMENT—ISSUANCE OF RENEWAL APPLICATION FORMS

Mr. John Reimer (Kitchener): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Is he aware that approximately 12,000 Guaranteed Income Supplement pensioners in the Kitchener-Waterloo-Elmira area did not receive their GIS renewal applications? If he is aware of that, would he inform the House what steps are being taken to prevent these recipients from being cut off in April?

Hon. Jake Epp (Minister of National Health and Welfare): Yes, Mr. Speaker, I am aware a number of people serviced by those offices did not receive the GIS renewal form which they are obligated to complete at this time of year. We have issued or are in the process of issuing new forms, and I want to tell the Member and his constituents that none of them will lose any funds for which they are eligible should there be any delay whatsoever.

* * *

HEALTH

AIDS DISEASE—EDUCATION OF ARMED FORCES PERSONNEL

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, my question is directed to the Deputy Prime Minister. As he knows, the Government's education program regarding the deadliest virus ever known consists of one television ad which is not shown in prime time because the Government refuses to pay for it. Is it part of the Government's anti-AIDS program that the Armed Forces have no AIDS educational program which would be accessible to the people in the military?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, what the Hon. Member said with respect to that being the only program is not the case. I have already replied in the House today regarding the four ads which the CPHA prepared and which I hope telecasters will reconsider broadcasting, at least three of them. With respect to the Canadian Armed Forces, I will check into that. I appreciate his raising it with me and I will see what is being done and what more should be done. I thank him for bringing it to my attention.

• (1500)

INCIDENCE OF AIDS IN FORCES PERSONNEL

Mr. Howard McCurdy (Windsor—Walkerville): Mr. Speaker, in finding out the details about the lack of an AIDS educational program in the military, will the Minister of National Health and Welfare also find out what the incidence of AIDS is in the Armed Forces of Canada and what provisions have been made to protect members of the Armed Forces when they are exposed to circumstances in which the possibility of infection with AIDS may be very serious and devastating?

Hon. Jake Epp (Minister of National Health and Welfare): Mr. Speaker, I do not want the Hon. Member to be misled by my first answer to believe that there is nothing being done in the Armed Forces with regard to AIDS and protection against the illness. I believe some work has been done with regard to what the incidence of the illness is, but I do not have it right at hand. I will find out. Whatever information I have I will make available to him as I have to everyone on the AIDS question. Obviously, if more work needs to be done to bolster the program, I am open to that as well.

Mr. Speaker: I will recognize the Hon. Member for Trinity for the last question.

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CANADA DEPOSIT INSURANCE CORPORATION

PAYMENT MADE TO ALBERTA GOVERNMENT TO HELP TRUST COMPANIES

Miss Aideen Nicholson (Trinity): Mr. Speaker, my question is for the Minister of State for Finance and is with regard to the $275 million payment from the Canada Deposit Insurance Corporation to the Alberta Government to finance that province's bail-out of two ailing trust companies. Since the Corporation has a deficit of over $1 billion and has no mandate to give grants to provincial Governments, why did the Minister approve the payment?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, I was very happy to approve the payment because it was the best solution for the CDIC to minimize its exposure and to minimize what it would have to pay out, as well as solving the problem of those financial institutions in Alberta. There is room for that payment. However, CDIC will have to have its funds replenished very soon if it is going to continue to make payments of this sort.

USE OF TAXPAYERS' MONEY

Miss Aideen Nicholson (Trinity): Mr. Speaker, I am questioning the Government's apparent manoeuvering to use taxpayers' money for a $275 million gift of a bail-out without consulting Parliament. Will the Minister not agree that it looks furtive and that there should be more openness and accountability for an unusual arrangement of this kind?

Hon. Tom Hockin (Minister of State (Finance)): Mr. Speaker, this is not a gift and it is quite wrong to call it a gift. The CDIC received all the indemnities it wanted. The CDIC proceeded in this instance, as it always has, by making its understanding public, and it will continue to do so.

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PRIVILEGE

INTERVIEW GIVEN TO PRESS BY MR. DE COTRET

Mr. Speaker: I advise all Hon. Members that there was a question of privilege raised yesterday. It was agreed that it would be continued today when the Minister was here.

[*Translation*]

Hon. Robert de Cotret (President of the Treasury Board): Mr. Speaker, at the end of Oral Question Period yesterday, the Hon. Member for Nickel Belt (Mr. Rodriguez) informed the House that he had given the Chair written notice of his reasons for raising a question of privilege about an interview I gave to the press as reported in *The Globe and Mail* last week.

Mr. Speaker, you suggested adjourning the matter and I want to thank you for doing so.

[*English*]

As a first point, Mr. Speaker, I noticed that in the intervention of my hon. colleague in this House he stated that I had been quoted as having said, or had apparently said, or words to that effect, certain things. While he may question the accuracy of the media in this respect, I can say that the media truly reflected what I said on this very important issue. The media report was indeed accurate.

[*Translation*]

Mr. Speaker, I shall, if I may, expand somewhat on the statement I made to the press and thus comment on the question of privilege which, in my opinion, is not well founded.

[*English*]

Essentially, Mr. Speaker, I took the opportunity of a general press conference to make what I thought was a very important point, that we have in this country a competent, able, and hard-working Public Service which is doing an excellent job for the country. I stand by those statements. I would like to have been able to convey that message personally to the Public Service critics in the opposition Parties.

[*Translation*]

Mr. Speaker, the Hon. Member for Nickel Belt (Mr. Rodriguez) claims that I am imputing motives or comments to members of the Committee. I would like to repeat what the Hon. Member said as reported at page 3967 of *Hansard*, and I quote:

[*English*]

He is suggesting that the members of the committee thought that Mr. Lussier was a liar and that is why the committee was putting him under oath to give testimony.

[*Translation*]

Without going over the full proceedings of the Standing Committee on Labour, Employment and Immigration of last January 28, Mr. Speaker, I think that a reading of the report on that meeting makes it quite clear that the question of swearing in the witness stemmed from the obvious concern of certain committee members who wanted to be sure they would get correct answers to their questions. I do not question the authority of the House of Commons or the authority of one of its committees to order witnesses to be examined under oath, as set forth in Beauchesne's Citation 635.

Mr. Speaker, my remarks to the press related first and foremost to the relevancy of such a request by the committee under the circumstances. Let me explain this.

Mr. Speaker, we all agree that in a parliamentary system the Minister is responsible for providing information to Parliament and its committees. Such is the basic principle of ministerial responsibility in a democratic parliamentary

system. Ministers are responsible to this House for action taken on their behalf. On the other hand, public officials have the obligation to support their Minister in his relations with Parliament. In keeping with a long-standing tradition, Mr. Speaker, public employees must not express their views nor make speeches on the options being considered by the Government, but they must help the Minister convey to this House and its committees factual and objective information related to the management of programs under the jurisdiction of the Minister involved.

Mr. Speaker, no one ought to question the integrity and professionalism of public servants. No one ought to question the respect which public servants have for our democratic institutions. Therefore my remarks to the press expressed my astonishment at the extraordinary and uncommon request that a senior official be sworn in, something which has very seldom been heard of in the parliamentary records of this House. As a matter of fact certain committee members, the Hon. Member for Nickel Belt among others, did acknowledge this during the committee proceedings.

Mr. Speaker, the fact remains that public servants have always been very heedful of the expectations of Parliament, ever respectful of ministerial responsibility and our parliamentary traditions. This relationship between public servants and parliamentary committees has always been based on mutual confidence and respect, and I know, Mr. Speaker, that all Members of the House are anxious to maintain and strengthen this tradition.

Mr. Speaker, I am surprised that my remarks should be misinterpreted. I cannot imagine how the Hon. Member can allege that, and I quote:

> The Minister shows disrespect for ... Parliament by counselling the Deputy Minister to ignore a standing committee of the House.

First of all, I never did counsel any Deputy Minister, this one or any other, to ignore a standing committee of the House. On the contrary, I always encouraged them to give frank and honest evidence, and to divulge any information sought by Hon. Members of this House. All I wanted to do, Mr. Speaker, was to recall our principles and our parliamentary traditions.

The remarks I made during the *Globe and Mail* interview reflected my concern about a procedure which I deem inappropriate and unnecessary, and which, I might add, may very well undermine the climate of confidence and co-operation required for the smooth operation of Parliament and the Government machinery.

• (1510)

[*English*]

Mr. Jim Hawkes (Calgary West): Mr. Speaker, as chairman of the committee in question, I want to make a brief statement. To some extent it is incumbent upon me to make it clear that, after spending many hours together, it is my understanding from committee members that if the action taken at the meeting in question in any way brought the loyalty and good work of the public service of Canada into question we would like to apologize for perhaps leaving that impression. That was certainly not the intent of the committee. We join with the Minister in applauding the efforts of the Canadian public service which does valuable work for Canadians.

The record of that meeting shows that four people were sworn in on that occasion. They were commissioners of the Unemployment Insurance Commission. Technically it was not the Deputy Minister who was being sworn in but a commissioner of a Crown agency who happened also to be a Deputy Minister. However, it was in their capacity as commissioners of the Unemployment Insurance Commission that these people were sworn in.

Finally, I understand that this incident has caused a great deal of discussion, at many levels of the public service as well as within Cabinet, among the Clerks at the Table, Members of Parliament and other committee chairmen. The dilemma is when it is appropriate to swear in witnesses. Indeed, Beauchesne provides the power for committees to be masters of their own destiny. Therefore, I submit that in the final analysis the choice must rest with the committee and its members on any given occasion.

I believe some of the concern raised by the Hon. Member for Nickel Belt (Mr. Rodriguez) and other Members, particularly one Member from Montreal who serves as vice-chairman of our committee, deals with the issue of rights of committee members to compel people to attend committee meetings and be witnesses before those meetings. There was a suggestion in the article in question that it might have been wise for a civil servant, when faced with a request from the committee to be sworn in, to leave the meeting.

Before you rule on this matter, Mr. Speaker, I suggest that you may wish to reflect upon that. If the committee has advertised a meeting with witnesses, and those witnesses have agreed to appear, would it indeed be wise for them to leave when they are asked to be sworn in, or would that almost compel the committee to report to Parliament on the issue of whether or not that particular witness was in contempt of Parliament as a result of that unwillingness to be sworn in when Beauchesne enables committees to swear witnesses? If that would lead one to conclude that contempt of Parliament would be shown, it would lead to a situation more serious than the present situation. I urge you to reflect upon that principle before responding to the issue.

Mr. Rodriguez: Mr. Speaker, I welcome the remarks by the Chairman of the Standing Committee on Labour, Employment and Immigration, on which I sit. It is unfortunate that other chairpersons of Standing Committees are not here to participate in this question of privilege.

I listened to the Minister. He admitted that the press report is accurate. He went on at some length about the competence of senior civil servants, their loyalty and so on. That is not in

question. I happen to have known this individual, the Chairman of the Unemployment Insurance Commission, for some years. I concur with what the Minister said. However, that is not the question.

Regardless of whether the Minister or the witnesses agree, a motion was properly put to take testimony under oath. The committee chose to vote for that motion and put those witnesses under oath. I was on that committee that day and voted for the motion to put the witnesses under oath. The Minister can surmise and guess what the committee had in mind if he wants. In fact, he said, "The committee is really saying he's a liar". The Minister is accusing the committee of calling the Chairman of the Unemployment Insurance Commission a liar. No such thought occurred in my mind, and I will tell the Minister right now that I certainly did not say that. I did not think it.

As I said, for whatever reason, the committee decided to put the witness under oath. The Minister is responsible for civil servants. He is not an ordinary Minister but the President of the Treasury Board (Mr. de Cotret) in charge of the various statutes that govern civil servants. The Chairman of the Unemployment Insurance Commission happens to be the Deputy Minister of Employment and Immigration. The Minister said, "I would have liked to see Gaetan Lussier walk right out of the room".

I did not say in my remarks yesterday that the Minister was mocking the committee. However, I believe he was counselling disrespect for the committee and ultimately disrespect for Parliament. I sit on that committee, as do all other members who sit on the committee, as a representative of Canadians.

It may be irrelevant, but let me point out that the committee member who moved the motion to put witnesses under oath was a Conservative member, one of the majority in the committee.

I believe there is a prima facie case of privilege. When a Minister of the Crown, the big cheese of the mandarins advises them to disregard a decision of a committee of Parliament, he is telling Mr. Lussier and Mr. Edwards—

Mr. de Cotret: No. That is false.

Mr. Rodriguez: You said it here. You said the report is accurate. It states, "I would have liked to see Gaetan Lussier walk right out of the room". What is Mr. Lussier to take from that? When it happens again Mr. Lussier will walk out of the room.

I believe there is evidence that the Minister has breached the privileges, not only of myself but of other Members of the House. You can chuckle and put your books down on the desk in disgust, but the fact of the matter is that there is clear advice to civil servants and I say it is a breach of privilege.

Mr. Speaker: I hesitate to interrupt the Hon. Member for Nickel Belt (Mr. Rodriguez). Those watching might think that the Chair had done something with its books to show disgust. I just want it completely clear that the Hon. Member was not referring to the Chair. The Chair is listening very carefully to this matter. I invite the Hon. Member to complete his remarks.

Mr. Rodriguez: Of course, Mr. Speaker, there is no reflection on the Chair. You were listening intently. I was referring to the way in which the Minister threw his paper down and appeared somewhat disgusted when I said he was counselling disrespect for Parliament. I did not give the interview. He gave the interview and he admitted it was accurate. Any senior civil servant reading this report could only take one conclusion from it, that the Minister is behind them if they walk out on the next committee meeting of Parliament where a motion is passed to put the witnesses under oath.

• (1520)

Finally, Mr. Speaker, I believe there is prima facie evidence of a breach of privilege and if the Chair so finds, I am prepared to move the appropriate motion.

Mr. Speaker: I want to thank the Minister for moving so quickly to return to the Chamber and, take part in this important matter. I also want to thank the Hon. Member for Calgary West (Mr. Hawkes) for his intervention. I think I should advise Hon. Members that the Hon. Member for La Prairie (Mr. Jourdenais) raised a question of privilege on this exact matter. I think perhaps there was a slip-up somewhere but it was understood he would be notified when the matter returned to the Chamber. Today, unfortunately, the Hon. Member for La Prairie is in his constituency doing the job he has to do and, as a consequence, I am going to adjourn this matter once more to give the Hon. Member for La Prairie (Mr. Jourdenais) the opportunity to intervene if, indeed, he feels it is necessary.

Again I want to assure the Minister and the Hon. Member for Nickel Belt (Mr. Rodriguez) that I have listened very carefully to their words on the matter. I want to thank all Hon. Members again for their clear interventions. The Chair will consider the matter very carefully. However, as I say, I will not prepare any judgment on this matter until I hear from the Hon. Member for La Prairie, which should be soon.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1986-87, (NO. 2)

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-40, an Act to provide borrowing authority, be read the second time and referred to a legislative committee.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the net result of the federal Government's determination to reduce the deficit has been that we have not actually substantially reduced the deficit but have in fact transferred most of it to

the provinces. The combined deficits of the 10 provinces on a national accounts basis rose last year from $4.9 billion to $8.2 billion. Thus the over-all net reduction in federal-provincial deficits was $4.2 billion. For that deficit reduction we paid a very stiff price. The stagnation of regional economies anywhere outside southern Ontario resulted in only 5,000 jobs being created in 1986. In the western and Atlantic Provinces the unemployment rates remain at very near the same levels as they were when the Conservatives took power in 1984.

Other things which have happened as a result of the Government's determination to cut the deficit is that vital programs such as post-secondary education and health, which are financed partly by the federal Government and by the provinces, will see a reduction of $2 billion in funding between now and 1990-91.

My Province of Manitoba has done a relatively good job in terms of job creation. The unemployment level in Manitoba has fallen despite the cuts in federal support. However, the province now faces a number of very unpleasant choices. It can cut its programs, it can opt for a higher deficit, as have many of the other provinces, or it can increase provincial taxation. We are told that at some point in the future this determination to reduce the deficit, for which there has been so much retrenchment, will lead to the position where the promises made by the federal Government in 1984, prior to the election, will be redeemed.

One of the promises the Government made was that it would reform the tax system. It would make the tax system simpler and fairer. I have already referred to the fact that in the three years the Government has been in office it has increased income tax, sales tax, excise tax and taxes on fees for services so that the average family is paying $1,350 more in taxes now than in 1984. The Government has done nothing about plugging the loopholes for the wealthy in terms of personal income tax or for many corporations which have been quite profitable.

To illustrate, let me to point to the fact that in 1976 there were only 24 persons paying no income tax on incomes in the top tax bracket. By 1983 there were 259 Canadians who paid no tax on incomes over $200,000. From inquiries I made I discovered that in 1981 the average income of the 239 persons that year who paid no income tax was an astounding $615,000. Let us compare that with the fact that there are many people living below the poverty line who are still required to pay income tax. This is the unseemly free ride that minimum tax rates were supposed to stop.

We are told again and again that at some point in the near future the Government is going to bring down a White Paper and explain how it is going to give us a fair tax system. However, what the Government has done is open the flood gates to the wealthy with, for example, the $500,000 capital gains exemption and the increase in the amounts which can be contributed to RRSP plans to which the wealthy can contribute up to $15,500 in the year in which they would not have to pay any income tax. These are examples of the kinds of things the Government has done to make us believe it is not serious and that we will not receive any real proposals to make the tax system fairer.

Not only has the Government let the wealthy off in terms of them paying a fair share in the form of income tax, it has let the corporations get away with murder. In 1950, federal corporate income tax and personal income tax accounted for equal shares of the revenue received by the federal Government. Today we see individuals paying almost 45 per cent of the federal Government's revenue and the corporate share dropping sharply to below 20 per cent. We also see the taxpayers' share increasing by 15 per cent and the corporate side not increasing at all. Yet the Government is not forcing the corporate sector to pay its fair share of taxes.

Preferred shares which are now very popular with many corporations still go untaxed. We continue to see tax deductible interest on takeovers, which take massive amounts of borrowing without producing any new employment. The Government tells us how it stepped in to cut the scandal of the scientific research tax credit while at the same time it permitted those who had already made application to receive that tax credit. We lost, not $1 billion but over $3 billion in taxes which these companies should have paid. The Government wants to present a hopeful picture today. But it is short of revenue and it is reluctant to find or create more revenue. In order to try to deal with the deficit, it sells off profitable and useful Crown corporations such as Teleglobe. There are thousands of Crown corporations at the federal and the provincial level. Crown corporations were not a product of the imagination of some wild-eyed socialists. Ninety-five per cent or more of the Crown corporations at the federal and provincial levels were established by Conservative, Liberal, Social Credit, and PQ Governments. These Governments established Crown corporations because they saw a need which had to be met. The private sector was not willing to meet these needs, so Governments created those Crown corporations. Now these Crown corporations are being sold without any thought as to the reasons for which they were established and the benefits which they bring to the country.

• (1530)

I have talked about how the federal Government has transferred debts to the provincial Governments, which have accentuated the regional stagnation, which is further compounded by the Government's failure to produce a workable regional policy. There have been a number of concrete and worthwhile suggestions of things which need to be done. Because of its fear of increasing the deficit, the Government has rejected these suggestions out of hand.

The Federation of Canadian Municipalities made a very useful proposal when it pointed out that in most Canadian cities the infrastructure in the core area is falling apart. We need to begin to rebuild the services and to rehabilitate the older parts of Canadian cities. We need to start to rebuild the roads, sewers, bridges, and drainage systems which are falling

apart and rapidly wearing out. The federation estimated that it would cost $14 billion to renew these facilities before we become caught in a cycle of expensive schemes of temporary repairs. The federation called for a federal, provincial, and municipally financed joint program.

That proposal was rejected out of hand by the federal Government, despite the fact that there were obvious benefits. New construction would mean job creation, which would be a socially useful expenditure and money would be targeted to areas that need it most, particularly in the inner cities.

It was a former Conservative Government headed by Mr. Diefenbaker which inaugurated that type of program with its Winter Works Program. Instead of accepting that proposal, we have the Minister of Finance (Mr. Wilson) rejecting it, and the Minister of the Environment (Mr. McMillan), who should know better, talking about under-priced water supplies to Canadians provided by the cities. Of course, he wants them to pay rather than the federal Government. We are seeing very little innovation from the Government on the expenditure side.

I wish to deal briefly with a couple of other problems. Despite the fact that unemployment is still running over 9 per cent, the Government has cut funding for job creation by $100 million. It has also taken money away from the governmental non-profit sector, and given a substantial part of the job creation money to the private sector. The result is that there has been little in these programs to help those who need it most, native people, the handicapped, or women.

I wish to comment briefly on what has happened to research funding. When the Conservatives were in opposition they said that if elected they would move rapidly to equal what other countries are doing in the way of funding scientific research and development, that they would move to a point where 2.5 per cent of the Gross National Product would be allocated to those efforts. In fact, we are now doing even worse in Canada than we did when the Liberals were in power. Less than 1.5 per cent of the Gross National Product is being spent for scientific research and development now.

The Government puts its hope in the idea that the private sector will put in substantial amounts of money into research and development. I have yet to meet a scientist who believes that the private sector will do that. If the private sector does not invest, it means that we will fall further behind in the objective of moving toward an adequate expenditure in the field of scientific research.

The Government has failed in its promise to give us a fairer tax system. It has put increased burdens on ordinary Canadians. It has made it easier for the wealthy and the corporations which are profitable to avoid paying their fair share of taxes.

For all those reasons, I and other NDP Members of Parliament propose to vote against this borrowing authority proposal.

Mr. Lesick: I have been listening with keen interest to what the Hon. Member for Winnipeg North (Mr. Orlikow) has said this afternoon, specifically with regard to problems that we have had with the inequities of income tax in 1976 up to 1983, and how the figures had increased from 20 to over 200 for those who were not paying any income tax whatsoever. The Hon. Member said that corporations were paying a much lesser amount of money than private citizens on a percentage basis. The Hon. Member then mentioned the $500,000 that people can save by selling off their assets.

The Hon. Member should realize that all of these figures that he has given us and all of the items that he has enumerated date back to the time when the Liberals, together with the NDP, formed the Government. Therefore, the Hon. Member should accept some of the responsibility, because he was a Member of the Parliament at that time and he was responsible for part of the problem that we are facing today. It is only farmers who are receiving $500,000 rather than any person in Canada and, as the Member mentions, just the rich. That is not so. It is that coalition that has caused the problems that we have today. It is that coalition that has allowed the previous excessive spending.

Why does the Hon. Member not admit to being a party to the inequities of the income tax? Why does the Hon. Member not admit to being a party to the extra expenses which the people of Canada are asked to pay? They are the victims of the incompetence of this coalition. It is not the present Government that has caused this problem; it was a previous Government of which at times the Hon. Member for Winnipeg North was a part.

Mr. Orlikow: There is one statement which the Hon. Member for Edmonton East (Mr. Lesick) made with which I agree, and that is that the basic faults in the tax system, both in terms of personal and corporate income taxes, were established during the years when the Liberal Party formed the Government. I can agree with that, although I point out to the Hon. Member that it is his Conservative Party which has been in office since 1984 that made these loopholes even easier for both individual taxpayers and corporations. I say to the Hon. Member that he is wrong and that he has not looked at the record when he suggests that we supported the Liberals on those tax measures.

• (1540)

Since the early 1960s, ever since Parliament received the taxation recommendations of the Carter Commission, the commission appointed by former Conservative Prime Minister Diefenbaker, the New Democratic Party has called for implementation of most of its proposals to plug the loopholes. We criticized the Liberals, just as we are criticizing the present Conservative Government, for not dealing with the problem.

Let me say something about my criticism of the $500,000 capital gains exemption. I do not have the time to go into the details today, but we have made clear that there should be an opportunity in the tax system for farmers and small business people to transfer their land and businesses to their children or

relatives without being required to pay heavy taxes on supposed capital gains. My criticisms on behalf of the NDP are obviously felt by many people.

If the Hon. Member has not looked at recent polls, he should look at them to see how far support for the Conservative Party has fallen all across the country, but particularly in western Canada and especially in Alberta, a province which during recent elections elected 100 per cent of its members from the Conservative Party. I also ask him to look at the recent provincial election and what happened in the City of Edmonton where 16 NDP Members of the Legislature were elected. The people of the country are dissatisfied with what the Government has done. They are showing that dissatisfaction quite clearly, and they are very justified in doing so.

Mr. Russell MacLellan (Cape Breton—The Sydneys): Mr. Speaker, I am pleased to participate in the debate on Bill C-40, an Act to provide borrowing authority, and to try to determine what the Government is doing and where it is going in respect of its financial policy. The borrowing Bill will allow the Government to borrow $24,300 million by the end of March 1987. The difficulty is that we are no wiser about where the money will be spent.

Certainly the Budget did not provide us with any indication of that, if it can be called a Budget. It was completely undecided about what route the Government would follow. It did not even tell us whether it would reduce the deficit. The deficit reduction, for which the Minister of Finance (Mr. Wilson) took many bows, was in the order of $200 million. He certainly did not deal with the very serious financial problem, as he termed it.

I should like to focus particularly on the energy sector and what was missing from the Budget for that important industry. Government Members said that they did not know how they would finance assistance to the energy sector. They said that as recently as the fall of 1986. They did not know whether they would give assistance to the energy sector, whether they would finance the assistance with increased sales and excise taxes, or whether it would be from consolidated revenues or whatever. However, they decided to increase the excise tax in the Budget by one cent per litre. As a result of this one cent per litre increase, they will raise $450 million. They also decided to equalize the excise tax on leaded and unleaded gasoline, from which they will raise another $30 million. Through the Budget the Government is to raise $480 million. What will that do for the energy sector? It will do nothing for that sector.

This is the same Government which said that it was interested in self-sufficiency and security of supply. It said that it wanted to maintain a strong energy sector. In the last federal election it received complete support from the energy producing areas of the country. It has completely let down the people who had every reason to expect that something would be forthcoming.

What is going on with the Government? The energy sector lost over 50,000 jobs in 1986. In Calgary it lost another 6,000 jobs in the month of January 1987. Because of the decline in the energy sector, to the end of January 1987 the country has lost at least 56,000 jobs. It is a very serious problem. It is not only a western Canadian problem; it is a Canadian one. However, the Government refuses to recognize the seriousness of it. It is walking away not only from the problem but from its responsibility as a Government.

Obviously there is complete disagreement in the Government on how to handle the situation. The Minister of Finance is doing absolutely nothing. He came out with a Budget indicating that funds would be raised from gasoline sales, but it did not indicate that anything would be put into the energy sector. On the day the Budget was released, a press release by the Deputy Prime Minister (Mr. Mazankowski) was circulated in western Canada. He indicated that the Budget was not intended to be a vehicle for announcing specific measures to assist specific sectors or regions.

What is the Budget supposed to do? What is its purpose? It is not helping the regions. It is not bringing forward any kind of financial planning.

The press release went on to indicate that the Government had another way of helping the energy sector through what it called a western economic diversification strategy. It indicated that in this strategy measures would be implemented to assist the energy industry during this period of severe difficulty. To which period did it refer? The downturn in the energy sector has been going on since January, 1986. The press release talked about a strategy which would help the energy sector for a period which had no beginning or ending. However, more important, it completely ignored the period of difficulty which has now lasted for 14 months.

The Government has absolutely no solution to the problem or no idea what it will do to help the energy sector. The Government should be honest with western Canadians. It did not say that it had no idea or that it would do nothing to help the energy sector. It said that it would come forward with a western economic diversification strategy but did not give any period of time as to when the strategy would be implemented or what it would contain. It merely tried to pacify western Canadians and let them think that the Government was interested in doing something for them.

Also the Deputy Prime Minister indicated in his press release that investments in energy exploration and development, which are so important to Canada's future energy security of supply, would be encouraged and assisted. Why cannot that be done now? Why do we have to wait for a strategy which has not been formulated or has not been given any definition? It may not even be a strategy which the Government fully intends to bring forward. Why tell western Canadians that they cannot have something now when they are at the height of economic difficulty? Why tell them that they have to wait for the Government to get its act together and come to grips with the problems faced by western Canada at the present time?

The release went on to indicate that the federal Government would co-operate closely with the provincial Governments and industry to examine appropriate measures to accelerate non-conventional oil projects. That is complete hogwash, Mr. Speaker. The Government is not co-operating with the provincial Governments. I believe in consultation. It is important to have consultation in the energy sector, as with all sectors. The Government has talked with the provinces and they have told the federal Government what they want, but the federal Government is no longer communicating with the provinces. The federal Government is backing away from its responsibility, and particularly the Minister of Energy, Mines and Resources (Mr. Masse).

• (1550)

There is a blatant disregard for the problems in western Canada. What is going to happen? What has been happening? The Government says that the market should dictate what takes place. The market should determine what exploration takes place, what development takes place and what gasoline is sold for at the pump. Let me refer first to exploration.

This Government has placed as one of its pillars of energy policy security of supply. It said that that is very important, but the Government does not say that all the time. The Prime Minister (Mr. Mulroney) says it all the time, but the Minister of Energy recently denounced security of supply and said it was not important. But this is the same Government, the same Prime Minister and the same Minister of Energy who say that the private sector will do it. The Minister of National Health and Welfare (Mr. Epp) is making too much noise. If he is not interested in what is happening in western Canada I would ask him at least to sit quietly.

Let me tell you what the private sector said this morning at the meeting of the Standing Committee on Energy, Mines and Resources. Imperial Oil was appearing, and its witness said:

> Spending a lot of money to find and develop whatever undeveloped oil and gas reserves Canada might have strictly for the sake of self-sufficiency makes little sense.

That is what Imperial Oil Limited's Vice-President, Bob Peterson, said today. He went on to say:

> —that ensuring Canada has a secure supply of energy won't help the country much if there is another oil crisis. Canada is more likely to be hurt by the economic impact of such a crisis on its trading partners than by the impact the crisis has on Canadian energy prices and consumption.

Who will help us develop security of supply? We are telling Canadians that there is no security of supply, that there is no policy of security of supply by the Government and the Government has abandoned its role. The private sector will not pick it up. You cannot expect the private sector to spend money at a time when oil prices are low in the interest of having some supply when oil prices are high if the industry does not know when those oil prices will be high. The industry can get a cheaper supply of oil from other sources. The bottom line is profits. There are large reserves of old oil from which companies can get quite a profit. For instance, companies will not spend money on upgraders in western Canada which cost a great deal of money.

Where are we going? We are going nowhere because the Government does not know where it is going. It has no idea. It says the Budget is not the place for a significant policy for energy in western Canada. But that has changed now. On March 4, the Minister of Energy, Mines and Resources was in Calgary. A newspaper article reported:

> Faced with growing hostility in Alberta's depressed oil patch, federal energy Minister Marcel Masse has given his support to a potential $80 million tax break for the industry.

That is a complete change of policy. The Minister said in Alberta that he did not have the details but that the Minister of Finance would be there on Saturday, March 6 and would tell them what it is all about. The Minister of Finance visited Calgary on March 6 and had absolutely no details for the energy sector. He just told them that the Government would come out with a strategy at a later date and that people should be patient. But these are people going bankrupt and who have lost jobs. They wonder how they will look after their families, and all the Minister of Finance told them was to be patient. Even more galling was the remark of the Minister of Energy when he told reporters:

> That the issue of the depletion allowances, which would cost the federal Government about $80 million a year in lost taxes, "was not directly related" to the Budget.

Here is a tax policy granted to the mining sector which the oil and gas sector now wants but the Government is stalling. It will not make any commitment at all on earned depletion for the oil and gas industry. The Minister of Energy had the gall to say that it did not relate to the Budget. What does relate to this Government? What will make this Government concerned about the economy? What will make the Government be concerned about the problems in western Canada?

The Government is now planning to privatize Petro-Canada, the corporation which led exploration in the offshore and in areas where the private sector was not too interested in exploring and drilling. The Government, because it has a successful Crown corporation that has done what it was supposed to do, is going to get rid of it. That makes sense if you are that Government because that is what the Tory Government does. When something works it gets rid of it.

The Minister of Finance says, with respect to Petro-Canada, that it does not have any public utility role at all. The Minister of State for Privatization (Mrs. McDougall) says that she cannot think of one benefit that Petro-Canada has provided. The Minister of Energy said this morning on *Canada AM* that Petro-Canada has completed its role in exploration in Canada. Later on in the same program he said the Government wants to sell Petro-Canada because it can get more money to carry out exploration.

How in the name of heavens can you rationalize those statements? If the Government sells Petro-Canada and receives a fee, who will do the exploration? Petro-Canada will not be there to do it. A private sector corporation will have to

do it. But will the Government give the money to the private sector corporation, over which it has absolutely no control? This is the same Government that says Petro-Canada should not be an arm of public policy, in direct contrast to the Restrictive Trade Practices Commission, which said in its report on competition in the petroleum industry concerning the downstream area of the industry:

> Petro-Canada gives the Government the opportunity to reduce the competitive restraints and associated public cost of that market, not only without having to pass special laws, but in ongoing pervasive ways that could not be achieved by laws.

Everybody is telling the Government that Petro-Canada has a role. Even the strongest foes of Petro-Canada in western Canada, if they were to be honest with you, would tell you that Petro-Canada has provided some benefit to the energy sector and to the economy.

I think we have a rather frightening situation. We do not know what is going to happen. The situation has not changed in the energy sector in western Canada. The situation is the same: there is still a downturn in the oil and gas industry. This downturn has reduced activity considerably and has reduced the number of wells drilled in 1985 from 12,000 to half of that in 1986. The forecast for 1987 is that the number of wells drilled will be reduced yet again.

• (1600)

The outlook is not encouraging. One of the reasons it is not encouraging is that the people do not have any confidence in the Government. They feel as though they have been betrayed. They supported the Government in the belief that it understood and would bring forward policies that would be helpful to them. They have been completely frustrated and led down the garden path by this Conservative Government.

This is true not only of the situation in western Canada but of the situation in Atlantic Canada as well, and not only with respect to the energy sector. Because there is to be a by-election in St. John's East, the Government has now told Petro-Canada that it wants activity in Terra Nova and the Avalon Basin. This same company, which is not supposed to be an arm of public policy, which is supposed to be completely independent, flew the two Ministers to Newfoundland where they made an announcement of two delineation wells to be drilled. This raised the hopes and led the people of Newfoundland to believe that there would be development of the oil reserves at the Terra Nova site. That is just complete speculation, because this Government does not believe in doing anything in the interests of Newfoundlanders or of any other Canadians. It will be devastating if the Government does not fulfil that commitment, yet Petro-Canada is completely backing away, except, ironically, where the Government has told it that it has to announce activity.

Regional development in Canada is a complete misnomer under this Government. The Government has no policy of regional development. The only regional development in which this Government believes is the strengthening of the muscles on its behind. The Government has completely forgotten about the needs of Atlantic Canadians and Canadians in have not regions. The Government throws out a fund every now and then, but nothing is ever done with it. There is no commitment to ensure that funds succeed and that economic disparities are corrected.

This Government has developed an arrogance one would not have believed possible in just two years. It is completely disinterested in people and has a complete lack of concern for the problems of Canadians.

Mr. Henderson: Mr. Speaker, I would like to thank my colleague, the Hon. Member for Cape Breton—The Sydneys (Mr. MacLellan) for making a very excellent speech. He outlined very clearly his position on the oil industry and how the Government is failing in its attempt to help the oil industry. Clearly, the Budget and the borrowing authority Bill with which we are dealing today did not address the needs of the oil industry.

I would like to follow up on the Hon. Member's final remarks on regional disparity. The Hon. Member is from Cape Breton and I think he clearly understands that the Government has been a total failure when it comes to job creation in Atlantic Canada. The programs that were announced were programs in name only. There was no substance to them.

In my own Province of Prince Edward Island, we had the highest rate of unemployment in January, 1987 since 1982. Unemployment is now up to 14.6 per cent, but the Hon. Member knows full well that that is not the true picture. These figures are seasonally adjusted and do not take into consideration those who are employed in the fishing industry and others who are drawing UIC benefits.

I would like to point out to the Hon. Member the Government's lack of funding for post-secondary education and have him comment on that. Students from my province have come to me to express their tremendous displeasure at the Government's funding for Established Programs Financing. The University of Prince Edward Island's tuition fees are among the highest in Canada. Last year, tuition fees were $1,480, plus other mandatory fees and book costs. When you add to that living expenses together with the lack of employment for students in the Atlantic provinces, the situation is almost such that the ordinary young person in Atlantic Canada is being held back by the Government's lack of funding. The Government is not investing in one of the best areas I know of to invest in, and that is, the future of young people.

We in Atlantic Canada have been totally let down in the area of post-secondary education as we were in many other areas. I heard some government Members speak this morning about lowering the deficit from $32 billion to a projected $29.5 billion. However, looking at it very carefully, one finds that the reduction is mostly as a result of tax increases and not of any savings that I can see. I see the Government as being penny wise and dollar foolish. It has the largest Cabinet ever, although every week or so one or two cabinet Ministers fall for

one reason or other, but they continue to be reappointed. I could go on and on about the way the Government is wastefully abusing the taxpayer while cutting back in ways that will be detrimental to the long-term future and viability of Canada, and particularly cutting back on programs that affect the education of young people.

Mr. MacLellan: Mr. Speaker, the young people of Canada and particularly of Atlantic Canada are being left singularly without hope. As my colleague, the Hon. Member for Egmont (Mr. Henderson), has said, not only are opportunities slim but the morale of young people is low and is eroding even further. It is becoming more and more apparent that it is the Government's intention that only the wealthy should be able to go to university and that assistance for universities should be reduced to such an extent that young people who cannot find summer jobs or get assistance from their parents will not be able to attend university regardless of how well they do in school.

With respect to jobs, the picture is equally bleak. The job base in Atlantic Canada is eroding as the Government tends to centralize all its activities in the larger centres. Young people are being trained without having opportunities to find jobs in their fields of expertise. It is a concern for them and for their parents and it is a concern for the future of Atlantic Canada. I think it should be a concern for all Canadians.

Mr. Gagnon: Mr. Speaker, we really do not have to take any lessons from the Liberals on how to look after an energy policy. They brought in a National Energy Program, they brought in the PGRT, and they brought western Canada to its knees. If any divisive program was brought in by the Liberals, it was the NEP, aided and abetted by the NDP. That stands for the No Down Payment group. All they believe in is spend, spend, spend. They are fiscally irresponsible. If you do not have fiscal responsibility, investors, foreign or Canadian, will lose confidence. That will cause a run on the dollar. That happened at this time last year and it caused higher interest rates. Last year interest rates were 4 per cent higher than they are today. People have said that it is not Canadian policies which cause higher interest rates. I say to them, look at Australia. The prime rate in Australia is 18.25 per cent. Ours is 9.25 per cent. We must be doing something a little better than they are doing.

• (1610)

My friend from the Liberal Party was talking about Petro-Canada. That company received $4.25 billion from the taxpayer. What we got back was $50 million. We should have received 10 times that amount every year, not just a one-time payment, for the last seven years. He talks about all this fantastic exploration on the frontier by Petro-Canada. He also forgets that on top of the $4.25 billion that company received from the Government, it was also reimbursed for 80 per cent of its exploration costs through PIP grants. Another hand-out.

The Hon. Member talks about competition. Some of the marketing companies which have disappeared into Petro-Canada are Supertest, BP, Canadian Fina, Pacific 66, Gulf, Royalite, and Purity 99. Those are seven that I can think of at the moment. If you wonder why we do not have competition in the market-place, it is because Petro-Canada has gobbled up all the competitors. When you have competition, you have a fair market price. I can point to Regina which has a co-op refinery, or Calgary with a Turbo refinery. Does my Liberal friend still believe that Petro-Canada is a good instrument for Canadians?

Mr. MacLellan: Mr. Speaker, my hon. friend says the Government does not have to take any lessons from the Liberal Party. To give you an indication of the stubbornness and stupidity of the Government, the lessons are there but it refuses to take them. The Hon. Member implies that because of the NEP we were decimated in western Canada. His Government is now compounding the problem by not having any policy at all. It then wonders why it is not going over well in western Canada. The Tories wonder why the people of western Canada are completely disgusted with them. Not only is there not an unpopular policy, there is no policy at all. The Government has not even tried to find something that would help. It just backs away and snubs those people. That is the worst affront of all.

The Hon. Member says the Liberal Government brought the oil and gas industry to its knees. His Government is not only doing that, it is kicking the industry when it is down. It is incredible that the Government and the Conservative Party do not understand what they are doing. They ask, why is Petro-Canada important? Why did the Minister of Energy, Mines and Resources and the Minister of Transport (Mr. Crosbie) fly in a Petro-Canada jet to Newfoundland to announce two delineation wells if Petro-Canada is not important? If Petro-Canada is such an nonentity, why is the Government using it to try to bolster its pathetic position in St. John's East? I do not have to repeat what Petro-Canada has done for this country. The Government, through its Ministers, is demonstrating that daily.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 66, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the Hon. Member for Scarborough West (Mr. Stackhouse)—Banks and banking—Chartered banks' interest rates—Spread between bank and prime rate; the Hon. Member for Winnipeg North (Mr. Orlikow)—National Research Council—(a) Future of

Algonquin radio observatory (*b*) Use of observatory equipment; the Hon. Member for York East (Mr. Redway)—Revenue Canada—Disappearance of microfiche records—Result of investigation.

GOVERNMENT ORDERS

[*English*]

BORROWING AUTHORITY ACT, 1986-87 (NO. 2)

MEASURE TO ENACT

The House resumed consideration of the motion of Mr. Wilson (Etobicoke Centre) that Bill C-40, an Act to provide borrowing authority, be read the second time and referred to a legislative committee.

Mr. Derek Blackburn (Brant): Mr. Speaker, I am happy to participate in the debate this afternoon on Bill C-40, an Act to give the Government borrowing authority. As in the past, this kind of Bill is usually very bland with not much flesh or detail except that it will give the Government $24.3 billion in this fiscal year. Therefore, I think it would be very irresponsible of us on this side of the House not to rise in our place and ask what it is for. Like any other big business, big Government has to borrow money, very often in advance. However, I think we should have the right to demand to know, not only why the Government is borrowing that amount of money, but for what specific purposes. We also have to ask it to justify those huge expenditures. If I am not mistaken and if my memory serves me correctly, that is what this place is all about. That is why Parliament began in England some 700 years ago, to force the Government to justify the spending of taxpayers' money.

To get an answer to this question we have to cast our minds back to the Government's last Budget. That is hard to do because there was little in that Budget to make it memorable. In fact, one could sum up the most recent Budget in just four words: More of the same. I have a partisan political temptation to stop right here and just say, go ahead. After all, the Government has been good to the NDP. Looking at the recent poll results one could make the case that the Conservative Government is the best thing ever to happen to the NDP. However, I cannot do that. My conscience, my mail and my contacts with my constituents remind me daily that this country is hurting.

The fact that so few approve of the Government is not to be celebrated, it is a cause for concern. There is a feeling, even in my own constituency in southwestern Ontario, that somehow the recession is behind us, that we have overcome the great obstacles such as very high interest rates and massive unemployment, and that the country is back to work, the unemployment problem is solved, and much lower interest rates are benefiting everyone from coast to coast. However, all one has to do is to travel beyond about 200 miles from the City of Toronto in southwestern Ontario, with the possible exception of Montreal and certain parts of southern Quebec, to find out that Canada has not bounced back from the recession of 1981-82. Indeed, there are greater regional disparities today than there were then. There are higher unemployment rates in seven provinces today than there were in 1982. Let us not fool ourselves that the Government's fiscal and monetary policies have somehow led us out of recession or depression and brought us back into the warm sunshine of advancement and development. Such is just not the case.

We have to skip the first half of the last Budget, which was just self-congratulations or breathing space. We then get to the meat of the Government's proposals in the February Budget. However, in this case maybe bare bones is a better way to describe it, because the Government only proposes to raise a few taxes and even those proposals hit hardest at low and middle-income earners. Of course, that has always been the case. Those who make up the largest single segment of our wage-earning population, the men and women in the so-called middle income group, have been hit again.

• (1620)

The first tax increase comes at the gas pumps. The ordinary guy who drives to work is asked to pay another one cent on every litre of gas. The Government clearly hoped that everyone would just shrug at another penny tax. However, even that slim hope faded when the big oil companies decided to tack on a few cents for themselves. That caused an uproar. I hoped that the Government would step in to stop such a blatant price gouging. After all, the oil companies were hoping to pin the rap for this increase on the Government. However, the Government could not muster enough courage. Instead, the Minister of Finance (Mr. Wilson) told Canadians not to buy the gas if they did not like the price. Truly spoken like a man who gets driven around in a limousine. If he had to get to work and his tank was empty the day after his Budget, his answer might have been a little different.

Gas was not the only thing to be taxed. The Government also broadened the sales tax to include snack food. This is a small measure which might have been overlooked in a more substantial Budget. However, the sales tax extension, albeit small, was a perfect illustration of the Government's philosophy. Instead of getting its money by making sure that every individual and corporation is paying its fair share, it chose to implement a regressive, indirect tax which hits the consumer hardest. I would have preferred to see tax reform, and I will return to that later.

Sales taxes are, by definition, regressive taxes. It does not matter whether you are a millionaire or on a fixed retirement income, you pay the same tax on the same article. That is just not fair. A loaf of bread is the same price for a person raising a family on $15,000 a year as it is for the rich person raising a family on $150,000 a year. Sales taxes are very, very regressive.

There was also a 4 per cent hike on the excise tax on tobacco products. This is a traditional sin tax which everyone expects to see in Budgets. We have seen it in virtually every Budget for

the last 20 years. However, it ignores a crying need. This is no time for another mindless revenue grab from tobacco. The Government should realize that this cash cow is dying. I represent an area with a large number of tobacco growers who desperately need help to convert their operations into other products which will give them a decent return on their investment.

I would like to spend a couple of minutes to repeat a few things I have said in this Chamber on other occasions. When those hard-working tobacco growers started growing tobacco 50 or 60 years ago in the tobacco belt of southwestern Ontario they took a great risk. They went into an economic wasteland, the backwater of southern Ontario which was not much good for producing anything else. Through hard work, worry, borrowing, and paying their taxes year in and year out they fashioned for themselves a decent standard of living while building up some very viable family farms. For a number of years they prospered. However, in recent years, due to many different obstacles, not the least of which is the health factor, the tobacco industry is now on the decline. Judging by the predictions of most of the experts, the tobacco industry will continue to decline in this country.

It is very easy for us to say that people should stop smoking, that we should stop advertising tobacco products, and that we should bring in every kind of regulation and law imaginable to encourage people to quit smoking. I am a living example of a person who smoked cigarettes for 30 years and finally quit. I am happy I quit. I got scared. I knew that the writing was on the wall and that smoking was a dangerous habit to indulge in.

However, on the other side, we must look at the tobacco industry and the tobacco producers in particular. Is it fair to pull the rug out from under them and say that not only has their product been scientifically proven to be dangerous but that we do not care about them any more, that we will let them fend for themselves other than putting $15 million in the kitty to help them get out of tobacco and into something else? Tobacco farmers need about three years of good prices and then will not need government assistance to get out of tobacco. They will be able to leave with dignity, independent of government aid. They will have enough money to set themselves up in another industry or business or to enter a trade.

Unfortunately, both the federal Government and the provincial Government of Ontario are doing very little other than saying a lot about what should be done rather than putting a meaningful program into place to assist the tobacco growers. It is a shame that because of the health factor some 20 townships in southwestern Ontario will suffer drastically in terms of their tax base. The families of tobacco growers are going through tremendous adversity, depression and anxiety because their livelihood is literally being taken away from them. I hope that the Government will put together a program to assist these people in a dignified way which will allow them, of their own volition, to move into another kind of business.

While so many farmers are going bankrupt and their land is falling out of production, no government aid has been announced. The Government has an opportunity to tell those farmers that they are not alone. The Government could have said that this year's tax hike on tobacco would be directed exclusively to developing alternative crops, researching new markets, and providing assistance to convert tobacco farms to other kinds of production. That opportunity was missed. Tobacco farmers found out what other Canadians learned the hard way, that they cannot trust the Government to fund fairness.

By looking at what is not in the Government's fiscal plan you can see the real curdle, if I can use that expression, of this Budget. There were no plans to create jobs. There were no new plans to help farmers. There were no new plans to correct regional economic problems, and there was no tax reform. Each of these glaring omissions says something about the Government. The Government tells us something with each studied silence. If you do not have a job, the Government says "tough". If your farm is in trouble, the Government says "sell out". If you live in a depressed part of the country, the Government says "move". If you want a fair tax system, the Government says "wait until election time".

These issues should be addressed when the Government lays out its plans for the coming year. I know the Government will argue that job creation is part of its over-all plan. It will point with pride to the number of jobs created since it came to office. That is fine if you live in or around Toronto. Of these new jobs, 95 per cent were created in Ontario, but even in Ontario jobs are not being created equally. The region I represent has unemployment of approximately 11 per cent. That is about 4 points above the provincial average in one of the most prosperous areas of the country. Imagine the despair in Atlantic Canada, in the West, and in the North. There should have been a clear target for lowering unemployment, especially in depressed regions of the country.

There should also have been some attempt at tax reform. I will not repeat the tax increases which have been heaped on the average Canadian family in the last two and a half years. They have been put on the record again and again. The federal taxes of the average family have increased by approximately $1,350 a year since the Conservatives came into office. Canadians were looking forward to this year because they had been promised tax reform. Indeed, that was supposed to be the main attraction of this year's Budget. We would have welcomed the closure of loopholes such as the capital gains exemption. Perhaps I should not call that a loophole. It was simply a special tax concession given to investors. Canadians would have been happier with a simpler tax system where every individual and corporation paid a fair share. Instead, it was put off. I expect the Government wanted the delay so that the new system could be announced closer to the next federal election. However, every day that the Government delays will cost it dearly, because it is another day that Canadians are forced to endure an unfair tax system. If there is one thing that Canadians want today, it is a fair tax system. They do not

want to hear another promise of fairer taxation during the next election campaign.

• (1630)

I suggest it would be in the interests of the Government, which is currently so low in the polls, to bring forward real tax reform well in advance of the next election if it hopes even to form a minority government after that election.

There are other areas where fairness might have been advanced. The framework and the timetable for implementing a national system for child care might have been proposed. Long-term solutions to the crisis in Canadian agriculture might have been suggested as well. However, while there has been a lot of talk, none of these areas has seen any action. Borrowing billions of dollars for more of the same is sadly inadequate.

I have outlined some of the glaring deficiencies in the Budget on the one hand and addressed very briefly the Government's intention to borrow some $24 billion on the other. It is time that the Government came clean with the Canadian people and that it brought forward meaningful tax reform. That is what the Prime Minister (Mr. Mulroney) was forced to promise in the last election campaign during that great national debate on television in the summer of 1984. Over two and a half years later we are still waiting for even a White Paper or Green Paper on tax reform.

The tax system is at the very heart of a fair and equitable society. Historians will look back and judge the Government on how fairly it treated Canadians. One of the criteria on which they will base their judgment will be how fair the tax system was.

We all know that in the past our tax system, as in the United States, has always been used and indeed, one might cynically suggest, written as an instrument for the few to avoid paying taxes rather than a broad simple approach in which everyone pays his or her fair share in personal and corporate tax.

I want to refer to corporate taxation. There is no question that unless corporations pay more in income tax in this country individuals will have to pay more and more. It is most regrettable that the balance is so much in favour of the corporations and that individual taxpayers in Canada are having to pay such an inordinate amount of money from their hard-earned income.

Finally, I want to talk about the plight of our farmers. I sincerely hope that part of the money from the $24.3 billion that the Government intends to borrow in the fiscal year will go to a program that is not simply words but represents action to assist not only tobacco farmers but all farmers in this country so they may get their finances in order and make a decent living. Unless there is a decision that is based on the political will to preserve the family farm in this country, it will be lost. We will be at the mercy of offshore prices and will pay the same for bread, milk, cheese and other commodities as do Norway and Sweden which must import such products. We must ensure that we can export our surplus products so that the farmers can make a decent income.

Mr. Deputy Speaker: Questions or comments? Resuming debate.

[*Translation*]

Mr. Alfonso Gagliano (Saint-Léonard—Anjou): Mr. Speaker, this afternoon the debate centres on a Bill authorizing the Government to borrow in order to meet its financial commitments, and if we look at the Budget brought down last month, I am sure a private company would have trouble getting a loan on the basis of the accounting methods used by the Minister of Finance (Mr. Wilson).

The Minister reduced the projected deficit by $1.2 billion without increasing revenue or reducing spending. He used an accounting trick which he referred to as "accelerated remittance of source deductions". This is just another example of Conservative sleight-of-hand.

Since the federal election in September 1984, Canadians have become resigned to unacceptable tax increases. Everything is taxed again and again and again. This year, the Conservative Minister of Finance brought down a Budget that is not worthy of the name. However, even in this document he still managed to raise taxes. He raised the tax on gas by one cent a litre, which means that since the Conservatives came to power, excise tax on gas has increased by a total of 18 cents per gallon, which reminds me of the 18-cent tax per gallon—

Mr. Hudon: Less than the increases you brought in.

Mr. Gagliano: —which the Minister of Finance in the Clark Government announced in his 1979 Budget, a proposal that was rejected by this House. Canadians voted this decision down in a general election in 1980, by electing a Liberal Government, and in 1984, the Conservatives returned to power. They failed to learn from their 1980 experience, because now they are bringing in the same 18-cent tax again, Mr. Speaker.

The Conservative Government, and especially the Prime Minister (Mr. Mulroney) and the Minister of Finance, say that these taxes are necessary to reduce the deficit.

Barely a year ago, in February 1986, the Minister of Finance, with a masterful stroke of the pen, cut spending by $500 million so that the deficit forecast for 1986-87 would be less than $30 billion. In other words, he projected a deficit of $29.5 billion, but now at the end of this fiscal year, it looks more like a deficit of $32 billion, a difference of $2.5 billion.

This year, in the so-called Budget he brought down on February 18, 1987, he projected a deficit of less than $30 billion. He managed to get the deficit down to $29.3 billion by using accounting tricks like the accelerated remittance of source deductions, which will raise $1.2 billion by taking money out of the operating capital of our businesses, especially certain small businesses.

He also managed to prune a few hundred million dollars from the National Defence budget. Mr. Speaker, we are asking Canadians to do their share to help resolve our financial problems. We are asking Canadians to be honest with themselves and with the Government. And now we see the Minister of Finance of this country using hardly acceptable accounting methods to give the impression he is reducing the national deficit, while in reality, his imaginative forecast is misleading.

Mr. Speaker, after three budgets featuring astronomical tax increases, we will end the year 1986-87 with a deficit of about $33 billion, roughly the same as the deficit incurred during the last full year of the Liberal administration in 1983-84, $32.399 billion. If we add to that the nearly $7 billion tax increases plus the money the Government got for selling Crown corporations we might say today that the Canadian Government would have run up a deficit of approximately $40 billion. Such is the financial picture of the Conservative Government, Mr. Speaker. Where is the deficit reduction we were promised?

• (1640)

[*English*]

With the Conservative Government in power, everyone agrees that the rich and the corporations feel a smaller tax bite than the poor. From the budget documents we can see that Ottawa will take from individuals in the coming fiscal year, which begins on April 1, $43.3 billion or 48 per cent more than in 1984-85, the year the Government was elected. These documents also revealed that corporations will pay an estimated $10.135 billion in federal income tax in the coming fiscal year or 4.3 per cent more than they paid in 1984-85. These figures do not include a 62 per cent increase in federal sales tax and excise tax over the same period.

Not only has the federal sales tax been increased four times by the middle of this year, it has repeatedly been extended to a variety of products previously not covered. The latest victims are candies and ice-cream for kids. These increases, along with other excise tax increases on tobacco, alcohol and gasoline, have added to the tax take of the provinces.

A report last month prepared by the Welfare Council, a federal advisory group, states that a two-income two-children family earning $15,000 paid $407 in federal income tax in the calendar year 1985. This year the same family will pay $770 or a 90 per cent increase. A family earning $20,112, the poverty line for a family of four in a city of 500 or more, paid $1,290 in federal income tax in 1985. This year that same family will pay $1,736 or 25 per cent more.

At the average income level of $42,000, the federal income tax bite this year will be $6,102, an increase of 32 per cent or $1,487. In contrast, the income tax take from a couple earning $100,000 will have increased by $319 or 2 per cent for the same period. Federal income tax for a family earning $80,000 will have risen 8 per cent or $1,056. These figures are very disturbing. These figures are telling us that the gap between rich and poor in Canada is increasing rapidly and dangerously and the Government is not doing a thing about it. In fact, the Government is helping to make it larger.

Since it took office, the Government has promised fiscal reform, but we are still waiting. How long do we have to wait? In his Budget, the Minister of Finance promised we would have a White Paper in the spring so we can know the intentions of the Government. I hope that in the next Budget he will act on tax reform. How can Canadians trust the Minister of Finance or the Conservative Government that they will not, with the excuse of a tax reform, increase taxes? After all, the present Minister of Finance said in the House of Commons on March 6, 1984, that if a Conservative Government were elected "we would cut spending. We would not raise taxes. Tax levels in Canada are already too high", and later in the same speech he said: "If we raise taxes, we provide funds for politicians and bureaucrats to spend". But in his three Budgets, he has increased taxes. Canadians have never experienced such increases since the last World War. How can Canadians today trust the Minister of Finance, the Prime Minister and this Conservative Government that they will not take advantage of tax reform to dig more deeply into the pockets of low and middle-income earners in order to give presents to their friends as they did in the past when they allowed tax concessions to multinationals and high income earners?

[*Translation*]

Mr. Speaker, the Minister of Finance keeps on talking about the tax reform, making us believe he will deliver the goods as he promised in his February 18, 1987 Budget Speech. We will be waiting impatiently for this famous White Paper to find out what the Government intends to do.

On several occasions the Minister of Finance indicated to the House that if the Opposition had any worthwhile suggestions to make we ought to give him our ideas just so he might come up with a tax reform which all Canadians could live with.

Mr. Speaker, since we are debating economic issues I should like to take this opportunity to offer a few tax-related suggestions to the Minister of Finance so that we might design a fair, equitable and simple tax system for all Canadians.

For starters, the Government must not seek ways to increase taxes if it wants its tax reform to be respected and appropriate. Should the reform lead to higher taxes, the Government must promise to reimburse taxpayers through tax credits or otherwise so as to create a climate of confidence in our tax system.

Mr. Speaker, it stands to reason that a tax reform calls for higher taxes. But then people will protest and the tax reform will lose its objectivity. It is therefore imperative that the tax reform address the problems inherent in our very complex legislation. It should be aimed at eliminating such complexities, everything which Canadians no longer understand and which even some experts find baffling.

Mr. Speaker, this is not new, and I am sure you and the Members of this House will agree, and in fact Canadians all agree they have had enough of Government red tape. If we want the tax reform to be objective and feasible and fair, it should provide us with a simple system that can be understood by everyone. Our tax system should be aimed at one specific purpose: to finance our programs, both economic and social, in a manner that is non-discriminatory.

Mr. Speaker, another bit of advice I would like to give the Minister of Finance concerns his so-called business tax, his new sales tax that could well lead to a tax revolt in this country. I must say that Canadians are ready for a revolt. It has happened before, and people from the general area around Montreal Island who know something about municipal taxes . . . If the Minister of Finance proposes a new sales tax that will take even more money out of the pockets of Canadian taxpayers, we are going to have some very violent demonstrations.

To avoid this, and to make tax reform acceptable, the Minister of Finance should indicate in his White Paper the goal of this new tax which should be objective and not penalize small businesses.

The important thing is that as soon as his White Paper is published, the Minister of Finance should make it clear how he intends to exempt small businesses from this new tax system.

Mr. Speaker, today, and the Minister of Finance said so himself so we agree on that, only one third of our businesses are subject to federal sales tax. If the new sales tax applies to everyone, Mr. Speaker, this means that the majority of small businesses that are not subject to federal sales tax will be subject to the new tax and will therefore have to cope with an enormous paper burden. They will not accept this, and there will be protests, and we will lose the whole objective aspect of this federal sales tax which could be part of a fair and equitable tax reform.

Mr. Speaker, bearing in mind that small businesses create most of the jobs in this country, a tax system that would be unfair to this sector would increase unemployment and defeat the purpose of the tax reform the Minister of Finance intends to propose and which everyone agrees is badly needed.

Mr. Speaker, although the Opposition is often accused of being negative, I have just given the Government and the Minister of Finance a few constructive proposals. We all realize that tax reform is complex. We realize the Minister of Finance will have trouble reconciling all these aspects within his caucus and his Department. However, considering the Minister has been promising tax reform ever since this Government came to power two and a half years ago, it is high time the Minister of Finance released his White Paper and told the Canadian people what this Government intends to do about introducing a truly Canadian tax reform that is sensible, fair and just.

Mr. Speaker, I would like to caution the Minister of Finance by suggesting that the methods he has been using up till now to reduce the deficit are misleading and that nobody is deceived by such a tactic. Can you imagine, Mr. Speaker, someone going to the bank to apply for a loan and submitting a balance sheet that would show inflated revenues to embellish his financial situation. And after reviewing that, the bank manager would discover that the applicants' revenues and expenditures are fictitious, and that he submitted a fake balance sheet, that does not reflect the company's true situation. This is exactly what the Minister of Finance has attempted to do with his budget last month, to show a deficit that was lower than $30 billion by resorting to unacceptable accounting trickery.

Mr. Speaker, he asked businesses to remit tax money every other week, instead of once a month. This automatically will mean twice the paperwork, because instead of filling forms and computing, and balancing payroll accounts once a month, they will have to balance them every other week.

The Minister of Finance in his budget speech suggested this would only affect larger corporations. Again he miscalculated, because any building contractor with 20 employees will be affected, Mr. Speaker. And in my calculations, I only used the Quebec income tax deductions, which of course do not include the Canada Pension Plan nor the fact that provincial income tax is collected. Therefore, if I do the same calculations for the other provinces, the number of employees for a business required to make the accelerated remittances will be less than 20. Therefore, Mr. Speaker, if really we are to initiate a tax reform for the main purpose of reducing paperwork, I think the Minister of Finance is going the wrong way about it. He is increasing the paperload and not reducing it. In conclusion, Mr. Speaker, I submit that Canadians are aware of the deficit problem, which to a large extent was due to a recession.

Canadians are willing to pay their share to reduce that debt, but the Tory Government must prove its good faith. Up until now, they have been doing the opposite, increasing taxes while not reducing the deficit, and the public debt is increasing. Unbelievably, Mr. Speaker, the national debt has increased from $180 billion to $295 billion, an increase of about 60 percent within three years. Well, I hope Canadians will see their taxes decreased and not increased, with a proposed new tax system that will be adequate for our economic and social development, that will reduce unemployment, and especially reduce the gap between the rich and the poor, all of which would help us establish a just society which our children could inherit.

• (1650)

[*English*]

Mr. Hovdebo: Would the Hon. Member give us some indication of the cost to a small business of making submissions to Revenue Canada every two weeks rather than once a month? As far as a small business is concerned what is the extra cost?

Mr. Gagliano: Definitely, the first cost that a small business will incur is that it has to send $15,000 to the Government 15 days earlier than it is presently doing. Therefore, it will incur operating expenses. Today the majority of businesses operate with an open credit margin, and automatically there will be the interest expense every 15 days that it presently does not incur because the money is submitted once a month. Cash flow will be affected, and there will be an interest expense.

Second, submitting the money every two weeks will double the bookkeeping or accounting expense because it will be twice a month that the accountant has to balance the payroll book. The accountant cannot just write a cheque and say, "Here is so much for federal income tax, and so much for UIC". The payroll has to be balanced and the employer contribution has to be calculated. Therefore, with the accelerated deduction at source created by the Minister of Finance, it doubles the paper work for a small construction business with 20 employees.

As I previously said in my speech, that calculation was done for the Province of Quebec. If the same calculation is applied to other provinces where the number of employees may be 15 instead of 20, the federal Government collects Canada Pension Plan and provincial income tax. The new Wilson rule is based on the total remittance by the year, and not what is in the remittance. In provinces other than Quebec, a small business has to be small, in other words, instead of 20 employees, it may have 15 employees.

Mr. Henderson: I wish to comment not only on this Budget and the Hon. Member's views, but on the previous Budgets introduced by the Government since 1984. As a Member of Parliament from Atlantic Canada, I find that regional disparities are becoming greater. While there certainly is a turn in the economy, it is concentrated in Ontario, mostly in Toronto and southern Ontario.

At the meeting of the House of Commons Standing Committee on Finance and Economic Affairs the Minister of Finance (Mr. Wilson) said that western Canadians are prisoners of the international economic forces and there is not much that the federal Government can do about it immediately. That quotation appeared in the Thursday, March 5, 1987 edition of *The Ottawa Citizen*. He has certainly recognized the problem of disparities, as was indicated in the news release, but there was nothing in the Budget which attempted in any way to relieve the situation.

• (1700)

Over the last two years to three years we have seen the progression of even a greater gap between have and have not areas. I wonder whether the Hon. Member would comment on that.

Mr. Deputy Speaker: I regret that there will not be time.

It being five o'clock the House will now proceed to consideration of Private Members' Business as listed on today's Order Paper.

PRIVATE MEMBERS' BUSINESS--MOTIONS

[*English*]

MOTOR VEHICLES

SUGGESTED REQUIREMENT FOR AUTOMATIC HEADLIGHT SYSTEM

Mr. Arnold Malone (Crowfoot) moved:

That, in the opinion of this House, the government should consider the advisability of introducing a measure which would require that all motor vehicles manufactured and sold in Canada or imported into Canada be equipped with an automatic system which would cause headlights to be turned on whenever the motor vehicle is in operation.

He said: Mr. Speaker, the use of daytime running lights is intended to increase the visibility of vehicles so that they can be seen before collisions occur with another vehicle or with pedestrians. Protection is facilitated by the increase in contrast between a vehicle and its background. The use of daytime running lights is effective in increasing vehicle visibility both at night and in the daytime regardless of the background and environmental conditions.

This initiative would be the most important safety feature since the introduction of the wheel brake. It has been demonstrated to result in less accidents than any other safety advance in the automotive industry.

Nearly 45 per cent of all road accidents occur because of recognition errors, including both perception and comprehension. The lack of vehicle visibility is the major cause.

We have evidence before us to establish clearly and factually that daytime running lights in the use of automobiles is a safety factor which brings very positive results. In Sweden, the use of headlights at any time has been compulsory since 1977. It is estimated that there is a 95 per cent participation rate in that country. Multiple daylight accidents have decreased in urban Sweden by 20 per cent and in rural areas by 17 per cent. Summer accidents where the days are longer have decreased in urban areas of Sweden by 12 per cent.

In Finland, the use of daytime running lights inside built up areas in the winter has been compulsory since 1972. The participation level is high, and daytime multiple accidents have decreased by 32 per cent since 1974.

Greyhound Bus Lines in North America conducted a test project which involved 100 per cent participation in the use of daytime running lights. It was observed that daylight collisions decreased by 24 per cent in Canada and by 12 per cent in the United States.

American Telephone and Telegraph also conducted a test project. The drivers of its vehicles across the United States were asked to have their headlights on at all times, both daytime and at night. In the first six months multiple daylight accidents decreased by 32 per cent. After two years of the experiment it was noted that the accident rate had decreased by 45 per cent.

Clearly there is evidence to establish that visibility increases with the contrast created by the use of daytime running lights. It is an inexpensive and extremely effective measure by which we might decrease automobile accidents.

We do not need to turn to Greyhound Bus Lines or Nordic countries to note examples of the effectiveness of this measure. Since 1966, the daytime use of headlights on motorcycles has been compulsory in Canada. It should be noted that since the introduction of that safety feature, there was a 40 per cent decrease in motorcycle accidents. In 1982, Canada had more than 800,000 motor vehicle accidents wherein 4,169 persons died. Estimates predict that with the use of daytime running lights approximately 120 lives per year would be saved and 11,000 injuries, together with $200 million in related costs, would be eliminated. Total accidents in Canada would decrease by 4 per cent to 5 per cent with use of universal daytime running lights and fatal accidents would be reduced by about 3 per cent.

Merrill Allen of the University of Indiana found that drivers did not seem to know under what conditions they should turn on their headlights. A study done by Transport Canada found that at dusk oncoming unlighted cars were visible to one another only if they were within 500 feet of each other. However, a full 1,500 feet is required for safe passing. At dusk a masking effect occurs if an unlighted car is preceded or followed by a lighted car. The unlighted car in effect becomes invisible.

It was further found that drivers judge a lighted vehicle to be closer than it really is and therefore passing is discouraged. In Canada daytime running lights usage is less than 14 per cent. Thus, full participation in the use of daytime running lights would produce an estimated 10 per cent to 20 per cent reduction in daytime multiple vehicle collisions. This would equate to a 3 per cent to 6 per cent reduction in over-all annual accidents.

A retired engineer and lighting specialist for General Motors indicated that such lamps on automobiles would require an energy equivalent of about eight-tenths of a gallon of gas per car per year. As original equipment on cars, daytime running lights would cost about $15 per vehicle. This recommendation is practical, workable, and responds to a demonstrated need. It is a very economical way in which to reduce accidents, save lives, decrease property damage, and provide a very worthwhile service for Canadian drivers at very little cost.

Owners of existing automobiles would have the option of either switching on their headlights while driving or installing an automatic switch system which would allow their headlights to come on at low beam. Vehicles could be modified, if the owners so wished, to install one of the less expensive options and link it to their ignition systems. The study by Transport Canada indicated that the benefit to cost ratio would be about two to one.

In conclusion, let me say that the use of daytime running lights in Canada on motorcycles has resulted in a 40 per cent reduction in motorcycle accidents. In Sweden and Finland there has been the clear demonstration of a significant reduction in accidents because of the use of daytime running lights. The American Telephone and Telegraph Company has noted extremely positive results, as much as a 45 per cent decrease in accident rates with its experiment. There are similar statistics for the Greyhound Bus Corporation in Canada and the United States. The evidence is there. It is clear for all to see. It is inexpensive. It can save lives and prevent as much as 11,000 injuries a year. Canada ought to adopt this simple but effective system for protecting its citizens. I hope the Bill will be allowed to pass in the House of Commons.

[*Translation*]

Hon. André Ouellet (Papineau): Mr. Speaker, it gives me pleasure to speak today on the motion of the Hon. Member for Crowfoot (Mr. Malone) asking that the Government introduce a measure requiring that all motor vehicles manufactured and sold in Canada be equipped with an automatic system which would cause headlights to be turned on whenever the motor vehicle is in operation.

I wish to commend the Hon. Member for this proposal which I find quite constructive. I hope that Government authorities, especially the Minister of Transport (Mr. Crosbie), will give it favourable consideration. I am not certain that the Minister will act quickly, but I hope that the Hon. Member will use his influence with the Government to speed up the process.

Indeed, such a measure could reduce considerably the number of front-end collisions on Canadian roads. In addition, it could reduce the number of accidents causing fatalities or serious injuries. I therefore believe that this is a very important proposal which deserves to be not only considered, but also implemented by the Government.

It is attractive from many aspects, but I believe that the Government should consider some of my comments before putting it in effect.

Indeed, I find this motion quite appropriate since an increasing number of drivers keep their headlights turned on all day. In Ontario, there are now road signs saying:

[*English*]

"Keep your lights on at all times for greater safety". Indeed, many people going to work early in the morning or returning at the end of the afternoon are using their lights even on a sunny day. They use their lights for greater safety.

• (1710)

I think it is a useful and a valuable recommendation of the Hon. Member. However, there is a caveat. Under closer scrutiny, under a more careful analysis going beyond the principle to the application, the motion does not look totally attractive unless some provisions are embodied in the initiative.

I would like to enumerate some conditions that should be attached to such a recommendation in the motion.

[*Translation*]

First, as I said earlier, we in the Liberal Party believe that this proposal is valid since studies clearly show it would have a positive impact on the number of road accidents.

However, we believe that implementing such a measure could cost thousands of dollars to Canadian drivers because it would inevitably overload the electric system of motor vehicles. We believe that any measure introduced for the purpose suggested by the Hon. Member for Crowfoot (Mr. Malone) should take into account the problems of implementation. Obviously, Mr. Speaker, a headlight system designed to stay on only 10 per cent of the time is not a complete and proper system. Car manufacturers should therefore develop a different system which would enable all Canadian cars to be equipped with permanently turned on headlights. Otherwise, consumers could find the maintenance costs for their headlights rather expensive.

[*English*]

I am sure that for garage or automotive parts manufacturers such an initiative, if it is implemented without proper preparation by the automakers themselves, could become a very lucrative market. I would not want the consumer to pay unnecessary costs just to make such a motion valid.

[*Translation*]

I think that there are other costs which Canadian motorists would have to assume and I suggest that the Government should carry out an in-depth study of this matter before going ahead. Of course, we are talking about the additional cost resulting from the installation on a car already built of the necessary special equipment, as well as the cost resulting from its installation on an imported vehicle, not to mention those resulting from the changes to be made to the assembly line.

Those of us who are following more or less closely the evolution of car design all know that an increasing number of cars are provided with so-called pop up headlights. The purpose of this design is to enhance cars not only esthetically, but to make them more streamlined.

One can easily imagine that this design would lose a great deal of its streamlining effect under a legislation such as that proposed this afternoon by the Hon. Member for Crowfoot. These cars would have to run all day long with their headlights popped-up, which would certainly result in increased gas consumption.

Another potentially dangerous aspect of the legislation introduced by the Hon. Member is its impact on the auto pact.

What would be the consequences of a legislation which, not being reciprocated by the American Government, would *de facto* create a non tarif barrier on the North American car market. In fact, a car built in the United States and meeting U.S. standards could not be driven in Canada without first undergoing some expensive changes.

Finally, Mr. Speaker, I want to emphasize that notwithstanding the few reservations I have just mentioned, we in the Liberal Party support the spirit of the motion moved by the Member for Crowfoot. We certainly believe that the implementation of such a measure would have quite a positive impact by reducing the number of car accidents on the highway, thereby increasing highway security.

If such a measure could only spare one life, the Hon. Member for Crowfoot should be commended for his initiative. I conclude by saying that the Government should take the necessary steps as soon as possible and call upon all car manufacturers to incorporate such equipment in the design of their cars without any additional cost being passed on to Canadian consumers.

• (1720)

[*English*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I rise to support this motion although it does seem to us that the announcement made by the Minister of Transport (Mr. Crosbie) for a daytime running light system effective December 1, 1989, may make much of this proposal superfluous. The Minister has proposed that all vehicles manufactured in or imported into Canada must be fitted with a daytime running light system as of December 1, 1989, and as of September, 1988, any new vehicle manufactured with a daytime running light system must meet technical specifications under federal regulation. The Minister goes on to specify these regulations.

I can support this motion because of the toll taken by automobile accidents and the tremendous pain, suffering and cost flowing from them. More than 4,000 men, women and children died in highway traffic accidents in Canada in 1985, and it is expected that the 1986 count will not be much different. As well as the 4,000 people who died as a result of highway accidents, there were tens of thousands of people who were involved in traffic accidents which did not result in death but did result in injuries, many of which were of a permanent nature and as a result of which there were tremendous ill effects on the health and well-being of the victims, high hospital costs, lost income and effects on family members of those who were injured.

I would like to take a moment to remind the Hon. Member for Crowfoot (Mr. Malone) that the Governments of Sweden, Norway and Finland, which are far ahead of us in doing the kind of thing the Hon. Member for Crowfoot has suggested, have been for many years social democratic Governments. We socialists can sometimes do the right thing.

Only in Saskatchewan does there exist a voluntary system such as the one the Hon. Member is advocating. The only complaint about what is done in Saskatchewan is that the use of night lights can dazzle some drivers. Some feel that a retrofit for pre-1989-built cars should be made available so

that we may enjoy the benefits of the program sooner than if we waited for cars that will be produced in 1989.

Automobile accidents have resulted in a catastrophic toll, a toll which calls for major advances not only along the lines suggested by the Hon. Member for Crowfoot but in vehicle design and operation, driver education, police enforcement and highway construction. We know, for example, that a high percentage of accidents are the result of young drivers. We should have a much better system for educating young drivers. We need to have a much better system in fact for educating all people about the dangers of driving while under the influence of liquor. Our highways need to be improved and we need better police enforcement of the law. For 12 months of the year, we should have programs such as those that are put into place in many cities and provinces at Christmas and New Year's when more people than usual get involved in drinking. Much of what I have suggested is long term and requires considerably more research than that which has been done until now. However, there are areas in which the federal Government could do more.

It could be said that rather than doing more, we are going backward. For example, the federal Government is moving to deregulate interprovincial trucking. As a result of that deregulation, there will be no enforceable safety codes. Standards for the amount of time a driver can drive a truck will not be governed nationally but will effectively be governed by each province. Thus, interprovincial transport will not be regulated effectively. There is plenty of evidence to suggest that once the trucking industry is deregulated and we have the competition to which deregulation leads, truck drivers going long distances will drive for longer and longer hours in order to cut costs. They will probably take drugs which will supposedly help to keep them awake and that is—

Mr. Benjamin: Won't matter if their lights are on or not.

Mr. Orlikow: My colleague has said that it will not matter if their lights are on or not. That is a prescription for more and bigger accidents.

Further, the Ministry of Transport is backing away from areas over which it has direct responsibility. Whenever a car-train accident occurs, it is because the car tried to beat the train at a level crossing. We should move as quickly as possible to get rid of level crossings. That would not only save lives and cut down on accidents but would permit trains to move much faster as they do so successfully in Europe. Instead of getting rid of level crossings and making both rail and automobile travel safer, the federal Government, in its desire to save money, has put a hold on the elimination of level crossings and has chosen to implement a program on the cheap. In other words, there will be a billboard campaign designed to promote level crossing safety.

Surely there is much to do to promote automobile safety. This motion is a small step that is already under way. Some other steps which could be taken are improving education, redesigning and improving our highways and cracking down on drinking and driving. We could probably do a better job controlling those few automobile drivers who insist on exceeding the speed limit by anywhere from 10 to 25 miles an hour.

• (1730)

If the Canadian experience with daytime lights for cars matches that of the Scandinavians, multiple vehicle collisions will fall by 10 per cent to 20 per cent and there will be a saving of up to $200 million a year in medical and property damage costs. If those figures are correct, and I think the estimate is on target, then it seems to me we should not just be talking about it but we should be investing some money in the short run which would pay tremendous benefits in the long run.

As I have indicated, we are going to support the motion and I commend the Hon. Member for bringing it forward.

Mr. William G. Lesick (Edmonton East): Mr. Speaker, it is my honour and pleasure to speak in support of the motion proposed by my colleague and neighbour, the Hon. Member for Crowfoot (Mr. Malone). With very little reservation speakers from both opposition Parties agree with the spirit and intent of the motion. That indicates the importance and validity of the motion which the Hon. Member has been endeavouring to present to the House for a great length of time.

More than 20 years ago my wife and I travelled into Saskatchewan and we saw oncoming cars with their lights on. I blinked my lights a few times to indicate to them that their lights were on in case there was a problem. However, they did not respond and I soon learned the error of my ways and the correctness of theirs. The moral of that story is that I could see the oncoming cars very readily. That is why this motion is so important. I am not suggesting that the Hon. Member was promoting this idea as long as 20 or 25 years ago, but he certainly had a great interest in it for many years and has been endeavouring to promote greater safety on our roads.

Each year in Canada there are approximately 700,000 collisions involving motor vehicles, pedestrians and bicyclists. These collisions, which we mistakenly refer to as accidents, claim roughly 4,000 lives and produce more than 200,000 injuries year after year. I do not believe this year will be any different unless we do something along the lines proposed by the Hon. Member. When you consider that half these collisions are caused by the failure of the driver to see the other vehicle, it becomes important to identify methods of improving the visibility of vehicles on our roads. The use of lights during the daytime is considered to be the most effective method of achieving that objective. Canada recognized that fact as early as 1974 when it became the first country to mandate automatic light systems for new motorcycles. Since then a number of studies have not only confirmed the fact that lights reduce motorcycle crashes, they have also confirmed the value of using daytime running lights for all motor vehicles. As a consequence, a proposed motor vehicle safety standard was

published on July 12, 1986. It would apply to all new passenger cars, trucks, buses and multi-purpose passenger vehicles. The final technical specifications were announced on December 29, 1986, and the regulation is expected to be ready for approval by the first quarter of 1987.

The figures I have given indicate how important this motion is. We should all take them into very serious consideration. I commend not only the Hon. Member but all government and opposition Members who agree with the motion's intent. It is my pleasure to say that we should heartily support the motion and I am looking forward to its speedy passage.

Mr. Don Ravis (Saskatoon East): Mr. Speaker, I am also delighted to speak on this motion for a number of reasons. First, and probably most important, I come from Saskatchewan where we have had a voluntary program like this in effect for some time.

I want to begin by saying that Private Members' Hour is a very special time when Members can put forward very worthwhile Bills and motions such as this. It is a time when Members from all Parties can choose to agree or disagree. From what I have heard so far today I gather there are a number of Members who support the motion and I want to assure the House that I feel the same way.

The Hon. Member has been working on this idea for six or seven years. He did not come up with it just a few months ago. He has been pressing very hard on the issue, and I think his constituents should be very proud of a Member who brings this kind of motion to the House.

It may appear to be very obvious, but I can tell you that in Saskatchewan hundreds of lives have been saved because of the program I referred to earlier, and I believe the province is in the process of doing a full evaluation of its effect. The program, called Lights on for Life, has been in place for about five or six years and about 50 per cent of all vehicles on the highway comply with it. I have to admit that my reaction, much like that of the Hon. Member for Edmonton East (Mr. Lesick), was that someone must have forgotten to shut his lights off. However, you soon begin to realize just how much quicker you notice oncoming traffic when cars have their lights on. I believe it is in the neighbourhood of 10 seconds to 12 seconds sooner. Of course, some people even leave their lights on while driving in the cities, and while I believe that has a certain application it is probably not as useful as it is on the highways.

The point I want to make about this motion is that it will save lives and lower insurance rates. The cost of insurance is something a lot of people complain about. It will also keep a lot of people at work rather than at home suffering from the results of an accident and having to ask for assistance from either Government or some other agency.

In conclusion, the Hon. Member for Crowfoot (Mr. Malone) deserves the hearty congratulations of all Members of this House. I urge the Department officials and the Minister of Transport (Mr. Crosbie) to move quickly on this motion.

Mr. Les Benjamin (Regina West): Mr. Speaker, I just want to say to my hon. friend that we think this motion is fine, although it is slightly deficient. However, on the assumption that the House will pass the motion, it will be incumbent upon the Government to bring in appropriate legislation.

I also want to say to my friend who just finished speaking, the Hon. Member for Saskatoon East (Mr. Ravis), that as usual Saskatchewan led the way. We are still working on getting Alberta to do something about seat-belts, however.

Let me point out where the motion is slightly deficient. My good friend, the Hon. Member for Edmonton East (Mr. Lesick), pointed out that 20 years ago he flicked his lights on when he drove into Saskatchewan to remind oncoming motorists that their lights were on. It is about that far back that we started a campaign which said at dawn and dusk put your lights on and leave them on. That is when the lights on campaign started. However, while there was no problem in putting the lights on, the towing companies and cab drivers were really happy about boosting batteries because you forgot to shut them off. The motion says, "—would cause headlights to be turned on whenever the motor vehicle is in operation". My hon. friend, the Member for Crowfoot (Mr. Malone), should have added "—and automatically turns them off when a vehicle is no longer in operation". The technology has been available for years to do that. As long as four or five years ago you could order the special equipment to do that. We agree that that should be standard in every vehicle manufactured in Canada or imported into Canada. There is no argument on that score.

• (1740)

The Parliamentary Secretary and I have been working for some time on getting into place a national highway code and a board with representatives from the provinces, the territories and the federal Government. The code and the board would deal with driver training, qualifications, vehicle standards, maintenance and repair. As my good friend, the Member for Winnipeg North (Mr. Orlikow), so aptly pointed out, if a driver who has been on No-Doze pills for eight, 10, or 12 hours finally zonks out, it does not matter a damn whether his lights are on, he will be in the ditch or will have run into somebody else. All these other things must be put in place at the same time.

I hope the Government will agree to withhold proclamation of the legislation currently before the House until all these other measures are in place. We must have the inspectors, the training, the board and everything else in place before we start messing around with other parts of transportation law. It is a given that those things should be in place first, because it is unanimous among all Parties that safety takes priority over everything else, even if it increases the cost of transportation. The public agrees that safety takes priority and that if it increases the cost modestly for every one of us, so be it. This is just one of several dozen steps which must be taken.

We support this motion, even with its slight error of omission. I am sure that the House will pass this motion. Perhaps we can let this motion carry and call it six o'clock.

Mr. Joe Reid (St. Catharines): Mr. Speaker, I, too, support the motion of the Hon. Member for Crowfoot (Mr. Malone). I hope it will be given passage. However, I have a rather dry and technical comment to make in connection with the requirement of the Treasury Board to make a cost-benefit analysis of such a regulation.

A lot of people question the cost and apparent waste in relation to the apparent benefits of daytime running lights. I would like to present a summary of the likely costs that will be incurred by the introduction of a regulation requiring daytime running lights on all new passenger cars from, for example, the model year 1990 onward. I will then make a comparison of those costs with the anticipated benefits accruing from daytime running lights. In so doing, I hope to give some of the answers to the questions raised by the Hon. Member for Papineau (Mr. Ouellet) in his comments earlier this evening.

Federal government Departments are required, in accordance with Treasury Board guidelines, to undertake such an analysis of cost-benefit. Cost-benefit analyses are, at best, approximate due to the assumptions necessary. In addition, because the manufacturers' response to a performance standard may vary from company to company, it is not always possible to forecast accurately the costs. In this case estimates have been made of the costs that would be incurred in vehicle equipment modifications and operating expenses for several possible systems that are most likely to be introduced in response to the regulation. These have been compared to the social benefits, expressed in dollar terms, which would accrue from the reduced accidents which we anticipate, using estimates of the minimum social value of accident losses.

In making these comparisons a suitable timeframe has to be selected. In this case the suitable timeframe selected was the average life of an automobile. In developing the cost-benefit comparison, a number of options were considered. Cars and light trucks might use reduced intensity headlamps, regular intensity low-beam headlamps, increased intensity parking lamps, modified turn signals, or separate special purpose running lamps. The regulation requiring daytime running lamps emphasizes that only the daytime running lamps need be turned on automatically. The options for heavy trucks and buses are generally similar to those for cars.

It is generally easier in road safety cost-benefit comparisons to establish costs. The cost to manufacturers of the vehicle modifications were based on analyses of production vehicle component costs. These estimates have been amended accordingly. The additional maintenance costs were based on the manufacturers' minimum specification for lamp bulb lights and surveys of market prices for replacement bulbs. The extra fuel required to run these systems over the life of a vehicle was estimated from projections of the additional electrical load combined with the engine operating efficiency. The cost of the extra fuel was based on estimates of market price. These factors were all combined to produce a lifetime cost for vehicles. The modifications imposed by the regulation for small motorcycles and snowmobiles are expected to be so small that they were not included in the cost-benefit analysis.

With regard then to the passenger motor vehicle, the lifetime estimated costs of the most likely systems for a passenger vehicle are as follows: reduced intensity high beams, $40; reduced intensity low beams, $150; higher intensity parking lamps, $80; modified turn signal lamps, $60; and special purpose lamps, $70.

In comparison to the present habit of using the existing headlights, which is estimated to cost $350 over the lifetime of a vehicle, these costs are reasonable. The higher cost of this option, which the regulation will not exclude by reason of its safety factors, mainly results from the fact that using headlamps at normal intensity wears them out much more frequently than would the reduced intensity lamps permitted in the regulation. It is anticipated that vehicle manufacturers will normally choose one of the options using only front lights to minimize the extra electrical load and bulb replacement. Lifetime daytime running light costs for trucks and buses of the front light options are estimated to range from $40 to $370. These costs compare to those of the passenger cars.

Let us go back and look at the benefit side. The effectiveness of daytime running lights in avoiding accidents has been the subject of several major studies. The best evidence comes from Sweden, as the Hon. Member for Crowfoot has already mentioned. Several other shorter term studies have already been made in the North American market. That increase in light use was accompanied by reductions in multi-vehicle daytime accidents of between 11 per cent and 13 per cent. The reductions took place on all types of roads, in all seasons, and involved all road-user types. Based on this Swedish experience and other smaller-scale studies, it appears evident that we should be moving in a direction suggested by the motion.

• (1750)

Based on these estimates, total fatal accidents may be reduced by 1.8 per cent to 4.2 per cent, and accidents involving personal injury by 3.8 per cent to 6.2 per cent, and accidents involving only property damage by 3.1 per cent to 5.6 per cent. By applying minimum dollar values to these accident reductions over the lifetime of the total Canadian vehicle fleet, lifetime savings estimates can be developed, which can then be compared with the costs. On a per vehicle basis, it is estimated that the lifetime savings can range from $65 to $430, depending on the scenario adopted. Of course, the estimated savings with respect to buses and heavier motor vehicles are equally comparable.

Of these savings, health care cost savings make up about 5 per cent, 30 per cent are from losses of productive work, and the remaining 65 per cent in savings is from property damage costs. When one develops the average lifetime motor vehicle

cost for the Canadian fleet, it is estimated that Canadians will have a potential benefit savings of over $100 million per year.

Therefore, the motion of the Hon. Member for Crowfoot (Mr. Malone) is subject to approval and should be passed.

[*Translation*]

Mr. David Kilgour (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I intend to comment very briefly on the motion presented by the Hon. Member for Crowfoot (Mr. Malone). I strongly support this motion, and I believe all other Members of this House would agree with me.

[*English*]

I will ensure that I sit down before the time expires so that the motion can be passed. The Hon. Member for Crowfoot (Mr. Malone) has worked on this matter for some six or seven years, as pointed out by the Member for Saskatoon East (Mr. Ravis). He has promoted the matter by writing letters and doing all those things required of a good Member of Parliament. He would be too modest to say that his idea was stolen by the Department and announced recently as being an initiative of the Minister of Transport (Mr. Crosbie), who I am sure would want it noted clearly that the Member for Crowfoot is the one who has pushed for this measure, in the best tradition of a Private Member in the House.

If the Members we heard today, including the Member for Crowfoot, the Member for Winnipeg North (Mr. Orlikow), the Member for Papineau (Mr. Ouellet), the Member for Edmonton East (Mr. Lesick), the Member for St. Catharines (Mr. Reid), and the Member for Saskatoon East could work together every day on matters like this it would be a joy to be a Member of Parliament.

I hope the Member for Crowfoot will take up the issue of shoulder straps if we can agree that the evidence is increasingly strong that safety belts without shoulder straps are not a deterrent. If the member takes this issue on with the same tenacity, hopefully the day will quickly come when the Department will demand that motor vehicle manufacturers include shoulder straps as well as seat belts. There is an indication that a child wearing a seat belt without a shoulder strap may be better off not wearing a seat belt at all. If that is true, hopefully shoulder straps will become a policy as well.

As was indicated by the Member for Edmonton East, there are approximately 700,000 collisions every year in Canada involving motor vehicles, pedestrians, and bicycles. Those collisions which we mistakenly call accidents, claim about 4,000 lives a year and produce more than 200,000 injuries. The fact that many of these accidents occurred because someone has not seen another vehicle seems to make the case overwhelmingly for supporting the motion before the House today.

It has also been made clear that Transport Canada is in the process of issuing a regulation that will require daytime running lights on all new passenger cars, buses and trucks from the 1990 model year onward. If that had been done seven years ago when the Member began pushing for this measure, how many lives and injuries may have been saved?

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa—Vanier): Mr. Speaker, I want to say just a few words in support of this motion and I certainly do not intend to take up the rest of our speaking time.

I just want to join all the Members of this House in commending the Hon. Member for Crowfoot (Mr. Malone) for his initiative. I adopted this practice myself some years ago, and now I always have my lights on when I travel by car. As far as I am concerned this is absolutely essential and a very good idea from the point of view of safety. The Hon. Member and the Government are to be commended for introducing this proposal which, if I understand correctly, will be compulsory next year for vehicles built and sold in Canada.

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some Hon. Members: Question.

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

Some Hon. Members: Agreed.

Motion (Mr. Malone) agreed to.

* * *

BUSINESS OF THE HOUSE

Mr. Mazankowski: Mr. Speaker, I rise on a point of order to indicate to the House that tomorrow will be designated as an allotted day.

Furthermore, I think you will find unanimous consent to agreeing to the following proposal:

That, notwithstanding any Standing or Special Order of the House:

On Thursday, March 12, 1987, at 4.45 p.m., the Speaker will interrupt any proceeding then underway and put, forthwith and successively, without amendment or debate, all questions necessary to dispose of every stage of both Bill C-40, an Act to provide borrowing authority, and Bill C-3, an Act to amend the Radio Act; provided that, no later than 3.45 p.m. the Government will call the Order for resuming the adjourned debate on the motion for third reading of Bill C-3.

And, that, when the House adjourns on Thursday, March 12, 1987, it shall stand adjourned until 11 a.m., Monday, March 16, 1987.

Mr. Deputy Speaker: The House has heard the terms of the motion presented by the Hon. Deputy Prime Minister (Mr. Mazankowski). Is there unanimous consent?

Some Hon. Members: Agreed.

Motion agreed to.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

A motion to adjourn the House under Standing Order 66 deemed to have been moved.

NATIONAL RESEARCH COUNCIL—FUTURE OF ALGONQUIN RADIO OBSERVATORY. (B) USE OF OBSERVATORY'S EQUIPMENT

Mr. David Orlikow (Winnipeg North): Mr. Speaker, on November 3 I asked the Minister of State for Science and Technology (Mr. Oberle) to explain why the Director of the Herzberg Institute which operated the telescope at the Algonquin Radio Observatory had notified 25 permanent employees that because of the cut of over $1 million in its budget the observatory would be closed next year and their jobs would be phased out. I asked the Minister to explain what was happening. He said, as reported at page 1006 of *Hansard*:

There is a reduction in the program which has been announced. However, the decision on the long-term future of the observatory has not been decided.

The Council is looking for alternatives.

That was a strange reply by the Minister because the people who work at the Algonquin Radio Observatory now know that the observatory will close on May 31 this year. The team of 19 persons who operate and maintain the observatory will lose their positions.

My point was that the decision had been made and 25 positions were to be sacrificed from the Herzberg Institute. The decision was that since the Algonquin Observatory was not to be upgraded, then it was to be closed. What are the costs of that decision? A $40 million to $50 million facility is being mothballed when it could have been upgraded and made a world-class facility which others would have used. The expertise of the team, which has been lauded by people in the field from one end of this country to the other and by experts in many other countries, has been lost to the nation forever. Canadian astronomers will be forced to go to the United States, in Massachusetts and West Virginia, to use their facilities. In other words, we will become users of another country's facilities rather than suppliers for ourselves and for others.

• (1800)

Canada is now negotiating with Great Britain to buy time on its telescope in Hawaii as we go from being a provider to a buyer of these kinds of facilities. That is just one illustration of what the Government's misconceived and improper approach to scientific research is leading to. When the Conservatives were in opposition, they and we listened to the criticisms of members of the scientific community, the private sector, the universities and Government laboratories who repeatedly pointed out that while other industrialized countries belonging to the OECD and Japan were spending between 2 per cent and 2.5 per cent of their Gross National Product on scientific research and development, Canada was spending just about half that percentage. We were repeatedly told by those who were knowledgeable that this would lead to a long-term decline in Canada's ability to meet its needs over the next 25 years and to meet competition from other countries which are moving ahead so rapidly in this period when so many scientific discoveries are being made.

The Prime Minister (Mr. Mulroney) promised that a Conservative Government would move rapidly toward the magical goal of allocating 2.5 per cent of the Gross National Product to scientific research and development. He did not say that this would happen only after we had dealt with the deficit, which is much too great. The Conservatives won the election. They formed the Government with the largest majority any Party has ever had, but what do we see happening? We are now spending less as a percentage of our Gross National Product for scientific research and development than we did when the Liberals were in office. If we look at what the Government is proposing, we see that from now until 1990 the Government is not proposing any increases unless the private sector substantially increases its investment in scientific research, and then the Government will match it.

As a result of this policy, the NRC has been gutted in order to make funds available for deficit reduction and the space program. Cutbacks have been made to the granting councils, to funds for universities as well as to departmental research. Yet the Prime Minister makes speeches about the importance of research and development for Canada, knowing full well that we are no closer to reaching the 2.5 per cent target for research and development as a percentage of our Gross National Product which he promised.

My question to the Government is simply: How can the Prime Minister and the Minister of State for Science and Technology continue to make these statements when such institutions as the Algonquin Radio Observatory and the Bedford Institute of Oceanography in Halifax are now history?

• (1805)

Mr. Gordon Towers (Parliamentary Secretary to Minister of State for Science and Technology): For some reason, mostly attributed to the Opposition, there is a great deal of misinformation and concern with respect to this particular item. I welcome this opportunity to set the record straight. I trust that all who are concerned over this issue will listen carefully.

The NRC's mandate includes the responsibility to "operate and administer any astronomical observatories established or maintained by the Government of Canada". At present, NRC operates three facilities; radio telescopes in Algonquin and Penticton, and an optical telescope and computation centre in Victoria. NRC also contributes to the Canada-France-Hawaii optical telescope in Mauna Kea, Hawaii, in return for 40 per cent of the operating time. These instruments are available to and heavily used by university researchers from Canada and other countries, although NRC has many fine astronomers in

its own right. Dr. Herzberg, who continues to work in this field, is an example of the quality of this work.

The Algonquin Radio Observatory has a 46 metre fully steerable parabolic reflector. This reflector was constructed over 20 years ago, and it needs major refurbishment which will involve replacement of the steel reflecting surface of the instrument with a more precisely manufactured surface. The upgrade would have made the telescope capable of operating at millimetre wavelengths instead of centimetres. The telescope is expensive to operate.

Two decisions have impacted on the telescope. First, the estimated cost of the refurbishment rose from $7.9 million to $11.7 million. This excludes the engineering design study which has already been paid for. Refurbishment would also increase the cost of ongoing support. Thus, at this time the plans have been cancelled to refurbish the telescope. Second, NRC management allotted a significant budget reduction to its astronomy division, the Herzberg Institute of Astrophysics. This reduction will affect about 21 people working with the Algonquin Radio Observatory.

NRC management reviewed this decision with the Associate Committee on Astronomy, and other representatives of Canadian users of astrophysical facilities. Further to recommendations from these groups, NRC held discussions with a U.K.-Netherlands group which is completing the construction of one of the world's best sub-millimetric telescopes on the summit of Mauna Kea in Hawaii. This facility will be called the James Clark Maxwell Telescope. Mauna Kea, a 4,300 metre mountain in Hawaii, is one of the world's best astronomical sites with very dry and stable atmospheric conditions. For this reason, a growing number of major telescopes operate there at visible, infra-red and millimetric wavelengths. This allows a beneficial sharing of facilities and expertise.

NRC has now reached a preliminary understanding which would allow Canadian astronomers to buy 25 per cent share of the JCMT in exchange for a contribution of approximately $10 million spread over 10 years.

The JCMT will be operational in June, 1987. By buying a share of this world-class millimetric telescope, Canada will give its astronomers immediate access to one of the most exciting new areas of research in astronomy. Refurbishing the ARO would have required another five years of difficult and more expensive technical work.

This decision is expected to be strongly endorsed by the Canadian scientific community.

BANKS AND BANKING—CHARTERED BANKS' INTEREST RATES—SPREAD BETWEEN BANK AND PRIME RATE

Mr. Reginald Stackhouse (Scarborough West): Mr. Speaker, I wish to return to the subject that I raised some weeks ago during Question Period, namely the spread between the bank rate and the prime rate. The bank rate set by the Bank of Canada is the rate that it will charge for supplying money; the prime rate is that which is set by the chartered banks for their most favoured customers. Over the years, traditionally there has been a three-quarter per cent difference between those two rates.

• (1810)

Today we find that the Bank of Canada rate is set at 7.54 per cent and the prime rate at 9.25 per cent. Thus there is a spread between the two rates of 1.71 per cent. I have asked to debate this point again for reasons I will outline in a moment. However, at this point I should like to indicate how the situation has steadily deteriorated over the past several years, to the point where it has now reached critical magnitude.

For example, the spread is now 31 per cent higher than it was for the 1986 average monthly spread. It is 82 per cent higher than it was for the average monthly spread during 1985. Now it is more than double what it was for the 1984 average monthly spread.

In February 1978 the bank rate was 7.5 per cent, which was very close to today's bank rate of 7.54 per cent. At that time the prime rate was 8.25 per cent or a full percentage point lower than it is today. Because interest rates have come down, especially in recent months, we appreciate that related rates have been brought down, such as mortgage rates, consumer loan rates, and the rate charged businesses seeking more capital.

However, we should ask the following question: How much more benefit would there be to Canadians seeking more capital if we closed some of the gap between the bank rate on one hand and the prime rate on the other? It is not of much value if, through the initiative of the Government and the soundness of its economic policies, the bank rate comes down unless the full benefit is passed on to the consuming public. That is not the situation today. Certainly much of the benefit is passed on to the public, but not the full benefit. That is the point of the question I raised and why I asked that we return to it today.

If the spread were to be closed, perhaps mortgage rates would be a full percentage point lower. There would be opportunities for small business people to obtain capital at a rate one percentage point lower than they must now pay. There would be increased benefit to the persons who receive employment opportunities through the spinoff from raising capital and initiating enterprises. I believe it is one of the critical economic questions which must be asked.

What is the answer? I hope the Government and Parliament has some influence with the chartered banks and the other lending institutions in Canada. I hope we could raise questions with them about why in 1978 we could have a prime rate of 8.25 per cent and a bank rate of 7.5 per cent whereas now we have a prime rate of 9.25 per cent and a bank rate of 7.54 per cent.

Some people suggest that the Canadian consuming public is being asked to help the banks faced with the instability of $25 billion in loans to the Third World, and that the banks must

look for resources in this country wherever they can find them, one of them being a higher prime rate. It may be justified, but it is not justified for the Canadian public to be unaware of why it is being asked to accept higher interest rates than are justified.

This question has come before Parliament in Oral Question Period, and I bring it before Parliament again in this Adjournment Debate. The answer needs to be given to the House and to the public.

• (1815)

Mr. Pierre H. Vincent (Parliamentary Secretary to Minister of Finance): The Hon. Member in his question has asked about the differential in the bank rate and the chartered banks' prime lending rate. As the Minister of Finance (Mr. Wilson) noted in his initial reply, the spread tends to vary with market conditions. Over the past 10 years, the Canadian economy has experienced differentials ranging from 0.25 per cent to over 2.5 per cent. Historically, spreads tend to become greater in times of declining interest rates and smaller in times of increasing interest rates. This reflects the caution exercised by our financial institutions in assessing changes in the market-place. The Government is, of course, pleased that the general level of interest rates has declined over the last several months.

While there is undoubtedly a linkage between the bank rate and the chartered banks' prime lending rate, I would like to note that it is not an exact or inflexible relationship. The spread reflects developments in a number of different markets, such as the commercial loan market and the commercial money market. Each of these markets is subject to its own influences, and a change in one rate, such as the bank rate, does not automatically warrant a change in another rate.

When the Hon. Member posed his question at the end of January, the spread was 1.76 per cent. Since then, Hon. Members should note that the spread declined to 1.58 per cent on February 12. Although the spread has again widened to the current value of 1.71 per cent, the brief experience of the last one and a half months has shown how spreads can change.

While the prime rate is one factor in over-all borrowing costs, Hon. Members should also look at other rates to determine the impact of recent developments. Spreads have generally narrowed and there has been significant competition in other aspects of the mortgage agreements. For example, mortgage rates have dropped significantly. The major lenders now offer a wider range of prepayment options and are more flexible on the transfer of mortgages.

As Hon. Members know, on December 18 the Minister of State for Finance (Mr. Hockin) tabled the policy paper entitled *New Directions for the Financial Sector*. One of the major objectives of that paper is to increase competition in the financial markets. The proposals will allow more players into the market-place, which will benefit not only borrowers but also savers who provide funds to financial intermediaries. The Government will introduce legislation during the course of 1987 to bring these changes into effect.

REVENUE CANADA—DISAPPEARANCE OF MICROFICHE RECORDS—RESULT OF INVESTIGATION

Mr. Alan Redway (York East): Mr. Speaker, this is income tax time again. I do not know whether that makes you feel very happy but it sure does not make me feel very happy. It is the time of year when you have to get out that income tax return, get all your papers together, try to sort them all out, fill in the return and file it before the tax deadline.

The first problem I always have is finding the income tax return itself in order to fill it out. This year I suspect I will have even more problems than I have had in the past. Usually the Department of National Revenue sends me an income tax return. I am not sure whether the Department of National Revenue has done that this year. I usually prepare my own returns. They are not prepared by a tax preparer. By now I should have received my return. If filing a return prepared by somebody else, I understand that this year, to save money, the Department will send only a label. Some of my constituents tell me that is probably just as expensive as sending the return itself. They wonder whether the Government is saving any money with that procedure. Other people tell me that even though they do not have a tax preparer prepare their returns, they still have not received returns from Revenue Canada. Perhaps they are in the same spot as me. I am not very happy about it at this time of the year.

The next thing I have to do is try to find the T-slips, the T-4s and T-5s. I always understood that by February 28 all T-4s and T-5s are supposed to have been sent out. For some reason or other, in the last few years, I seem to get more and more T-slips weeks after February 28. I do not know if that is because of a problem with Canada Post or with National Revenue, but it does not make me very happy.

• (1820)

Usually when I am making out my tax return, I look around to see how many tax deductions I can find. I suspect that perhaps you do so as well, Mr. Speaker. This year I heard about the former Liberal Government having put in the tax laws something called the scientific research tax credit. I have heard that people have been saving millions if not billions of dollars in taxes this way. I suspect that when I go to fill out my tax return, I will not have a scientific research tax credit to try to use.

I heard as well that the former Liberal Government had something called a tax remission. In fact, something like $400 million worth of tax money that was supposed to come from Dome Petroleum and from Hudson Bay Mining and Smelting was given away. I suspect that when I go to fill out my tax return this year, there will not be any tax remission for me and I will be very surprised if there is a tax remission for you, Mr. Speaker. I see that you are nodding your head and I know you agree with me.

As if all of this was not bad enough, I heard this year that one of the employees of Revenue Canada apparently walked out with some of my private records. In fact, this employee had walked out with the microfiche records of something like 16 million Canadian taxpayers. That to my mind is a real shocker.

We have heard of things disappearing from government records and files before. In fact, it seems to me I heard that the mould for the dollar coin had disappeared. As a matter of fact, I understand it disappeared when it was on its way to Winnipeg through the mail or a courier service. As a result of that, when I go to spend a dollar coin in the future, it will apparently not have a voyageur on the back of it but it will only have a Canadian loon. I can understand things like that disappearing and I know the Hon. Member for Scarborough West (Mr. Stackhouse) can understand that too.

Then I heard about government documents disappearing. I suppose you have probably heard about those as well, Mr. Speaker. Before the Nielsen task force report on the Department of Indian Affairs and Northern Development was released, someone else seemed to have it before you and I saw it, Mr. Speaker. The Forget Commission report seemed to have been made public before it was supposed to have been released. This fellow at *The Globe and Mail*, Victor Malarek, seems to have every confidential record of the Immigration Department before the Minister of State for Immigration (Mr. Weiner) has seen them. I suppose these things do get out into the public that are not supposed to but it does bother me.

It is particularly bad to see this happening to private business records of members of the public. It is particularly bad when it happens to something like the microfiche records of the Revenue Department affecting the lives of 16 million Canadians. To my mind, that is just a downright breach of the public trust.

I would hope that the procedures of the Department will be tightened up and explained to us. I hope the Parliamentary Secretary will be able to explain to us why, for instance, there were 180 different sets of these microfiche records floating around Canada and why they were located in as many as 60 different places. What sort of supervision is there? I expect that you and I should get some answers on that tonight and I expect the Parliamentary Secretary is going to assure us that this sort of thing is never going to happen to private citizens of this country again.

• (1825)

Mrs. Jennifer Cossitt (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, it is a pleasure to respond to my hon. colleague on the question he raised December 16 of last year.

The Minister has been informed of the results of the RCMP investigation into the disappearance and subsequent recovery of microfiche data on taxpayers. A Revenue Canada employee has been charged with theft, possession of stolen property, and breach of public trust. The matter is now before the courts. The Department has taken appropriate action in respect of all the individuals involved in this unfortunate chain of events. In addition, I wish to assure the House that significant steps have been taken to strengthen microfiche security procedures in the Department. A 100 per cent check of the inventory of all microfiche in the Department has been done. This revealed only minor discrepancies, all of which have been effectively dealt with. A complete review of the number of sets in our offices has been conducted and resulted in a significant reduction.

Telex instructions were issued immediately following knowledge of the disappearance to highlight microfiche security policies and remind staff to adhere strictly to them. Daytime cleaning has been instituted in sensitive locations. Strengthened employee screening procedures are now being implemented. Further improvements are being made as a result of the independent RCMP review of the Department's security arrangement for microfiche. The Hon. Member will appreciate that it would be counter-productive to elaborate on the specifics of any of the Department's security measures. However, the House should rest assured that real improvements have been made and that Revenue Canada is striving to prevent any similar occurrences in the future.

I must stress that the Minister's goal is to provide a balance between service to taxpayers and security of confidential information. I want to remind all Hon. Members that while the Department is extending improved and stringent measures to protect the confidentiality of taxpayers' financial records, it is at the same time entering the annual filing season. At this time of year we have very direct contact with more than 16 million taxpayers through the mailing of individual tax returns and guides, through the telephone inquiry service provided at district offices, and in the temporary tax assistance centres. I do not want this House to lose sight of the importance the Department places on providing service to the 16 million people who will file tax returns by April 30.

I believe that this effort to improve service should not go unnoticed. A new no-calculation option has been introduced on the T-1 special tax return for those who file to claim a child tax credit or the federal sales tax credit. Instructions in the general guide have been made clear and more readable with larger print and more space. These changes, coupled with improvements to our telephone inquiry service, will help all of us when we face the annual task of filing our tax returns. I believe we must keep the problems in perspective as we remember the continuing efforts of this Department to meet the needs of those it serves while protecting the confidentiality of the taxpayer.

[*Translation*]

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 3(1).

The House adjourned at 6.29 p.m.

END OF VOLUME III